

proven

PROVEN VCT PLC

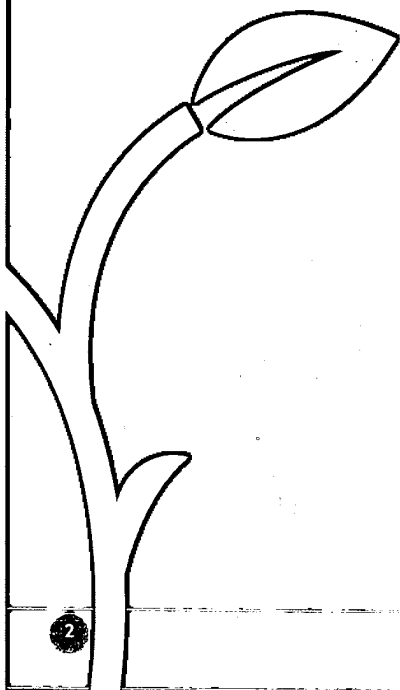
ANNUAL REPORT AND ACCOUNTS

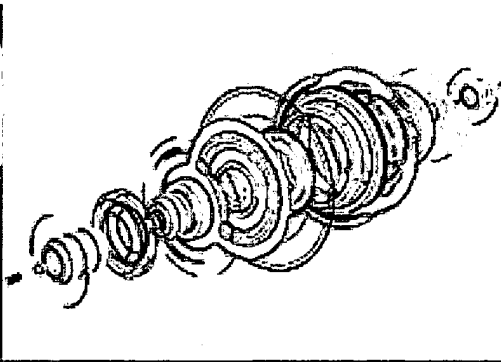
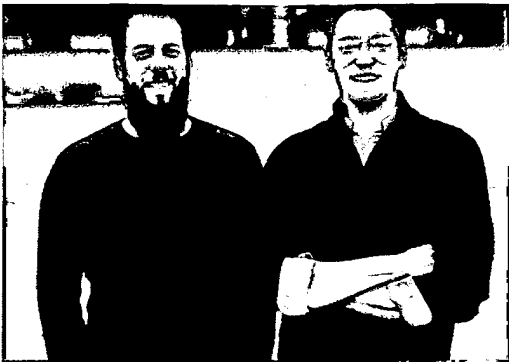
For the year ended 29 February 2020



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FUND OVERVIEW

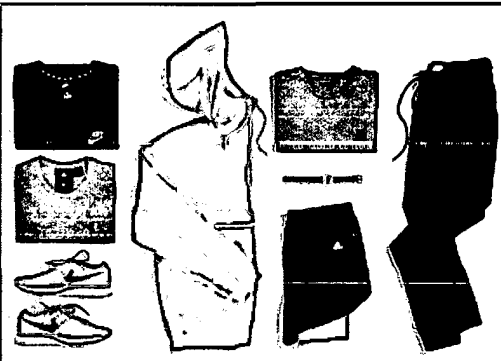
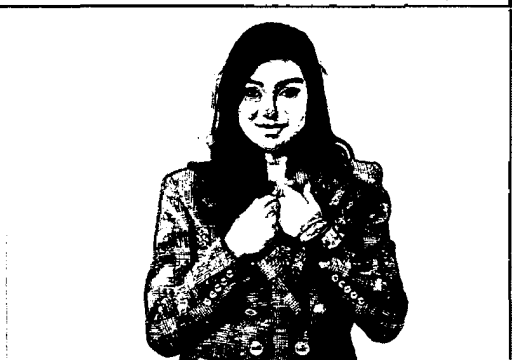
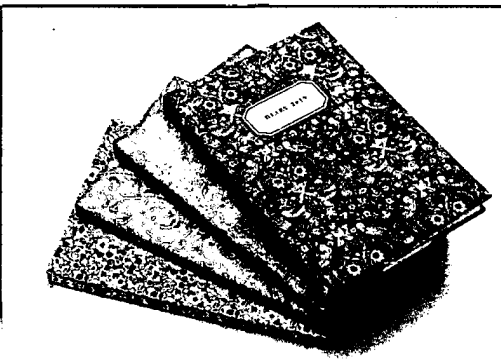
FINANCIAL SUMMARY

Ordinary Shares as at:	29 February 2020	28 February 2019
	Pence	Pence
Net asset value per share*	70.1	82.2
Dividends paid since launch*	68.25	63.75
Total return (net asset value plus dividends paid since launch)**†	138.35	145.95
Year on year change in:		
Net asset value per share (adjusted for dividends paid in the year)†	(9.2%)	10.3%

*Key Performance Indicator (see page 22)

† Alternative Performance Measure (see page 22)

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



CHAIRMAN'S STATEMENT

I present the Annual Report for ProVen VCT plc (the "Company") for the year ended 29 February 2020. This report focuses primarily on the year to 29 February but as Shareholders are all aware, subsequent to the year end, the Coronavirus pandemic occurred which had a significant impact on the economy as a whole and on the Company. The portfolio has been regularly reviewed in this time and a new NAV was released in March in advance of the share allotments in early April under the Company's most recent offer for subscription.

RESULTS FOR THE YEAR

Over the year, there was a decrease in Shareholder total return (net asset value ("NAV") per share plus dividends) of 9.2% which was largely attributable to the decrease in valuation of five companies. The Company's NAV per share fell from 82.2p at 28 February 2019 to 70.1p at 29 February 2020. This included a reduction of 4.5p in relation to dividend payments.

The total loss on ordinary activities for the year was £12.0 million, or 8.2p per share (2019: profit of £10.3 million, 10.1p per share), comprising a revenue loss of £501,000, or 0.2p per share, (2019: revenue loss of £660,000, 0.6p per share) and a capital loss of £11.5 million, or 8.0p per share (2019: profit of £11.0 million, 10.7p per share). This capital loss was largely caused by an aggregate decrease of £11.2 million in the valuation of five portfolio companies.

DIVIDENDS

During the year ended 29 February 2020, the Company paid a final dividend of 2.5p per share in respect of the year ended 28 February 2019 on 19 July 2019 and an interim dividend of 2.0p per share was paid in respect of the year ended 29 February 2020 on 6 December 2019.

Your Board is proposing a final dividend for the year ended 29 February 2020 of 2.0p per share to be paid on 28 August 2020 to Shareholders on the register at 7 August 2020. With total tax-free dividends of 4.0p per share for the year ended 29 February 2020, this represents cash returned to Shareholders of 5% on the opening NAV per share at 1 March 2019 after deducting the prior year final dividend of 2.5p per share.

PORTFOLIO ACTIVITY AND VALUATION

Following a period of several years during which a number of profitable disposals generated strong returns for Shareholders, the focus during the year has been on supporting the existing portfolio and adding new investments.

The Company invested a total of £10.9 million during the year. Six new companies were added to the portfolio, at a cost of £6.8 million. As is the nature of early stage investing, there is usually a delay before the benefit of the Company's investment is reflected in the performance of the portfolio company. We would not, therefore, expect to recognise an increase in valuation of new investments for some time.

The Company also provided further investment, totaling £4.1 million, into seven of the companies which the Company has invested in during the last few years. Further details of all these investments are provided in the Investment Manager's Review. The performance of the companies in the portfolio during the year has been mixed, as is to be expected of a relatively young portfolio of venture capital investments. Some companies saw increases in valuation off the back of strong trading, whereas others declined in value as a result of difficult trading as well as a reduction in comparable company valuation multiples. Overall, the portfolio decreased in value by £12.1 million (2019: increase of £213,000). Further information about key developments at existing portfolio companies is given in the Investment Manager's Review.

It is important to remember that investment in venture capital should be considered as a long-term investment and returns should be measured over the medium term, not a single year.

FUNDRAISING ACTIVITIES

As communicated in the interim statement, the combined offer for subscription with ProVen Growth and Income VCT plc on 11 January 2019 to raise up to a total of £30 million per company, with an over-allotment facility of £10 million per company, was fully subscribed due to strong investor demand.

The Company launched a further combined offer for subscription with ProVen Growth and Income VCT plc on 27 January 2020 to raise up to £10 million per company, with an over-allotment facility of £10 million per company, which the Board utilised in part in the amount of up to £5 million per company. The offer closed to new applications on 10 March 2020 with £14.2 million of gross proceeds for the Company.

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 64 of this report.

During the year, the Company purchased 2,573,632 Ordinary Shares at an average price of 73.0p per share and for an aggregate consideration of £1,878,000. This represented 2.45% of the Company's issued share capital at the start of the year. All shares were subsequently cancelled.

A special resolution to allow the Company to continue to make market purchases of its own shares of up to 14.99% of the share capital 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, Beringea LLP ("Beringea" or 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 page 21.

In consideration of the Investment Manager's performance in managing the Original Ordinary Share Portfolio (prior to 2012), a performance incentive fee linked to the profit achieved on the disposal of Think Limited is payable, known as the "Residual PIF". An amount of £31,000 was paid to Beringea LLP in relation to the realised gain achieved on the disposal of Think Limited that completed during the year. There is no more Residual PIF payable by the fund.

Based on the NAV per share at 29 February 2020, no performance fee is accrued at the year-end as the performance hurdles had not been met and consequently there is no obligation for a performance fee.

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.

ANNUAL GENERAL MEETING

In planning our AGM we have sought to prioritise the safety and wellbeing of our Shareholders and employees. In light of the current Coronavirus 'social distancing' measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be held as a closed AGM and Shareholders will not be able to attend the AGM this year. The meeting will still comply with the minimum legal requirements for an AGM.

The closed AGM will be held at 2:00 pm on Monday 10 August 2020 via electronic means. Full details of the business to be conducted at the AGM are given in the Notice of the Meeting. Resolution 12 proposes a change to the Company's Articles of Association that will allow Shareholders to participate remotely in future AGMs. A copy of

the proposed new articles of association is available on the website at <https://www.provenvcts.co.uk/>.

Shareholders are encouraged to submit their votes by proxy, as they will not be able to do so in person. In addition, we strongly recommend voting electronically at www.signalshares.com as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

We always welcome questions from our Shareholders at the AGM but this year, given the restrictions in place, please send any questions via email to info@beringea.co.uk by 5:00 pm on Monday 3 August 2020. Answers to the themes in the questions received will be addressed on the website at <https://www.provenvcts.co.uk/>. In addition the Company's annual Shareholder event will proceed in the Autumn, albeit in a different format (further details below).

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

SHAREHOLDER EVENT

The Company's annual Shareholder event provides an important opportunity for Shareholders to hear from the Investment Manager, discussing performance and investment activity, as well as receiving insights and updates from our portfolio companies.

For your Board and the Investment Manager, it is also a vital platform for gathering and discussing the views of our Shareholders. It is with this in mind that we are seeking to ensure that we can continue to deliver the Shareholder event in the current environment.

Therefore, in order to ensure the safety and wellbeing of our Shareholders, employees and portfolio companies, we will be hosting our first fully-digital Shareholder Day in the Autumn, using an online platform to deliver our usual insights into fund performance and market conditions, as well as providing an opportunity for you to ask questions of our investment team and hear from our portfolio companies.

We will soon distribute invitations to this digital event, as well as providing you with further information on the format and logistics for the day and we would encourage you to join us for the session.

OUTLOOK

The Company has been able to remain active and productive in spite of a challenging economic, social and political backdrop. While contending with a global pandemic alongside the UK's departure from the European Union, the Company has managed to deliver a successful fundraise, provide important resources to support our portfolio and continue to harness a resilient pipeline of investment opportunities.

The economic and commercial turbulence created by the Coronavirus pandemic subsequent to the year end has inevitably had an impact on the Company. This resulted in a revaluation of the portfolio to take account of the context in which we are now operating and the

CHAIRMAN'S STATEMENT

CONTINUED

announcement of a reduced Net Asset Value in March. Nonetheless, I believe that the Company, through its Investment Manager, has effectively helped to guide our portfolio companies through the immediate shock of the outbreak and it is now working alongside these portfolio companies to help them prepare and adapt to a new trading environment. The Directors of the Company will continue to monitor the performance of the portfolio carefully and will announce a new Net Asset Value per share if there is a material movement in valuations.

We warmly welcome our new Shareholders who joined the fund as part of the share offer that successfully closed in March. The funds raised provide the Company with additional resources to support our existing portfolio through any prolonged economic disruption, and ensure that it is able to harness a pipeline of investment opportunities that remains resilient. The Investment Manager has continued to do this following a successful transition to operating remotely during the lockdown, with recent additions to the portfolio and follow-on investments completed through an entirely digital process.

Despite the current challenging economic and social conditions, the Board remains confident that the Company has resilient long-term prospects.

DocuSigned by:



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Neal Ransome

Chairman
1 July 2020

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

Following a number of successful realisations in the last couple of years, the focus this year was on investing into new portfolio companies as well as supporting the current portfolio. During the year, a total of £6.8 million was invested in six new portfolio companies and £4.1 million in seven existing portfolio companies.

At 29 February 2020, the Company's venture capital portfolio comprised 47 investments at a cost of £74.5 million and a valuation of £67.6 million, an overall decrease of 9.3% on cost.

Subsequent to the year end the Company issued 20,351,020 Ordinary Shares for on aggregate consideration of £14.2 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £500,000. The Company remains well capitalised to take advantage of new investment opportunities and support existing portfolio companies where appropriate.

INVESTMENT ACTIVITY

New investments

We continued to experience a strong level of deal flow, with £6.8 million being invested during the year in six new portfolio companies.

The new investments in the year are:

- Stylescape Limited (t/a EDITED) (£1.50m) – a SaaS provider of pricing and product intelligence for apparel and fashion retailers;
- Papier Ltd (£1.35m) – an online stationery retailer, specialising in unique curated collections;
- Our Path Ltd (t/a Second Nature) (£1.2m) – a provider of a digital healthcoaching app, with an evidence-based program for lifestyle change and diabetes prevention/weight loss;
- Arctic Shores Limited (£1.05m) – a provider of data-driven psychometric tests combining neuroscience, artificial intelligence and game technology for more predictive and less biased employee recruitment;
- Sannpa Limited (t/a Fnetic) (£1.029m) – an eSports team owner and lifestyle brand, with professional teams in the most popular games such as League of Legends, Dota 2 and Battlefield 4; and
- Picasso Labs, Inc. (£0.63m) – an automated creative measurement platform that aims to enhance creativity through objectivity. Their technology is used globally by Fortune 500 brands like Unilever, Mondelez, and Heineken to measure creative efficiency, consistency, and impact across all creatives worldwide.

Follow-on investments

The Company has also been active in supporting the development of existing portfolio companies, making follow-on investments in the following seven companies during the year: Mycs (£1.05m), ContactEngine (£0.70m), Thread (£0.6m), Aistemos (£0.6m), POQ (£0.5m), Festicket (£0.38m) and MPB (£0.3m).

Investment disposals

Although the disposal of Think was completed in a prior year, contingent proceeds of £2.1 million were recognised in the current year. As reported in the interim statement, the Company's shareholding in 7digital Group was sold in the year resulting in a loss against cost of £1.1 million. The loss was recognised in previous years so there was no impact to the NAV during the year.

Monmouth Holdings and Rapid Charge Grid repaid £1.1m and £1.05m of loans to the Company during the year. Skills Matter repaid £32,000 of its loan notes during the year.

Key developments at existing portfolio companies

Several companies have seen increases in value at the year end, owing to strong performance.

ContactEngine performed well in the year, securing several large new customer contracts. In November, it won the award for "Best use of IP" at the Sunday Times Hiscox Tech Track 100 awards. ContactEngine closed a further funding round of £3.75 million in August 2019, to which the Company contributed £0.7 million. The value of the Company's investment has increased to £3.0m on a cost of £1.3m.

DeepCrawl has grown its revenue significantly in the year. It also closed a \$15 million funding round in December 2019, led by specialist US software investor, Five Elms. This has given DeepCrawl significant firepower to invest in accelerating its growth rate, particularly in the USA which already accounts for more than half of its revenue. This has led to an increase in value of the Company's investment to £3.3m on a cost of £1.9m.

A number of portfolio companies have faced difficult trading conditions during the year and in particular five companies have had a combined decrease in valuation of £11.2m.

POQ Studio, InContext, SmartAssistant and My 1st Years have faced obstacles over the past twelve months and have struggled to hit their milestones and grow their revenues as originally budgeted. As a result, there has been a combined decrease in valuation of £9.6 million.

In addition, Blis has been impacted by the falling comparative multiples for advertising technologies used to value the business as well as slower than anticipated growth in revenues.

We continue to work closely with these companies to help them through these challenges.

Overall, the investment portfolio held at the year-end showed a decrease in value of £12.1 million (2019: increase of £0.2 million). 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.

INVESTMENT MANAGER'S REVIEW

CONTINUED

POST YEAR-END DEVELOPMENTS

The global Coronavirus pandemic has impacted a wide range of companies. On 23 March this year a revised NAV of 65.1p per share was announced to reflect the immediate valuation impact on the Company's portfolio. This compares to a NAV of 70.1p per share as at 29 February 2020.

Between 29 February 2020 and the date of this report, the Company issued 20.3 million Ordinary Shares for an aggregate consideration of £14.2 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £500,000.

The Company has invested into the following new companies subsequent to the year end:

- Commonplace (£1.5 million) – a B2B software company that has developed a digital community engagement platform enabling developers, local authorities, transport planners, infrastructure developers and other large project owners to engage with local communities; and
- Luxury Promise (£1.35 million) – a re-sale platform for luxury women's handbags and accessories.

The Company also made follow on investments into Fnatic (£0.5 million), Thread (£0.42 million) and ContactEngine (£125,000).

In May 2020, the Company's holding in SPC International Limited was sold. The Company received £544,000 in disposal proceeds.

OUTLOOK

The short-term outlook for the UK economy will be dominated by the Coronavirus pandemic. We will continue to work closely with our portfolio companies to support them through the challenges this has created, including providing additional investment where this is appropriate. Fortunately, few of the investments in the portfolio are in sectors which have been severely affected by Coronavirus, such as travel, hospitality and traditional retailing. Therefore, despite the recent reductions in the valuations of some portfolio companies, we are cautiously optimistic about the prospects of the portfolio as a whole over the medium term.

Following the recent fundraising, the Company is now well placed to take advantage of new investment opportunities. While some companies have been badly affected by Coronavirus, others have seen minimal impact and certain sectors are likely to benefit from the acceleration of market trends arising from the Coronavirus. We are still seeing a strong flow of investment opportunities and will continue to invest selectively where we believe companies have excellent long-term prospects and the pricing of the investment is appropriate. The economic disruption caused by Coronavirus may result, over the next 12 months, in a softening of the lofty investment valuations we have seen recently. This should help to deliver strong returns from investments made during this period.

Despite the turbulent broader economic and political environment, we believe that there will still be opportunities for well-managed, agile, entrepreneurial companies to prosper. We believe the Company is well placed to take advantage of opportunities to invest in these businesses.

Beringea LLP

1 July 2020

INVESTMENT ACTIVITY

Investment activity during the year is summarised as follows:

Additions	Cost £'000
Stylescape Limited (t/a EDITED)	1,500
Papier Ltd	1,350
Our Path Ltd (t/a Second Nature)	1,200
Arctic Shores Limited	1,050
Mycs GmbH	1,045
Sannpa Limited (t/a Fnatic)	1,029
ContactEngine Limited	704
Picasso Labs, Inc.	630
Thread, Inc.	600
Aistemos Limited	596
POQ Studio Ltd	500
Festicket Ltd	384
MPB Group Limited	300
Total	10,888

INVESTMENT ACTIVITY

CONTINUED

Disposals	Cost £'000	Market value at 01/03/19 £'000	Disposal proceeds £'000	Realised gain/ (loss) against cost £'000	Realised gain/ (loss) during the year £'000
Think Limited	–	–	2,113	2,113	2,113
Monmouth Holdings Limited*	1,100	1,100	1,100	–	–
Rapid Charge Grid Limited*	1,050	1,050	1,050	–	–
MatsSoft Limited	–	–	201	201	201
MEL Topco Limited (t/a Maplin)	2,218	–	98	(2,120)	98
Skills Matter Limited*	32	–	32	–	32
Senselogix Limited	–	175	–	–	(175)
7digital Group plc	1,101	4	1	(1,100)	(3)
Total	5,501	2,329	4,595	(906)	2,266

* Loan note repayment

Of the disposals above, Think Limited and MatsSoft Limited were realised in a prior year, but proceeds were recognised in the current period in excess of the amounts previously accrued.

The proceeds received in respect of MEL Topco Limited (t/a Maplin) reflect a further interim distribution in respect of the company's administration. In addition, MEL Topco Limited (t/a Maplin), which had a cost of £2,218,000 and a market value of nil at 1 March 2019, was dissolved in December 2019. However, the loss of £2,218,000 had already been recognized as realised in a prior period.

INVESTMENT PORTFOLIO

AS AT 29 FEBRUARY 2020

The following investments were held at 29 February 2020:

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Infinity Reliance Limited (t/a My 1st Years)	4,731	5,148	(1,073)	5.0%
Litchfield Media Limited*	3,580	4,069	(130)	3.9%
Mycs GmbH	4,595	3,890	(705)	3.7%
Monica Vinader Limited**	534	3,814	497	3.7%
Festicket Ltd	3,633	3,633	–	3.5%
Access Systems, Inc.	3,500	3,500	–	3.4%
Zoovu Limited (formerly Smart Assistant)	3,487	3,404	(1,755)	3.3%
Thread, Inc.	3,351	3,354	(29)	3.2%
Written Byte Ltd (t/a DeepCrawl)	1,888	3,293	1,018	3.2%
ContactEngine Limited	1,266	2,960	594	2.8%
Rapid Charge Grid Limited*	3,150	2,699	(312)	2.6%
MPB Group Limited	2,511	2,665	154	2.6%
Exonar Limited	2,496	2,171	(325)	2.1%
Poq Studio Ltd	3,652	2,069	(3,833)	2.0%
Lupa Foods Limited (formerly Donatantonio Group Limited)	1,078	1,935	180	1.9%
Response Tap Limited	1,060	1,911	90	1.8%
Aistemos Limited	1,819	1,821	2	1.8%
Stylescape Limited (t/a EDITED)	1,500	1,500	–	1.4%
Disposable Cubicle Curtains Limited (t/a Hygenica)**	2,871	1,382	(812)	1.3%
Papier Ltd	1,350	1,350	–	1.3%
Blis Media Limited**	841	1,202	(1,655)	1.2%
Our Path Ltd (t/a Second Nature)	1,200	1,200	–	1.2%
Arctic Shores Limited	1,050	1,050	–	1.0%
Sannpa Limited (t/a Fnatic)	1,029	1,029	–	1.0%
Firefly Learning Limited	1,202	943	(310)	0.9%
D30 Holdings Ltd**	956	926	22	0.9%
Honeycomb.TV Limited	900	878	6	0.8%
Sealskinz Holdings Limited**	834	834	(352)	0.8%
Been There Done That Global Limited	553	782	229	0.8%
Picasso Labs, Inc.	630	630	–	0.6%

INVESTMENT PORTFOLIO

AS AT 29 FEBRUARY 2020

CONTINUED

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
SPC International Limited	58	546	66	0.5%
Cogora Group Limited**	2,643	415	(618)	0.4%
Simplestream Limited**	191	226	28	0.2%
Monmouth Holdings Limited	400	208	–	0.2%
Netcall plc	287	171	44	0.1%
	64,826	67,608	(8,979)	65.1%
Other venture capital investments	9,653	18	(3,087)	0%
Total venture capital investments	74,479	67,626	(12,066)	65.1%
Cash at bank and in hand		36,310		34.9%
Total Investments		103,936		100.0%

Valuation movement in the year excludes the cost of investments made in the year.

Other venture capital investments at 29 February 2020 comprise:

Buckingham Gate Financial Services Limited, Incontext Solutions, Inc, Inskin Media Limited, Lantum Limited, Macklin Holdings Limited*†, Senselogix Limited, Skills Matter Limited**, Utility Exchange Online Limited (t/a SwitchmyBusiness.com), Whistle Sports, Inc., TVPlayer Limited and Vigilant Applications Limited*.

* Non qualifying investment

** Partially non qualifying investment

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

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

All venture capital investments are registered in England and Wales except for InContext Solutions, Inc., Picasso Labs Inc., Whistle Sports, Inc., Access Systems, Inc, Deepcrawl Holdings, Inc. and Thread, Inc., which are Delaware registered corporations in the United States of America and Mycs GmbH, which is registered in Germany.

REVIEW OF INVESTMENTS

AS AT 29 FEBRUARY 2020

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

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:	£4,731,000		Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>			Valuation at 29/02/20:	£5,148,000
Ordinary shares:	£4,731,000		Valuation at 28/02/19:	£6,221,000
Unaudited accounts:	31/12/18	31/12/17	Dividend income:	£-
Turnover:	Not available	Not available	Loan note income:	n/a
Profit before tax:	Not available	Not available	Equity held:	15.9%
Net assets:	£3.7m	£2.0m	Equity held by Investment Manager:	25.6%

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 29/02/20:	£4,069,000
Ordinary shares:	£358,000		Valuation at 28/02/19:	£4,199,000
Loan notes:	£3,222,000			
Unaudited accounts:	30/11/18	30/11/17	Dividend income:	£-
Turnover:	Not available	Not available	Loan note income:	£-
Profit before tax:	Not available	Not available	Equity held:	35.1%
Net assets:	£1.2m	£0.1m	Equity held by Investment Manager:	49.0%

MYCS GMBH
<https://uk.mycs.com>

Mycs GmbH is an online furniture retailer that specialises in creating fully-customisable furniture. Founded in Berlin, the retailer has developed technology that provides shoppers with the tools to customise the design, size, material and colour of its entire product range of wardrobes, sofas, shelving, tables and chairs.

MYCS

Cost:	£4,595,000		Valuation method:	Price of recent investment corroborated by a revenue multiple
<i>Investment comprises:</i>			Valuation at 29/02/20:	£3,890,000
Ordinary shares:	£4,595,000		Valuation at 28/02/19:	£3,551,000
Audited accounts:	31/12/18	31/12/17	Dividend income:	£-
Turnover:	Not available	Not available	Loan note income:	n/a
Profit before tax:	Not available	Not available	Equity held:	8.3%
Net assets:	Not available	Not available	Equity held by Investment Manager:	13.8%

REVIEW OF INVESTMENTS

CONTINUED

MONICA VINADER LIMITED
www.monicavinader.com

Monica Vinader creates ready-to-wear contemporary designer jewellery. The business, which is managed by sisters Monica and Gabriela Vinader, began trading in 2007 and has quickly become a well-known, international jewellery brand.



Cost:	£534,000		Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>			Valuation at 29/02/20:	£3,814,000
Ordinary shares:	£534,000		Valuation at 28/02/19:	£3,317,000
Audited accounts:	31/07/18	31/07/17	Dividend income:	£-
Turnover:	£42.8m	£35.8m	Loan note income:	£-
Profit before tax:	£2.1m	£0.7m	Equity held:	5.9%
Net assets:	£12.1m	£9.4m	Equity held by Investment Manager:	8.1%

FESTICKET LTD
www.festicket.com

Festicket is a website that packages together festival tickets with travel, accommodation and add-ons to create complete festival trips that can be booked in one click.



Cost:	£3,633,000		Valuation method:	Price of recent investment corroborated by a revenue multiple
<i>Investment comprises:</i>			Valuation at 29/02/20:	£3,633,000
Ordinary shares:	£3,248,000		Valuation at 28/02/19:	£3,248,000
Loan notes:	384,000		Dividend income:	£-
Audited accounts:	31/12/18	31/12/17	Loan note income:	n/a
Turnover:	£5.8m	£4.4m	Equity held:	7.1%
Loss before tax:	£7.8m	£3.9m	Equity held by Investment Manager:	10.2%
Net assets:	£6.8m	£2.4m		

ACCESS SYSTEMS, INC.
www.accesspay.com

Access Pay is a BACS approved software provider aiming to simplify the payment processing system by offering a range of payment and cash management products such as Direct Debit, SEPA, Faster Payments and SWIFT.



Cost:	£3,500,000		Valuation method:	Price of recent investment corroborated by a revenue multiple
<i>Investment comprises:</i>			Valuation at 29/02/20:	£3,500,000
Preferred shares:	£3,500,000		Valuation at 28/02/19:	£3,500,000
Unaudited accounts:	30/04/19	30/04/18	Dividend income:	£-
Turnover:	Not available	Not available	Loan note income:	n/a
Profit before tax:	Not available	Not available	Equity held:	5.1%
Net assets:	Not available	Not available	Equity held by Investment Manager:	17.0%

ZOOVU LIMITED (Formerly Smart Assistant)
www.zoovu.com

Zoovu specialises in creating digital assistants which are used by corporates and retailers to interact with customers online, on mobile devices and at in-store checkouts.



Cost:	£3,487,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 29/02/20:	£3,404,000
Preferred shares:	£3,487,000	Valuation at 28/02/19:	£5,158,000
Audited accounts:	31/12/18	Dividend income:	£-
Turnover:	£5.2m	Loan note income:	n/a
Loss before tax:	£4.1m	Equity held:	8.1%
Net assets:	£8.8m	Equity held by Investment Manager:	19.7%

THREAD, INC.
www.thread.com

Thread is a menswear ecommerce website with personalised styling recommendations



Cost:	£3,351,000	Valuation method:	Price of recent investment corroborated by a revenue multiple
<i>Investment comprises:</i>		Valuation at 29/02/20:	£3,351,000
Preferred shares:	£3,351,000	Valuation at 28/02/19:	£2,783,000
Unaudited accounts:	31/12/18	31/12/17	Dividend income:
Turnover:	Not available	Not available	£-
Profit before tax:	Not available	Not available	Loan note income:
Net (liabilities)/assets:	Not available	Not available	n/a
			Equity held:
			6.4%
			Equity held by Investment Manager:
			12.0%

WRITTEN BYTE LTD (t/a DeepCrawl)
www.deepcrawl.com

DeepCrawl provides a search engine optimisation software which allows companies to analyse website architecture to monitor and optimise search engine results.



DEEPCRAWL

Cost:	£1,888,000	Valuation method:	Net Asset Value
<i>Investment comprises:</i>		Valuation at 29/02/20:	£3,293,000
Ordinary shares:	£1,888,000	Valuation at 28/02/19:	£2,274,000
Unaudited accounts:	31/03/19	31/03/18	Dividend income:
Turnover:	Not available	Not available	£-
Profit before tax:	Not available	Not available	Loan note income:
Net assets/liability:	£0.03m	£(0.1m)	Equity held:
			9.0%
			Equity held by Investment Manager:
			17.7%

REVIEW OF INVESTMENTS

CONTINUED

CONTACTENGINE LIMITED
www.contactengine.com



ContactEngine provides automated customer communication technology.

Cost:	£1,266,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 29/02/20:	£2,960,000
Preferred shares:	£1,266,000	Valuation at 28/02/19:	£1,663,000
Audited accounts:	31/10/18	31/10/17	
Turnover:	£6.7m	£4.4m	Dividend income: £-
Loss before tax:	£1.0m	£1.2m	Loan note income: n/a
Net assets:	£0.5m	£1.2m	Equity held: 4.8%
			Equity held by Investment Manager: 12.5%

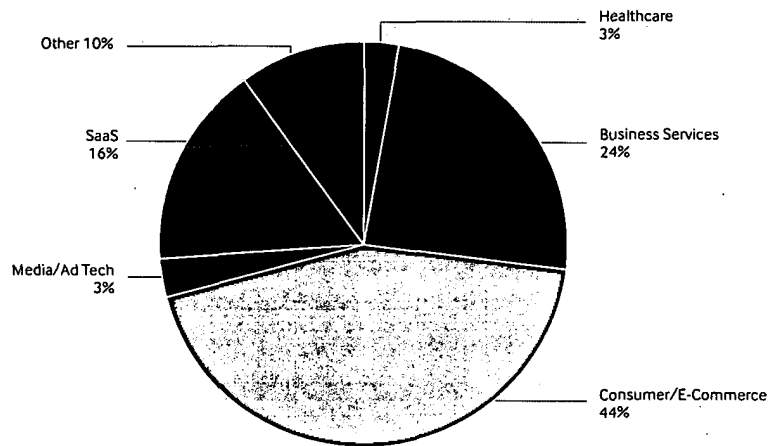
Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio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

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

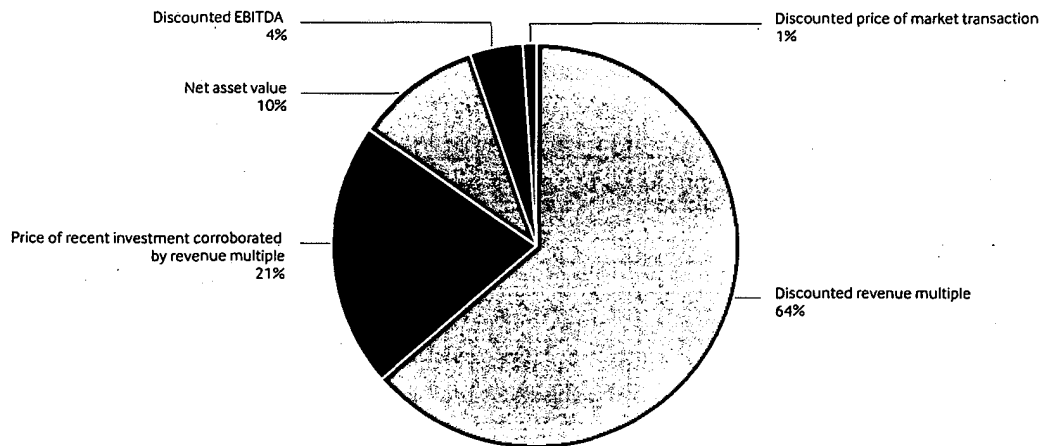
ANALYSIS OF INVESTMENTS BY COMMERCIAL SECTOR

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



NEAL RANSOME
Chairman

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 of The Conservation Volunteers.

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 Draper Esprit VCT plc.



MALCOLM MOSS

Malcolm is Founding Partner of Beringea LLP. Over the last 30 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 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 and Rightmove plc and chairman of Dowgate Capital Limited.

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

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 29 February 2020. 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 29 February 2020 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 £71.1 million of venture capital investments and ended with £67.6 million spread over a portfolio of 47 companies. 41 of these investments with a value of £60.1 million were VCT qualifying (or part qualifying).

The loss on ordinary activities after taxation for the year was £12 million, comprising a revenue loss of £501,000 and a capital loss of £11.5 million. The capital loss is largely attributed to the decrease in valuation in five portfolio companies which have faced difficult trading conditions. The Ongoing Charges ratio (excluding performance fees and recoverable VAT) as calculated in line with the AIC methodology is an Alternative Performance Measure used by the Board to monitor expenses. The Ongoing Charges ratio in respect of the year ended 29 February 2020 was 2.55% (2019: 3.1%).

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

INVESTMENT POLICY

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

Qualifying investments

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

- a strong, balanced and well-motivated management team with a proven track record of achievement;
- a defensible market position;
- good growth potential;
- an attractive entry price for the Company; 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 which, at 29 February 2020, was equal to £105.4 million (2019: £86.3 million). There are no plans for the Company to borrow at the current time.

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 29 February 2020 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 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 ¹ |

¹ As part of the Company's disposal of Think Limited, the Company received shares in Atom Bank plc. HMRC has agreed to allow the Company a period of time to dispose of these shares.

INVESTMENT MANAGEMENT AND ADMINISTRATION FEES

Beringea 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 £2,321,000 (2019: £7,659,000), comprising a

management fee of £2,291,000 (2019: £2,045,000) and performance incentive fees as described below of £31,000 (2019: £5,614,000). At the year-end, an amount of £181,000 (2019: £5,592,000) 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 29 February 2020 Beringea also provided administration services to the Company. In the year, total administration fees amount to £61,000 (2019: £61,000). An amount of £15,000 (2019: £15,000) 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 £348,000 (2019: £361,000) and monitoring fees of £364,000 (2019: £506,000) during the year ended 29 February 2020. 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

Under the performance fee arrangements, the Investment Manager is entitled to receive a performance incentive fee in relation to each major fundraising (a "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 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 29 February 2020 amounted to £nil (2019: £5,447,000), of which £nil (2019: £5,447,000) was outstanding at the year-end.

Residual PIF

In consideration of the Manager's performance in managing the Original Ordinary Share Portfolio (prior to 2012), a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited, will be payable, known as the "Residual PIF". This performance incentive fee will be equal to 20% of the aggregate profit realised on the sale of Espresso Group Limited and Think Limited, subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011). An amount equal to £31,000 was paid to Beringea LLP in relation to the realised gain achieved on the disposal of Think Limited that completed during the year. No amount remained outstanding at the year end.

STRATEGIC REPORT

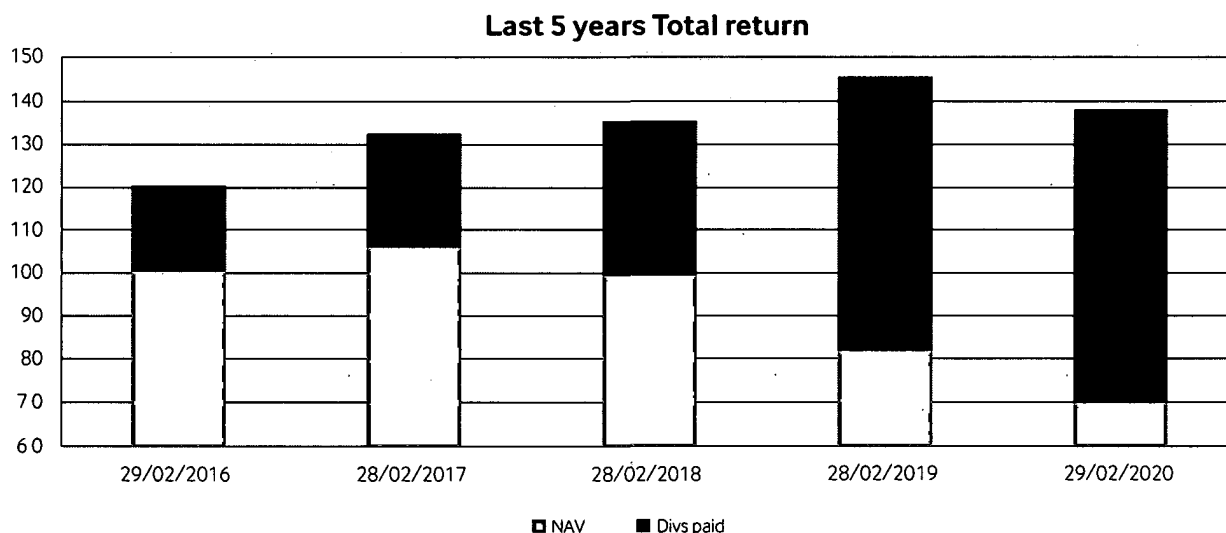
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KEY PERFORMANCE INDICATORS

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objective of delivering long term returns. The key performance indicators for the Company are compared against the results published by the Association of Investment Companies ("AIC"). The Board believes the Company's key performance indicators are:

- Total return (net asset value plus dividends paid since launch);
- Dividends paid and the dividend yield; and
- Net asset value per share (adjusted for dividends paid in the year).

The total return is calculated by the net asset value per share plus the cumulative dividends paid to date. This is a performance measure of the fund and used to evaluate the total value generated for Shareholders. The following graph shows the total return over the last five years and is split between the net asset value and the cumulative dividends paid.



The following table shows the total return, annual return shown as the net asset value per share, dividends paid per annum and the dividend yield.

	29/02/2016	28/02/2017	28/02/2018	28/02/2019	29/02/2020
Total return	120.7	132.8	135.7	145.95	138.35
Net asset value per share (adjusted for dividends paid in the year)*	4.8%	12.0%	2.7%	10.3%	(9.2%)
Dividends paid per share	5p	6.5p	9.5p	27.75p	4.5p
Dividend yield**	5.0%	6.5%	8.9%	27.8%	5.5%

* Calculated as the change in total return in the year divided by the opening net asset value.

** Calculated as the total dividends paid in the year divided by the opening net asset value.

The net asset value per share is defined as an Alternative Performance Measure and the Board considers it to be the primary measure of shareholder value.

The dividends per share are also set out in Note 8 on page 55. The key performance indicators are discussed further in the Chairman's Statement on pages 4 to 6 and the Investment Manager's Report on pages 7 and 8.

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 15 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 Company invests in small and immature businesses and there is a risk that the performance of these individual businesses negatively impacts the performance of the Company. The Investment Manager follows a rigorous process in vetting and careful structuring of new investments and, after an investment is made, close monitoring of the businesses.

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.

Save for the impact of the Coronavirus pandemic, particularly on performance and valuation of portfolio companies as well as potential risks such as future fundraising, the risks faced by the Company 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 2023. A three year period has been considered appropriate as it broadly aligns with the time frame during which the Investment Manager will be required to invest 80% of the funds from the most recent offer for subscription in qualifying investments.

In order to support this statement, the Board has carried out a robust assessment of the principal and emerging risks faced by the Company, as detailed above, including those risks associated with the Coronavirus pandemic and Brexit, and considered the availability of mitigating factors.

The Board considers 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 2023, 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. The Board considered scenario analysis with stress tests on the cash flow forecasts.

Based on the assessment of the above considerations on the cash flow forecasts, 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 2023.

Section 172 Statement

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in a way that they consider, in good faith, will most likely promote the success of the Company for the benefit of the members as a whole. In doing so, the Directors should have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board considers its significant stakeholder groups to be its Shareholders, its suppliers (including the Investment Manager to whom most executive functions are delegated) and its portfolio companies. The Company is an externally managed investment company with no employees and no customers in the traditional sense and, therefore, there is nothing to report in relation to these relationships. The Company takes a number of steps to understand the views of its key stakeholders and considers these, along with the matters set out above, in Board discussions and decision making.

STRATEGIC REPORT

CONTINUED

Shareholders

The Company's Shareholders are key to the success of the Company and the Board engages and communicates with shareholders by various means. The Company encourages all Shareholders to attend its annual Shareholder Day, which last year was held on 13 November 2019 and attended by around 250 Shareholders, and gives Shareholders the opportunity to ask questions of the Board and the Investment Manager and also hear from some of our portfolio companies. Given the Coronavirus pandemic, the Company is putting in place arrangements for the 2020 Shareholder Day to be held virtually so that our Shareholders will still be given the opportunity to engage with the Board and Investment Manager and hear from some of our new portfolio companies. Further details of the 2020 Shareholders Day can be found on page 5.

The Board also encourages all Shareholders to vote on the resolutions at the Annual General Meeting. The Company's Annual General Meeting, this year on 10 August 2020, is typically used as another opportunity to communicate with Shareholders. However, as detailed in the Chairman's statement on page 5, in light of the current Coronavirus 'social distancing' measures in England, the AGM will be run as a closed meeting and Shareholders will not be able to attend this year. However, Shareholders are still strongly encouraged to submit their votes by proxy and will also be able to submit questions via email to info@beringea.co.uk by 5:00 pm on Monday 3 August 2020. Answers to the themes in the questions received will be addressed on the website at <https://www.provenvcts.co.uk/>.

As a result of the Shareholder events, together with other communications with Shareholders and advisors, the Company has received useful feedback which allows the Board to better understand the nature of stakeholder concerns. The Board works very closely with the Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs. Ultimately, the directors' decisions are intended to achieve the Company's principle objective to achieve long term returns for Shareholders greater than those available from investing in a portfolio of quoted companies. In addition, the Board has continued to maintain the existing arrangements for payments of dividends, dividend re-investment and buy-backs in order to give predictable income returns and liquidity to Shareholders when requested.

Suppliers

The Company's suppliers, and in particular Beringea as Investment Manager, are the cornerstone of the Company's business. There is regular contact with the Investment Manager and members of the Investment Manager's senior management team attend all of the Company's Board meetings. Since the outbreak of the Coronavirus pandemic, the Board has been in more frequent communication with the Investment Manager to ensure an appropriate and transparent response.

Portfolio Companies

The Investment Manager provides updates to the Board on the entire portfolio at least quarterly and this has happened more regularly with the outbreak of the Coronavirus pandemic. In addition to the Investment Manager's usual monitoring of portfolio companies, in the weeks immediately following the start of the outbreak in Europe, the Investment Manager worked closely with the leadership teams of portfolio companies to ensure that they were prepared for the disruption caused by a global pandemic. The Investment Manager continues to work closely with management teams to ensure that they continue to evaluate and react accordingly to the evolving situation. More information on the portfolio companies is set out at pages 11 to 17.

ENVIRONMENTAL, SOCIAL, HUMAN RIGHTS POLICY AND GREENHOUSE EMISSIONS

The Board seeks to conduct the Company's affairs responsibly and maintain high standards in respect of ethical, environmental, governance and social issues. The Board recognises the requirement under section 414C of the Companies Act 2006 to detail information about social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies. As an externally managed investment company with no employees, the Company has no formal policies in these matters and as such these requirements do not apply.

On a general note, the Board considers that the Company's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefiting the community and the economy more generally. Where appropriate, the investment proposals considered by the Investment Manager and the Board also include any relevant information on any social, employee, ethical or environmental matters relevant to that investment.

Whilst as a UK quoted company the VCT is required to report on its Greenhouse Gas (GHG) Emissions for any direct 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.

DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' REMUNERATION

It is a requirement under Companies Act 2006 for Shareholders to approve the Directors' remuneration policy every three years, or sooner if the Company wishes to make changes to the policy. The Directors' remuneration policy that was approved at the AGM of the Company on 11 July 2018 is set out on page 35 and no changes are proposed for the forthcoming year.

FUTURE PROSPECTS

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

Despite the economic and social disruption caused by the Coronavirus pandemic, 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: 03911323

39 Earham Street

London WC2H 9LT

1 July 2020

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 29 February 2020.

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
Loss on ordinary activities after tax for the year ended 29 February 2020:	(12,031)	(8.2p)

During the year ended 29 February 2020, the Company paid a final dividend of 2.5p per share in respect of the year ended 28 February 2019 on 19 July 2019 and the Company paid an interim dividend of 2.0p per Ordinary Share in respect of the year ended 29 February 2020 on 6 December 2019.

The Board is proposing a final dividend for the year ended 29 February 2020 of 2.0p per Ordinary Share, to be paid on 28 August 2020 to Shareholders on the register at 7 August 2020.

DIRECTORS

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, being eligible, offer themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 18 together with the performance of the Company over a number of years, in order to support the resolutions to re-appoint all four Directors.

Each of the Directors has an agreed letter of appointment which is terminable by three months' 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 29 February 2020 was 150,278,338.

During the year 46,313,896 shares were issued at 83.3p per share, with an aggregate nominal value of £4,631,390 pursuant to the offer for subscription announced on 11 January 2019. The aggregate consideration for the shares was £38,581,103 which excluded share issue costs of £1,417,663.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted: 817,650 Ordinary Shares at 81.2p per share to subscribing Shareholders on 19 July 2019 and 678,894 Ordinary Shares at 74.4p per share to subscribing Shareholders on 6 December 2019. The aggregate consideration for the shares was £1,148,588.

At the 2019 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 22,688,178 Ordinary Shares.

During the year, the Company repurchased a further 2,573,632 Ordinary Shares for an aggregate consideration (net of costs) of £1,878,356 being an average price of 73.0p per share and which represented 2.5% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £257,363. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £9,397. These shares were repurchased in accordance with the Company's buyback policy in order to provide liquidity to Shareholders.

At the current date, authority remains for the Company to make market purchases of up to 20,065,974 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the Annual General Meeting taking place on 10 August 2020.

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 AGM will be held at 2.00 p.m. on Monday 10 August 2020 via electronic means. In light of the current Coronavirus 'social distancing' measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be run as a closed meeting and Shareholders will not be able to attend in person. The meeting will still comply with the minimum legal requirements for an AGM.

Notice of the Annual General meeting is at the end of this document.

Shareholders are encouraged to submit their votes by proxy, as they will not be able to do so in person. In addition, we strongly recommend voting electronically at www.signalshares.com as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

Notice of the Annual General Meeting is at the end of this document.

SUBSTANTIAL INTERESTS

As at 29 February 2020, 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 Directors are responsible for preparing the Annual 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors report, a strategic report and directors remuneration report which comply with the Companies Act 2006.

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 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. The maintenance and integrity of the Company's website is the responsibility of the directors. 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.

DIRECTORS' REPORT

CONTINUED

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. The maintenance and integrity of the Company's website is also the responsibility of the Directors.

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 30. The Statement of Corporate Governance forms part of this Directors' Report.

The Statement of Corporate Governance describes how the principles and provisions within the UK Corporate Governance Code, published in July 2018, have been applied by the Company throughout the year ended 29 February 2020, except where disclosed within the Statement of Corporate Governance.

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made by the Company during the year ended 29 February 2020 (2019: 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 25 and in the Auditor's Report.

POST BALANCE SHEET EVENTS

Between 29 February 2020 and the date of this report, the Company issued 20,351,020 Ordinary Shares for an aggregate consideration of £14.2 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £500,000.

The Company has invested into the following new companies subsequent to the year end:

- Commonplace (£1.5 million) - a B2B software company that has developed a digital community engagement platform enabling developers, local authorities, transport planners, infrastructure developers and other large project owners to engage with local communities; and
- Luxury Promise (£1.35 million) - a re-sale platform for luxury women's handbags and accessories

The Company has also made follow on investments into Fnatic (£0.5 million), Thread (£0.42 million) and ContactEngine (£125,000).

In May 2020, the Company's Holding in SPC International Limited was sold. The Company received £544,000 in disposal proceeds.

The global Coronavirus pandemic has had a significant impact on the financial markets and the economy as a whole, both in the UK and across the world. In particular, volatility in the financial markets and the impact on trading performance of some individual portfolio companies has been closely monitored by the Directors and the Investment Manager to assess impact on valuations. On 23 March 2020, a revised NAV of 65.1p per share was announced to reflect the immediate valuation impact on the Company's portfolio as at 20 March 2020. The directors and the Investment Manager continue to closely monitor the developing situation.

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.

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 and 8, the Strategic Report on pages 19 to 25 and the Directors' Report on pages 26 to 29. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 49, the Statement of Cash Flows on page 50 and the Strategic Report on pages 19 to 25. In addition, notes 15 and 16 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 part of the viability statement, financial projections for a three year period are also prepared and subjected to stress testing. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

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

By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
1 July 2020

STATEMENT OF CORPORATE GOVERNANCE

The Statement of Corporate Governance forms part of the Directors' Report on pages 26 to 29.

The Directors are committed to the principle and application of sound corporate governance and confirm that the Company has taken steps, appropriate to a venture capital trust and relevant to its size and operational complexity, to comply with the principles and provisions of the UK Corporate Governance Code issued in July 2018 (the "Code").

Going forward, the Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the Code, as well as setting out additional provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, will provide more relevant information to Shareholders. The Company intends to comply with the principles and provisions of the AIC Code from the year ending 28 February 2021 onwards.

APPLICATION OF THE PRINCIPLES OF THE CODE

The Directors consider that the Company has complied with all relevant principles and provisions of the Code throughout the year ended 29 February 2020 except as set out below:

- workforce policies and practice and workforce concerns (Code principle E, provision 5 (to the extent applicable to workforce) and provision 6);
- board balance and division of responsibilities between executive and non-executive directors (Code Principle G);
- chair of board sits on audit committee (Code provision 24);
- chair of board chairs remuneration committee and chair of the committee to have served on a remuneration committee for at least 12 months (Code provision 32); and
- executive directors and their remuneration (Code provisions 33 (to the extent applicable to executive directors), 35 (to the extent applicable to executive directors), 36 to 40 (inclusive)).

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 workforce and 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 comprising four non-executive Directors. The Chairman is Neal Ransome and the Senior Independent Director is Barry Dean. Neal Ransome, Barry Dean and Lorna Tibbian are considered to be independent Directors by the Board. Barry Dean has served on the Board for more than nine years and will offer himself for re-election at the forthcoming AGM in accordance with Company policy. The Board has reviewed the independence of Barry Dean and concluded that despite his long tenure, he continues to be independent. He is not involved in the day-to-day running of the Company and provides 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 Chairman) are shown on page 18.

In accordance with Company policy, all Directors will resign at the forthcoming Annual General Meeting. The 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. The Board has met more frequently since the start of the Coronavirus pandemic. 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. Whilst the Company does not have a workforce, the Board assesses and monitors its own behavior to ensure it promotes a culture of openness and debate. The Board is also very conscious of promoting its culture in its engagement with the wider stakeholders of the Company. The Board works closely with the Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs.

Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each Board meeting. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

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 page 5 and the Directors' Report on pages 26 and 27.

BOARD AND COMMITTEE MEETINGS

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 29 February 2020.

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
	held	attended	held	attended	held	attended	held	attended
Neal Ransome	5	5	2	2	1	1	1	1
Barry Dean	5	3	2	2	1	1	1	1
Malcolm Moss	5	4	n/a	n/a	n/a	n/a	n/a	n/a
Lorna Tilbian	5	4	2	2	1	1	1	1

AUDIT COMMITTEE

The Company has an Audit Committee currently comprising of Barry Dean, as Chairman, 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 28, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 43.

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 Auditor to the Audit Committee as part of the finalisation process for the Annual Report and Accounts.

The Audit Committee has considered the Annual Report and Accounts for the year ended 29 February 2020 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.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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 although new valuations may be prepared and agreed as required in the event of a material movement in the valuations. 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 29 February 2020 but, as a result of the impact of the Coronavirus pandemic, the valuations were reviewed by the Investment Manager and a new NAV was agreed by the Board and announced on 23 March 2020.</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 29 February 2020 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 addresses any recommended actions to ensure compliance.</p> <p>No issues were identified for the year ended 29 February 2020.</p>
Investment risk which could reduce the returns for Shareholders through downward valuations. By nature, companies that qualify for venture capital trust purposes have a higher level of risk than larger quoted companies.	<p>The Directors place reliance on the Investment Manager's experience and expertise in adding new companies to the portfolio. The Investment Manager has a rigorous and robust formal process in selecting new companies which includes an Investment Committee whilst also drawing on the expertise of the Directors. The Board reviews the investment portfolio and its performance at least on a quarterly basis.</p>

The Audit Committee reviews the performance and continued suitability of the Company's auditor. 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 54.

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 Auditor 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 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 Neal Ransome. The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance. The Nomination Committee meets as and when appropriate. The Nomination Committee terms of reference are available from www.provenvcts.co.uk.

Diversity

When considering a new appointment to the Board, the Nomination Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender or ethnicity) 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 2020 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) was relevant and appropriate to the Company, ii) was understandable and iii) ensured 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 2020 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 would usually have the opportunity to meet the Board at the Annual General Meeting but this year, given the Coronavirus pandemic, the AGM will be a closed meeting. We would welcome questions from our Shareholders this year via email to info@beringea.co.uk by 5:00 pm on Monday 3 August 2020. Answers to the themes in the questions received will be addressed on the website at <https://www.provenvcts.co.uk/>.

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 (and possible to do so safely). A Shareholder Day for the ProVen VCTs is also held each year and Shareholders are invited to attend, and this year's event will be held virtually.

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 on page 67.

RISK MANAGEMENT AND INTERNAL CONTROL

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

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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

- review of quarterly reports from the Investment Manager on the portfolio of investments held, including additions and disposals;
- quarterly reviews by the Board of the Company's investments, other assets and liabilities, and revenue and expenditure and detailed review of unquoted investment valuations;
- quarterly reviews by the Board of compliance with the venture capital trust regulations to retain status, including a review of half yearly reports from 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.

By order of the Board

Beringea LLP
Company Secretary
39 Earlham Street
London WC2H 9LT
1 July 2020

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 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. As three years have elapsed since Directors' remuneration was last reviewed the Remuneration Committee would ordinarily have conducted another review at this time. However, in the light of the economic impact of the Coronavirus pandemic, the Remuneration Committee has decided to defer its review until next year. No increase to the existing rates of Directors' remuneration are therefore proposed for the forthcoming year.

DIRECTORS' REMUNERATION POLICY

Shareholders must vote on the Directors' remuneration policy every three years or sooner if the Company wishes to make changes to the policy. Shareholders last voted on the remuneration policy on 11 July 2018 and, as noted above, no further changes to the Directors' remuneration policy are proposed for the forthcoming year.

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; and
- 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 usually 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 3 July 2019, the following votes were received in respect of the resolution approving the Directors' Remuneration Report:

Voting	Votes received	Percentage
Votes for	6,578,780	89.6%
Votes for – discretion	400,215	5.5%
Votes against	356,696	4.9%
Votes received	7,335,691	100.0%
Votes withheld	144,197	

DIRECTORS' REMUNERATION REPORT

CONTINUED

AGREEMENTS FOR SERVICE

Each of the Directors has an agreed letter of appointment (which is available for inspection at the Company's registered office) 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 10 August 2020.

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 39 to 44.

DIRECTORS' REMUNERATION (AUDITED)

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

	Year ended 29 Feb 2020 £	Year ended 28 Feb 2019 £
Neal Ransome (Chairman)	37,500	34,789
Barry Dean	30,000	30,000
Malcolm Moss	15,000	15,000
Lorna Tilbian	30,000	30,000
Andrew Davison ¹ (previously Chairman)	–	13,553
	112,500	123,342

¹ Resigned on 11 July 2018

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 FOR THE YEAR TO 29 FEBRUARY 2020

The remuneration levels for the year to 29 February 2020 are expected to be:

	Expected Annual Expense £
Neal Ransome	37,500
Barry Dean	30,000
Malcolm Moss	15,000
Lorna Tilbian	30,000
	112,500

INSURANCE COVER

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

DIRECTORS

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of the Company at 29 February 2020 and 28 February 2019 were as follows:

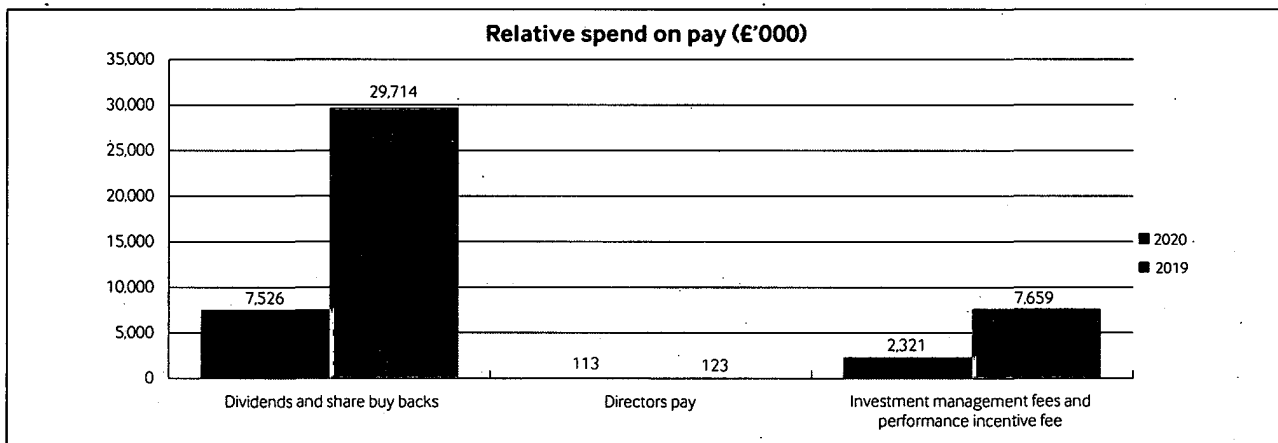
Director	29 Feb 2020	28 Feb 2019
Neal Ransome	38,238	20,411
Barry Dean	29,252	29,252
Malcolm Moss	82,541	66,022
Lorna Tilbian	-	-

On 5 March 2020, Neal Ransome was allotted 13,383 Ordinary Shares under the combined offer for subscription dated 27 January 2020. On 3 April 2020, Malcolm Moss was allotted 14,976 Ordinary Shares under the combined offer for subscription dated 27 January 2020. There were no other movements in Directors' holdings

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

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 2020 and 2019 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:

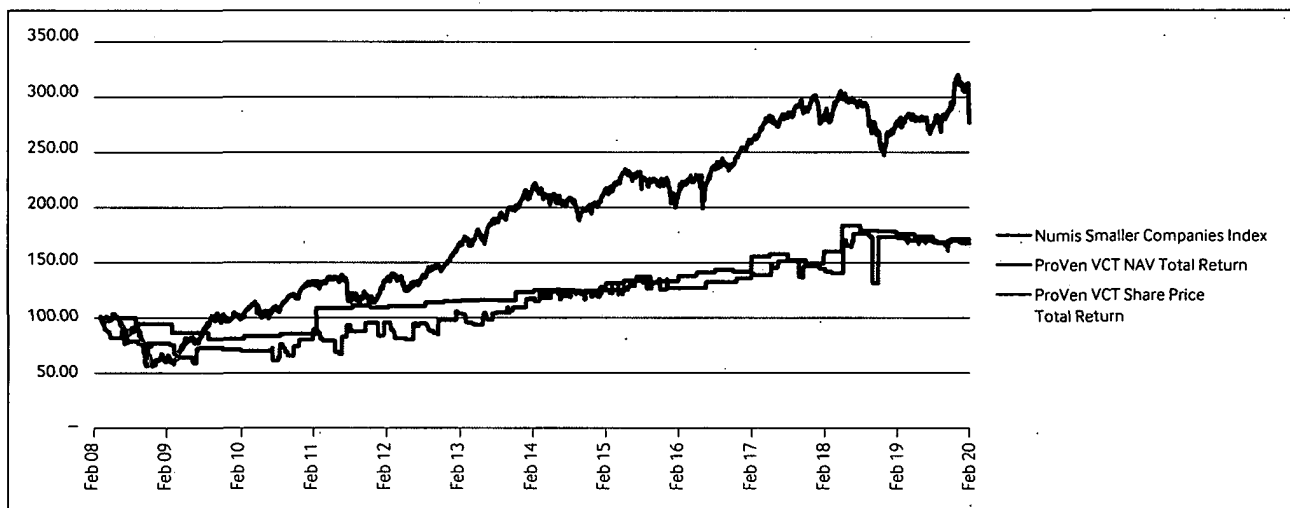


DIRECTORS' REMUNERATION REPORT

CONTINUED

PERFORMANCE GRAPH

The chart below represents the Company's Ordinary Share performance over the reporting periods since 28 February 2008 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 2008. The Investment Manager and performance fees have been included in the graph, as Beringea are a key outsourced service provider responsible for the Investment Management decisions and as such remuneration of the Investment Manager is considered to be of relative importance.



By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
1 July 2020

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 29 February 2020 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the 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 29 February 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

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

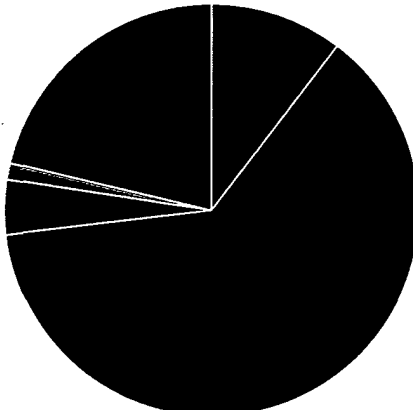
- the directors' confirmation in the annual report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Key Audit Matter	How We Addressed the Key audit matter in the Audit
<p>Valuation of investments (Note 1 and Note 10)</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 valuations of unquoted investments.</p> <p>There is an inherent risk of management override arising from the unquoted investments valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.</p>	<p>A breakdown of the unquoted investment portfolio by valuation technique is shown below:</p>  <p>Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the extent of the fair value movement and the subjectivity of the valuation technique. For these investments 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 applicable accounting standards; and • Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies. <p>For a sample of investments valued using less subjective valuation techniques (cost and price of recent investment reviewed for changes in fair value) we:</p> <ul style="list-style-type: none"> • Agreed the price of recent the investment to supporting documentation; • Assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company; • Considered whether there were any indications that the price of the recent investment was no longer representative of fair value with reference to the current performance of the investee company; and • Considered whether the price of the recent investment is supported by alternative valuation techniques. <p>For a sample of investments sampled valued using less subjective valuation techniques (net asset value) we:</p> <ul style="list-style-type: none"> • Agreed the net assets to supporting management accounts, agreed the cash balances to bank statements and where applicable agreed other assets to supporting documentation such as third party invoices; and • Considered whether there were any indications that net asset value was no longer representative of fair value. <p>For a sample of investments valued using more subjective techniques (revenue and earnings multiples) we:</p> <ul style="list-style-type: none"> • Challenged and agreed the inputs to the valuation with reference to management information of investee companies, market data and our prior knowledge of the investee companies from previous audits and assessed the impact on the valuation of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewed 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;

Key Audit Matter	How We Addressed the Key audit matter in the Audit
	<ul style="list-style-type: none"> Challenged the consistency and appropriateness of adjustments made to such market data in establishing the multiples applied in arriving at the valuations adopted, by agreeing the adjusted multiples to independent sources; and Obtained alternative independent multiples, where considered appropriate to do so and performed sensitivity analysis on the investment valuations. <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> <p>We also considered the completeness and clarity of disclosures regarding the valuation of investments in the financial statements.</p> <p><i>Key observations</i> Based on the procedures performed we consider the investment valuations to be within an appropriate range considering the level of estimation uncertainty.</p> <p>We consider the investment disclosures to be materially complete and accurate.</p>

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could 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 two 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	Purpose	Key considerations	2020 Quantum (£)	2019 Quantum (£)
Financial Statement Materiality <i>2% of investments</i>	Assessing whether the financial statements as a whole present a true and fair view. We considered this to be the key measurement for users of the financial statements.	<ul style="list-style-type: none"> The value of investments The level of judgement inherent in the valuation The range of reasonable alternative valuation 	1,350,000	1,420,000
Performance Materiality <i>75% of materiality</i>	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> Financial statement materiality Risk and control environment History of prior errors (if any) 	1,010,000	1,060,000

We have set a lower testing threshold for those items impacting revenue return of £279,000 which is based on 10% of expenditure excluding any performance fee expense.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

In prior year we set a specific materiality threshold for those items impacting revenue return of £265,000 which was based on 10% of expenditure excluding the performance fee expense.

In the current year we have not set a specific materiality as the objective of the Company is to achieve long-term returns; as such we consider revenue and revenue returns not to be the primary area of focus of the users of the financial statements.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £67,000, being 5% of materiality (2019: £13,000, being 5% of specific materiality) 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.

HOW THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and UK GAAP, VAT, Employers NI and other taxes. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

- obtaining an understanding of the control environment relevant to monitoring compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- review of relevant legal invoices and correspondence in the period;
- review of VCT compliance workings and reports;
- enquiries and obtaining written representations of management and the Board of Directors;
- agreement of the financial statement disclosures to underlying supporting documentation.

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

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

CONTINUED

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

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 29 February 2012 and subsequent periods. In respect of the period ending 29 February 2020 we were reappointed by the members of the Company at the Annual General Meeting held on 3 July 2019. The period of total uninterrupted engagement is 9 years, covering the years ending 29 February 2012 to 29 February 2020.

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.

Ariel Grosberg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
1 July 2020

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

INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	Year ended 29 February 2020			Year ended 28 February 2019		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	597	–	597	405	–	405
Realised gains on investments	10	–	2,266	2,266	–	17,995	17,995
Unrealised (losses)/gains on investments	10	–	(12,066)	(12,066)	–	213	213
		597	(9,800)	(9,203)	405	18,208	18,613
Investment management fees	3	(573)	(1,718)	(2,291)	(511)	(1,534)	(2,045)
Performance incentive fees	4	–	(31)	(31)	–	(5,614)	(5,614)
Other expenses	5	(525)	(11)	(536)	(554)	(54)	(608)
FX Translation		–	30	30	–	–	–
(Loss)/return on ordinary activities before tax		(501)	(11,530)	(12,031)	(660)	11,006	10,346
Tax on ordinary activities	7	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders		(501)	(11,530)	(12,031)	(660)	11,006	10,346
Basic and diluted (loss)/return per share	9	(0.2p)	(8.0p)	(8.2p)	(0.6p)	10.7p	10.1p

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.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

Year ended 29 February 2020

		Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium reserve £'000	Revaluation reserve £'000	Capital reserve— realised £'000	Revenue reserve £'000	Total £'000
At 1 March 2019		10,504	102	60,820	3,367	6,799	6,412	(1,668)	86,336
Comprehensive Income for the year:									
Management fees allocated as capital expenditure	3	—	—	—	—	—	(1,718)	—	(1,718)
Legal fees allocated as capital expense		—	—	—	—	—	(11)	—	(11)
Realised gain on investments	10	—	—	—	—	—	2,266	—	2,266
Unrealised loss on investments	10	—	—	—	—	(12,066)	—	—	(12,066)
Loss after tax		—	—	—	—	—	—	(501)	(501)
Performance fee	4	—	—	—	—	—	(31)	—	(31)
Total comprehensive loss		—	—	—	—	(12,066)	506	(501)	(12,061)
Contributions by and distributions to owners:									
Issue of new shares (includes DRIS)	13	4,781	—	(1,418)	36,366	—	—	—	39,729
Share buybacks	13	(257)	257	(1,888)	—	—	—	—	(1,888)
Dividends paid (includes DRIS)	8	—	—	(6,787)	—	—	—	—	(6,787)
Total contributions by and distributions to owners		4,524	257	(10,093)	36,366	—	—	—	31,054
Other movements:									
Transfer of previously unrealised gains now realised		—	—	—	—	2,298	(2,298)	—	—
FX translation		—	—	—	—	—	—	30	30
Total other movements		—	—	—	—	2,298	(2,298)	30	30
At 29 February 2020		15,028	359	50,727	39,733	(2,969)	4,620	(2,139)	105,359

Year ended 28 February 2019

		Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium reserve £'000	Revaluation reserve £'000	Capital reserve— realised £'000	Revenue reserve £'000	Total £'000
At 1 March 2018		10,187	3,837	5,469	52,786	19,677	10,583	(1,008)	101,531
Comprehensive Income for the year:									
Management fees allocated as capital expenditure	3	—	—	—	—	—	(1,534)	—	(1,534)
Legal fees allocated as capital expense		—	—	—	—	—	(54)	—	(54)
Realised gain on investments		—	—	—	—	—	17,995	—	17,995
Unrealised gain on investments		—	—	—	—	213	—	—	213
Loss after tax		—	—	—	—	—	—	(660)	(660)
Performance fee	4	—	—	—	—	—	(5,614)	—	(5,614)
Total comprehensive income		—	—	—	—	213	10,793	(660)	10,346
Contributions by and distributions to owners:									
Issue of new shares (includes DRIS)		490	—	—	3,683	—	—	—	4,173
Share buybacks		(173)	173	(1,659)	—	—	—	—	(1,659)
Dividends paid (includes DRIS)	8	—	—	—	—	—	(28,055)	—	(28,055)
Total contributions by and distributions to owners		317	173	(1,659)	3,683	—	(28,055)	—	(25,541)
Other movements:									
Transfer of previously unrealised gains now realised		—	—	—	—	(13,091)	13,091	—	—
Cancellation of share premium account		—	—	53,102	(53,102)	—	—	—	—
Cancellation of capital redemption reserve		—	(3,908)	3,908	—	—	—	—	—
Total other movements		—	(3,908)	57,010	(53,102)	(13,091)	13,091	—	—
At 28 February 2019		10,504	102	60,820	3,367	6,799	6,412	(1,668)	86,336

The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. Reserves available for distribution therefore amount to £53,208,000 (2019: £65,564,000).

During the year the Company repurchased 2,573,632 shares (2019: 1,729,240) with a nominal value of £257,363 (2019: £173,000). All shares were subsequently cancelled.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

CONTINUED

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.

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 29 FEBRUARY 2020

	Note	29 February 2020	28 February 2019
		Total	Total
		£'000	£'000
Fixed assets			
Investments	10	67,626	71,133
Current assets			
Debtors	11	2,355	1,478
Cash at bank and in hand		36,310	19,897
		38,665	21,375
Creditors: amounts falling due within one year	12	(932)	(6,172)
Net current assets		37,733	15,203
Total assets less current liabilities		105,359	86,336
Capital and reserves			
Called up share capital	13	15,028	10,504
Capital redemption reserve		359	102
Special reserve		50,727	60,820
Share premium reserve		39,733	3,367
Revaluation reserve		(2,969)	6,799
Capital reserve – realised		4,620	6,412
Revenue reserve		(2,139)	(1,668)
Total equity shareholders' funds		105,359	86,336
Basic and diluted net asset value per share	14	70.1p	82.2p

The financial statements on pages 45 to 63 were approved and authorised for issue by the Board of Directors on 1 July 2020 and were signed on its behalf by:

DocuSigned by:

 DA4A2D36F9084EC...
Neal Ransome
 Chairman
 ProVen VCT plc
 Company number: 03911323

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

		Year ended 29 February 2020	Year ended 28 February 2019
		Total	Total
	Note	£'000	£'000
(Loss)/return on ordinary activities before taxation		(12,031)	10,346
Loss/(Gain) on investments		9,800	(18,208)
Increase in prepayments, accrued income and other debtors		(92)	(98)
(Decrease)/Increase in accruals and other creditors		(5,388)	4,376
Net cash outflow from operating activities		(7,711)	(3,584)
Cash flows from investing activities			
Purchase of investments		(10,888)	(23,468)
Sale of investments		3,810	43,578
Net cash from investing activities		(7,078)	20,110
Cash flows from financing activities			
Proceeds from share issues	13	39,999	–
Share issue costs	13	(1,418)	–
Purchase of own shares		(1,740)	(1,417)
Equity dividends paid		(5,639)	(23,883)
Net cash used in financing		31,202	(25,300)
Increase/(Decrease) in cash and cash equivalents		16,413	(8,774)
Cash at beginning of year		19,897	28,671
Cash at end of year		36,310	19,897

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

'Net cash used in operating activities' includes interest received of £594,000 (2019: £405,000) and dividends received of £3,000 (2019: Enil). No interest was paid during the period.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

1. ACCOUNTING POLICIES

Basis of preparation

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 December 2018.

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 30 to 34.

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 2018, together with sections 11 and 12 of FRS102.

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

Key judgements

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

- where a company is in the early stage of development, the estimate of fair value is based on market data and assumptions as to the potential outcomes, benchmarked against alternative valuation methodologies during this time;
- 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 arm's-length transaction by a third party in the shares of the company the valuation will normally be based on this;
- where alternative methods of valuation, such as net assets of 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.

NOTES TO THE ACCOUNTS

CONTINUED

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.

Key estimates

The key estimates involved in determining the fair value of a company can include:

- identifying a relevant basket of market comparables;
- deducing the discount to take on those market comparables;
- determining reoccurring revenue;
- determining reoccurring earnings; or
- identifying surplus cash.

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.

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.

Cash

Cash comprises cash on hand and demand deposits.

Debtors

Short term debtors are initially measured at transaction price. Subsequent remeasurement deducts any impairment from the transaction price.

Creditors

Short term trade creditors are initially and subsequently measured at the transaction price.

2. INCOME

	2020 £'000	2019 £'000
Income from investments		
Loan stock interest	551	351
Dividend income	3	–
	554	351
Other income		
Deposit interest	43	54
	597	405

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

	2020 £'000	2019 £'000
Investment management fees	2,291	2,045

NOTES TO THE ACCOUNTS

CONTINUED

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

	2020 £'000	2019 £'000
Performance incentive fees	31	5,614

Beringea LLP are entitled to receive performance incentive fees as described in the Strategic Report on page 21.

5. OTHER EXPENSES

	2020 £'000	2019 £'000
Administration services	61	61
Directors' remuneration	113	123
Social security costs on Directors' remuneration	12	11
Trail commission	108	122
Auditor's remuneration for the audit of the Company's annual accounts	31	26
Auditor's remuneration – other assurance services	3	5
Other expenses	208	260
	536	608

Included within other expenses is £11,000 (2019: £54,000) allocated to capital expenses in respect of expenses incurred in relation to investments. All other expenses are allocated as revenue costs.

In 2020 other assurance services relate to an interim review of the financial statements at 31 August 2019. In 2019 additional assurance work was performed on the calculation of the final performance incentive fee. This was not deemed necessary in 2020 as the performance incentive fee for the year was nil.

6. DIRECTORS' REMUNERATION

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

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

7. TAXATION ON ORDINARY ACTIVITIES

	2020 £'000	2019 £'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	(12,031)	10,346
Tax charge calculated on operating profit at the applicable rate of 19% (2019: 19%)	(2,286)	1,966
Effects of:		
UK dividend income	(1)	–
Loss/(Gain) on investments	1,862	(3,460)
Expenses disallowed for tax purposes	5	12
Deferred tax not recognized	420	1,482
	–	–

(c) **Deferred tax not recognised**

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £24,765,000 (2019: £22,554,000). The deferred tax asset of £4,210,000 (2019: £3,834,000) would only be recovered were the Company to make sufficient taxable profits in the future. Given the Company is not expected to generate taxable income in excess of deductible expenses, no deferred tax asset has been recognised for the year ended 29 February 2020.

The increase in UK corporation tax to 19% was substantively enacted on 17 March 2020. The impact on the deferred tax asset using a rate of 19% rather than 17% would be £4,705,000 an increase of £495,300. (2019: £4,285,000 an increase of £451,080).

8. DIVIDENDS

	Year ended 29 February 2020			Year ended 28 February 2019			
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends paid in the year							
2018 Final	2.5	–	–	–	–	2,529	2,529
2019 Special Interim	25.25	–	–	–	–	25,526	25,526
2019 Final	2.5	–	3,768	3,768	–	–	–
2020 Interim	2.0	–	3,019	3,019	–	–	–
		–	6,787	6,787	–	28,055	28,055
Proposed dividends							
2019 Final	2.5	–	–	–	–	3,768	3,768
2020 Final	2.0	–	3,412	3,412	–	–	–

NOTES TO THE ACCOUNTS

CONTINUED

9. BASIC AND DILUTED RETURN PER SHARE

	Year ended 29 February 2020	Year ended 28 February 2019
Revenue (loss)/return per share based on:		
Net revenue loss after taxation (£'000)	(501)	(660)
Weighted average number of shares in issue	145,634,014	102,494,641
Pence per share	(0.2)	(0.6)
Capital return per share based on:		
Net capital (loss)/gain for the financial year (£'000)	(11,530)	11,006
Weighted average number of shares in issue	145,634,014	102,494,641
Pence per share	(8.0)	10.7
Total return per share based on:		
Total return for the financial year (£'000)	(12,031)	10,346
Weighted average number of shares in issue	145,634,014	102,494,641
Pence per share	(8.2)	10.1

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

10. INVESTMENTS

"Fair value through profit or loss" assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 March 2019	1,388	67,702	69,090
Unrealised (losses)/gains at 1 March 2019	(518)	6,975	6,457
Realised losses on investments still held at 1 March 2019	(740)	(3,674)	(4,414)
Opening fair value at 1 March 2019	130	71,003	71,133
Movement in year:			
Purchases at cost	–	10,888	10,888
Sales – proceeds	(1)	(4,594)	(4,595)
– realised (losses)/gains on sales	(3)	2,269	2,266
Unrealised gains/(losses) in the income statement	45	(12,111)	(12,066)
Closing fair value at 29 February 2020	171	67,455	67,626
Closing cost at 29 February 2020	287	74,192	74,479
Unrealised (losses)/gains at 29 February 2020	(116)	(4,681)	(4,797)
Realised losses on investments still held at 29 February 2020	–	(2,056)	(2,056)
Closing fair value at 29 February 2020	171	67,455	67,626

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
Thread, Inc.	Discounted price of recent transaction	Discounted revenue multiple	571
MPB Group Limited	Price of recent investment	Discounted revenue multiple	454
Mycs GmbH	price of recent investment	Discounted revenue multiple	340
SPC International Limited	Discounted revenue multiple	Discounted EBITDA	66
Buckingham Gate Financial Services Limited	Price of recent fundraising	Discounted revenue multiple	–
Whistle Sports, Inc.	Discounted revenue multiple	Full provision	–
Senselogix Limited	Discounted revenue multiple	Full provision	(175)
			1,256

An analysis of venture capital investments is set out in the review of the investments on pages 13 to 17. Note 15 includes an analysis of the fair value of the financial instruments.

11. DEBTORS

	2020 £'000	2019 £'000
Contingent proceeds receivable	1,655	870
Prepayments and accrued income	565	595
Other debtors	135	13
	2,355	1,478

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Accruals	484	5,868
Share buybacks awaiting settlement	434	290
Other creditors	14	14
	932	6,172

13. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Issued, allotted, called up and fully-paid:		
150,278,338 (2019: 105,041,530) Ordinary Shares of 10p each	15,028	10,504

During the year 46,313,896 shares were issued at 83.3p per share, with an aggregate nominal value of £4,631,390 pursuant to the offer for subscription dated 11 January 2019. The aggregate consideration for the shares was £38,581,103 which excluded share issue costs of £1,417,663.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 817,650 Ordinary Shares at 81.2p per share to subscribing Shareholders on 19 July 2019 and 678,894 Ordinary Shares at 74.4p per share to subscribing Shareholders on 6 December 2019. In total, the aggregate consideration for the shares was £1,148,588.

NOTES TO THE ACCOUNTS

CONTINUED

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 2,573,632 Ordinary Shares for an aggregate consideration (net of costs) of £1,878,356 being an average price of 73.0p per share and which represented 2.5% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £257,363. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £9,397. 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.

	2020	2019
Ordinary Shares brought forward	105,041,530	101,874,597
Ordinary Shares issued	47,810,440	4,896,173
Ordinary Shares repurchased for cancellation	(2,573,632)	(1,729,240)
Ordinary Shares carried forward	150,278,338	105,041,530

14. BASIC AND DILUTED NET ASSET VALUE PER SHARE

	Shares in issue		2020		2019	
	2020	2019	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	150,278,338	105,041,530	70.1p	105,359	82.2p	86,336

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 return per share.

15. 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.

The Board regularly reviews these risks and the policies in place for managing them. Save for the economic and social impact of the Coronavirus pandemic, 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 29 February 2020, the AIM-quoted portfolio was valued at £171,000 (2019: £130,000).

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 20% 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	2020 Impact on NAV per share Pence	Impact on net assets £'000	2019 Impact on NAV per share Pence
20% movement in AIM-quoted investments				
AIM-quoted investments	34	0.0p	26	0.0p

At 29 February 2020, the unquoted portfolio was valued at £67,455,000 (2019: £71,003,000).

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 20% 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	2020 Impact on NAV per share Pence	Impact on net assets £'000	2019 Impact on NAV per share Pence
20% movement in unquoted investment valuations				
Unquoted investments	13,491	9.0p	14,200	13.6p

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 20%. 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.

NOTES TO THE ACCOUNTS

CONTINUED

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	2020 £'000	2019 £'000
Fixed rate	6.8%	417 days	9,349	12,672
Floating rate	0.3%	0 days	36,494	20,133
No interest rate			59,516	53,531
			105,359	86,336

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 £365,000 (2019: £201,000). 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 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:

	2020 £'000	2019 £'000
Cash and cash equivalents	36,310	19,897
Interest, dividends and other receivables	542	580
	36,852	20,477

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 A+ by 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 million relative to cash balances of £36.3 million at 29 February 2020) 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 29 February 2020, 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 29 February 2020						
Fully performing loan stock	7,178	–	–	732	384	8,294
Past due loan stock	–	–	–	–	1,169	1,169
	7,178	–	–	732	1,553	9,463
As at 28 February 2019						
Fully performing loan stock	1,872	9,334	–	678	–	11,884
Past due loan stock	–	–	–	1,024	–	1,024
	1,872	9,334	–	1,702	–	12,908

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.

NOTES TO THE ACCOUNTS

CONTINUED

	2020				2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3	Total £'000
AIM quoted	171	–	–	171	130	–	–	130
Loan notes	–	–	9,463	9,463	–	–	12,908	12,908
Unquoted investments	–	–	57,992	57,992	–	–	58,095	58,095
	171	–	67,455	67,626	130	–	71,003	71,133

There have been no movements between levels during the financial year to 29 February 2020.

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 2019	12,908	58,095	71,003
Movements in the Income Statement:			
Gains in the Income Statement	(1,679)	(8,162)	(9,841)
Purchases at cost	384	10,504	10,888
Sales proceeds	(2,150)	(2,445)	(4,595)
Balance at 29 February 2020	9,463	57,992	67,455

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

Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown on page 59.

16. 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.

17. POST BALANCE SHEET EVENTS

Between 29 February 2020 and the date of this report, the Company issued 20,351,020 Ordinary Shares for an aggregate consideration of £14.2 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £500,000.

In March 2020, the Company invested in two pre-existing portfolio companies. £772,000 was invested in Fnatic and £421,000 in Thread. In the same month, an investment was also made in Commonplace (£1.5m), an online community consultation platform. Subsequent to this, £1.35m was invested in April in Luxury Promise, the leading marketplace to buy, sell and swap pre loved luxury goods. In June, the Company invested £125,000 in ContactEngine, a pre-existing portfolio company.

In May 2020, the Company's holding in SPC International Limited was sold. The Company received £544,000 in disposal proceeds.

Save for the impact of the Coronavirus pandemic, particularly on performance and valuation of portfolio companies as well as potential risks such as future fundraising, the risks faced by the Company have remained unchanged since the beginning of the financial year.

18. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 29 February 2020 before any performance fee accrual and cumulative dividends paid up to this date, no performance fee is payable for the year ended 29 February 2020 as the performance hurdles have not been met. As a result, neither a liability nor a contingent liability has been recognised in the financial year.

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.

In consideration of the Manager's performance in managing the Original Ordinary Share Portfolio, a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited, was payable. This is known as the "Residual PIF". Equal to 20% of the aggregate profit realised on the sale of these two investments and also subject to a maximum fee of £673,000, £31,000 capacity remained contingent on future sales proceeds. Following receipt of additional sales proceeds during the financial year in relation to Think Limited, the requisite performance hurdles were met and the final £31,000 became payable. This was settled in November 2019, taking the total Residual PIF paid to date to the Manager to £673,000. Following this, no further amounts remain payable.

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

19. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

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

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's investment manager during the period. During the year ended 29 February 2020, £2,290,000 was payable to Beringea LLP in respect of these services (2019: £2,045,000). At the period end the Company owed Beringea LLP £181,000 (2019: £145,000).

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 29 February 2020, total performance incentive fees of £31,000 were payable (2019: £5,614,000). This comprised an amount of £nil payable under the Company's performance fee arrangements and £31,000 payable under the Company's Residual PIF arrangements. At the period end an amount of £nil was outstanding (2019: £5,447,000).

Beringea LLP may charge arrangement fees, in line with industry practice, to companies in which it invests. It may also receive directors fees or monitoring fees from investee companies. These costs are borne by the investee company not the Company. In the year to 29 February 2020, £348,000 (2019: £361,000) was payable to Beringea LLP for arrangement fees under such arrangements. Directors and monitoring fees payable to Beringea LLP in the year to 29 February 2020 amounted to £364,000 (2019: £506,000). 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 29 February 2020 amounted to £61,000 (2019: £61,000) of which £15,000 remained outstanding at the year-end (2019: £15,000).

During the year ended 29 February 2020, an amount of £113,000 (2019: £123,000) was payable to the Directors of the Company as remuneration for services provided to the Company. No amount was outstanding at the year-end (2019: £nil).

SHAREHOLDER INFORMATION

Shareholder investment and returns analysis

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

Websites

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

www.provenvcts.co.uk

Shareholders can also check details of their shareholdings using 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 (1 July 2020):	61.5p per share

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange via a stockbroker. Shareholders who subscribed for new shares in the Company in the 2015/2016 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

10 August 2020	Annual General Meeting
October 2020	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 **03911323**

Directors

Neal Ransome (Chairman)

Barry Dean

Lorna Tilbian

Malcolm Moss

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.linkassetsservices.com

Auditor

BDO LLP

150 Aldersgate Street

London

EC1A 4AB

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

1 Temple Avenue

London

EC4Y 0HA

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 via electronic means at 2.00 p.m. on Monday 10 August 2020. In light of the current Coronavirus 'social distancing' measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be run as a closed meeting and Shareholders will not be able to attend in person. All Shareholders are will be able to vote by proxy and are encouraged to do so (see notes to this Notice for further details) The following business is to be transacted at the meeting:

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

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 29 February 2020 together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report, excluding the Director's Remuneration Policy set out on page 35 of the Directors' Remuneration Report, for the year ended 29 February 2020.
3. To declare a final dividend of 2.0p per Ordinary Share in respect of the year ended 29 February 2020.
4. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Neal Ransome, who retires in accordance with Company policy and, being eligible, offers himself for election.
6. To re-elect as Director, Barry Dean, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
7. To re-elect as Director, Malcolm Moss, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
8. To re-elect as Director, Lorna Tilbian, who retires in accordance with Company policy and, being eligible, offers herself for re-election.

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

ORDINARY RESOLUTION

9. THAT, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £12,793,559 (representing approximately 75% of the Ordinary Share capital in issue at today's date, provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

SPECIAL RESOLUTIONS

10. THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 9 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.
11. THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares provided that:
 - (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 25,570,060 representing approximately 14.99% of the present issued Ordinary Share capital of the Company;

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

- (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.

12. THAT, the articles of association produced to the AGM (which have been updated to allow Shareholders to attend general meetings by means of electronic facilities) and for the purposes of identification initialed by the Chairman of the Company, be adopted as the articles of association of the Company.

By order of the Board

Beringea LLP
Company Secretary
Registered Office
39 Earlham Street
London WC2H 9LT
1 July 2020

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

Note: Please see the notes set out on page 69 and 70 which contain important information about the Annual General Meeting.

Notes for the Notice of Annual General Meeting

The following notes explain your general rights as a Shareholder and your right to vote at the Annual General Meeting, which this year should be done via proxy.

1. To be entitled to 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 Thursday 6 August 2020. 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.

In light of the Coronavirus 'social distancing' measures in England and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be held via electronic means and run as a virtual closed meeting and Shareholders will not be able to attend. Virtual attendees at the meeting will be limited to director Shareholders of the Company and no-one else.

2. Accordingly, Shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy to exercise all or part of their rights to attend and vote on their behalf at the Annual General Meeting as no other proxy, other than the other Shareholder directors of the Company, will be permitted to attend the virtual meeting. In the case of a Shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.
3. 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).
4. 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.
5. To be valid, any Form of Proxy or other instrument appointing a proxy, must be returned by no later than 2.00 p.m. on Thursday 6 August 2020 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);

We strongly recommend voting electronically at www.signalshares.com as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

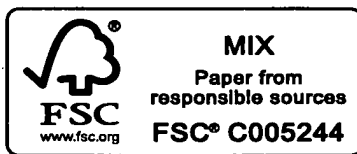
6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
7. 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. CREST members are strongly encouraged to appoint the Chairman as their proxy to exercise all or part of their rights to attend and vote on their behalf at the Annual General Meeting, as no other proxy, other than the other director Shareholders, will be permitted to attend the virtual meeting.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

8. 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 2.00 p.m. on Thursday 6 August 2020. 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.
9. 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.
10. 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. However, as the only permitted attendees at the virtual Meeting will be director Shareholders of the Company corporate Shareholders are strongly encouraged not to appoint a corporate representatives to attend the Meeting, as they will not be permitted to do so, but to appoint the Chairman as their proxy to exercise all or part of their rights to attend and vote on their behalf at the Annual General Meeting.
11. As at 30 June 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 170,580,786 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 June 2020 are 170,580,786.
12. 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.
13. Any Shareholder may submit questions in relation to the business to be transacted at the Annual General Meeting via email to info@beringea.co.uk by 5:00 pm on Monday 3 August 2020. Answers to the themes arising out of questions received will be addressed on the website at <https://www.provenvcts.co.uk/>
14. The following documents are available on request by email to info@beringea.co.uk from the date of this Notice until the time of the Annual General Meeting:
 - copies of the Directors' Letters of Appointments; and
 - copies of the Register of Directors' interests in the Ordinary Shares of the Company.
15. 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.
16. Voting on each resolution set out in the Notice of Annual General Meeting will be conducted on a poll.

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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