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PROVEN VCT PLC

ANNUAL REPORT AND ACCOUNTS
For the year ended 28 February 2021

Managed by BERINGEA LLP

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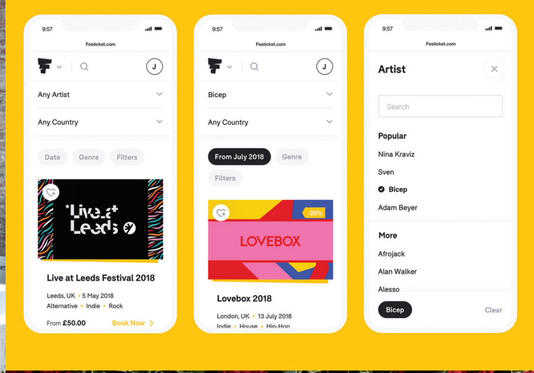
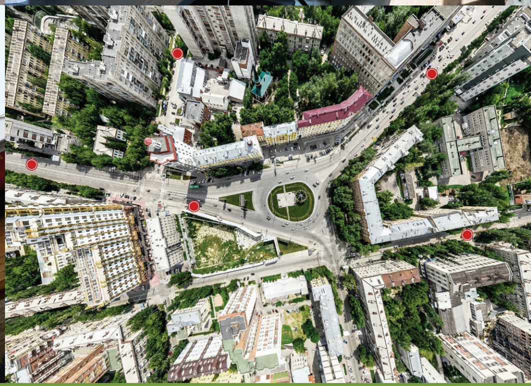




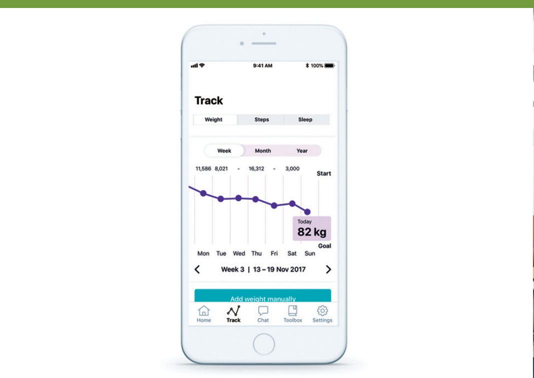
FUND OVERVIEW

FINANCIAL SUMMARY

Ordinary Shares as at:	28 February 2021	29 February 2020
	Pence	Pence
Net asset value per share*	74.8	70.1
Dividends paid since launch*	71.75	68.25
Total return (net asset value plus dividends paid since launch)*†	146.55	138.35
Year on year change in:		
Net asset value per share (adjusted for dividends paid in the year)†	11.7%	(9.2%)

* Key Performance Indicator (see page 23)

† Alternative Performance Measure (see page 23)



CHAIRMAN'S STATEMENT

I present the Annual Report for ProVen VCT plc (the "Company") for the year ended 28 February 2021. Following a year of economic and commercial turbulence created by the COVID-19 pandemic, the Company's investment portfolio has emerged resilient, having been well supported throughout this period by the Investment Manager. This is reflected in the encouraging increase in the total return per share in the year to 28 February 2021.

RESULTS FOR THE YEAR

Over the year, the Company's Net Asset Value ("NAV") per share increased from 70.1p at 29 February 2020 to 74.8p at 28 February 2021. The total increase in Shareholder total return (NAV per share plus dividends) was 8.2p, an 11.7% increase on the opening NAV.

The profit on ordinary activities for the year was £14.4 million, or 8.7p per share (2020: loss of £12.0 million, or 8.2p per share), comprising a revenue loss of £1.3 million, or 0.8p per share, (2020: revenue loss of £0.5 million, or 0.2p per share) and a capital profit of £15.7 million, or 9.5p per share (2020: loss of £11.5 million, or 8.0p per share). This capital profit was predominantly driven by an increase in valuation of six companies. The combined valuation movement of these six alone totaled £19.1 million. A breakdown of the portfolio and corresponding valuation movements can be found on pages 12 and 13.

The Company normally announces its latest NAV on a quarterly basis, although it may announce new NAVs between the normal quarterly dates if there is a material movement. Following the announcement of the NAV at 30 November 2020 on 20 January 2021, the Company became aware of developments at several portfolio companies which had a material impact on the valuation of the investment portfolio. It therefore announced a new NAV of 73.7p per share as at 28 February 2021 on 18 March 2021. Following discussions with the auditors as part of the year-end audit process, the NAV as at 28 February has been revised to 74.8p per share.

DIVIDENDS

During the year ended 28 February 2021, the Company paid a final dividend of 2.0p per share in respect of the year ended 29 February 2020 on 28 August 2020 and an interim dividend of 1.5p per share was paid in respect of the year ended 28 February 2021 on 4 December 2020.

Your Board is proposing a final dividend for the year ended 28 February 2021 of 2.0p per share to be paid on 30 July 2021 to Shareholders on the register at 9 July 2021. With total tax-free dividends of 3.5p per share for the year ended 28 February 2021, this represents cash returned to Shareholders of 5.1% on the opening NAV per share at 1 March 2020 after deducting the prior year final dividend of 2.0p per share.

PORTFOLIO ACTIVITY AND VALUATION

Following the immediate shock of COVID-19, the Investment Manager has been working closely and proactively with portfolio companies throughout the year. This has included helping portfolio companies to produce revised business plans taking into account the potential impact of the COVID-19 pandemic and identifying appropriate cost savings, arranging multiple seminars for portfolio company management, on topics ranging from managing remote teams to accessing government support schemes, and providing additional investment where appropriate.

BREXIT has also been a background concern for some time with companies assessing how best to prepare and limit its eventual impact on their operations. Fortunately, with only a few portfolio companies dealing in physical goods, and still fewer with mainland European sales, the ending of the transition period on 31 December 2020 has had a limited impact. Nevertheless, those companies where the impact has been greater have been proactive, with one opening a warehouse in Berlin last year in order to be able to continue serving their French and German customers, and another setting up a mainland European subsidiary in order to satisfy the EU regulations specific to their product, therefore enabling them to continue to trade.

As explained in prior years, it takes time for early-stage investments to mature and to reach their potential. Following some significant disposals in the period up to and including the financial year ended 28 February 2019, the Investment Manager has been working to replenish the Company's portfolio. With five new investee companies in 2019, six in 2020, three in the year ended 28 February 2021 and a further two investments made post year end, more than a third of the portfolio is now less than three years old. However, with an 11.7% increase in total return over the last twelve months, there are signs that the more recent investments are beginning to contribute to the Company's performance.

As previously mentioned, the 11.7% increase in total return is largely a result of an increase in valuation of six companies in particular. All these companies have experienced an increase in revenue, resulting in a combined valuation uplift of £19.1 million. Inevitably though, these increases were partially offset by falling valuations in some other portfolio companies. There were two particular companies where trading was not as expected, which together resulted in a valuation reduction of £3.7 million. Overall, however, the portfolio showed a positive valuation movement of £17.6 million.

Further information about key developments at existing portfolio companies is given in the Investment Manager's Review.

FUNDRAISING ACTIVITIES

As communicated in the interim statement, the Company launched a 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. Each Board utilised £5 million of the over-allotment facility per company and the offer closed to new applications on 10 March 2020 with £14.2 million of gross proceeds for the Company.

The Company launched a further combined offer for subscription with ProVen Growth and Income VCT plc on 3 December 2020 to raise up to £20 million per company, also with an over-allotment facility of £10 million per company, which the Board has chosen not to utilise to date. The offer closed to new applications on 22 February 2021 with £20 million of gross proceeds for the Company. In determining the extent to which it will utilise an over-allotment facility, the Board has regard to factors such as the level of appetite for the offer, the cash reserves within the Company and any time constraints on the requirement to invest cash under VCT regulations, and the volume of attractive new investment opportunities.

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 66 of this report.

During the year, the Company bought back 2,312,011 Ordinary Shares at an average price of 64.9p per share and for an aggregate consideration of £1,500,000. This represented 1.5% 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 22.

The relevant performance hurdles having been met and based on the NAV at 28 February 2021, a performance fee of £132,000 is payable. An accrual for this amount has been included in the accounts and is therefore reflected in the NAV per share.

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

ANNUAL GENERAL MEETING

We are keen to welcome Shareholders in person to our 2021 AGM this year, particularly given the constraints we faced in 2020. At the time of writing, in accordance with the Government's four-step roadmap out of lockdown, by step 4, which will take place no earlier than 21 June 2021, the Government hopes to be in a position to remove all legal limits on social contact. We are therefore proposing to hold the Annual General Meeting in The Tavern Room at RSA House, 8 John Adam Street, London, WC2N 6EZ at 9:00am on Wednesday 14 July 2021 and to welcome the maximum number of Shareholders we are able within safety constraints and in accordance with government guidelines in force at that time.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, we are asking Shareholders to register if they intend to attend the AGM. Should the situation change such that we consider that it is no longer possible for Shareholders to attend the meeting, we will notify Shareholders via email (to the address provided at the time of registration). Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate Shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of director Shareholders. Any updates to the position will also be included on our website at www.provenvcts.co.uk

Shareholders intending to attend the Annual General Meeting are asked to register their intention as soon as practicable by email to info@beringea.co.uk.

We always welcome questions from our Shareholders at the AGM. This year, as in 2020, we also invite Shareholders to send any questions via email in advance of the AGM to info@beringea.co.uk. Questions should be sent by 5:00 pm on Monday 5 July 2021 and answers to the themes in the questions received will be addressed on the website

CHAIRMAN'S STATEMENT

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https://www.provenvcts.co.uk/ ahead of the AGM. In addition the Company's annual Shareholder event will again proceed virtually in the Autumn, in order to reach the maximum number of Shareholders (further details below).

Given the uncertainty, we strongly recommend all Shareholders to submit their votes for the AGM by proxy. We strongly recommend voting electronically at www.signalshares.com as each vote will be counted automatically. Given the continued prevalence of working from home, there is still a risk that votes may not be counted if cast by paper proxy.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting 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.

In order to ensure the safety and wellbeing of our Shareholders, employees and portfolio companies, we hosted our first fully digital shareholder day in Autumn 2020, 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.

Following its success, the continued uncertainty as a result of the COVID-19 pandemic, and with over 300 attendees last year, plans are afoot for a similar event in 2021. This has been scheduled for Wednesday 17 November 2021 and we would encourage you to join us for the session.

UNSOLICITED COMMUNICATIONS WITH SHAREHOLDERS

We are aware that a number of Shareholders in ProVen VCT plc have recently received unsolicited phone calls from an international number, in which the caller has sought to discuss their shareholdings. We have previously advised all Shareholders that these calls may be associated with an attempted fraud, and shareholders should not engage with the caller. If you do receive a suspect call, we strongly suggest that you hang up as soon as possible, and contact the Investment Manager. Scams have unfortunately become more commonplace, particularly during the COVID-19 pandemic. The FCA has published useful guidance for shareholders on how to protect themselves from scams, which you may wish to read. You can find it online at: https://www.fca.org.uk/consumers/protect-yourself-scams.

OUTLOOK

Faced with the challenges of the last year, the Company's investment portfolio has demonstrated robust performance in the face of adversity. Supported by the Investment Manager's team, which has been proactive in working with portfolio companies to address the challenges they faced, the portfolio has delivered an aggregate gain on investments of £17.6 million (Realised: £0.035 million; Unrealised: £17.546 million) for the current financial period.

Given the turbulent and unprecedented situation, four supplementary Board meetings were held, in addition to those linked to the usual quarterly reporting cycle, in order to keep the health and performance of the Company's portfolio under continuous review.

All of the efforts outlined above have ensured that the Company has weathered the COVID-19 storm well and enabled the few companies adversely affected by BREXIT to start 2021 on as sure a footing as possible. Furthermore, the recent successful share offer provides the Company with additional resources to support existing investee companies through any further economic disruption as well as to take advantage of new investment opportunities in the pipeline.

In these recent and difficult times, both the Company and its portfolio have been shown to be adaptable and resilient. Whilst we are mindful that some aspects of the wider economic outlook remain uncertain, for example the possibility of increasing inflation, your Board has been pleased with the Company's performance throughout the pandemic and remains confident about its future prospects.

Neal Ransome
Chairman
3 June 2021

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

Following some significant disposals in the period up to and including the financial year ended 28 February 2019, the Investment Manager has been working hard to replenish the Company's portfolio. Having already added 11 new companies over the preceding two years, a total of £5.2 million was invested in three new portfolio companies and £3.4 million in seven existing portfolio companies during the year ended 28 February 2021, continuing the focus of nurturing a relatively young portfolio to maturity. This was lower than the amount invested in the previous financial year, largely because of the impact of the COVID-19 pandemic. This particularly affected the second and third quarters of 2020, with investment activity picking up significantly in the final quarter of the year. The Company entered the new financial year with a strong pipeline of new investment opportunities, and two new investments, for a total of £3.2 million, were completed in March 2021.

At 28 February 2021, the Company's venture capital portfolio comprised 48 investments at a cost of £80.1 million and a valuation of £90.1 million, an overall increase of 12.5% on cost.

Since the year end the Company has issued 25,836,664 Ordinary Shares for an aggregate consideration of £20 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £867,000. The Company therefore remains well capitalised to take advantage of new investment opportunities and to support existing portfolio companies where appropriate.

INVESTMENT ACTIVITY

New investments

The Company entered the financial year with a several new investment opportunities at advanced stages, with £2.9 million being invested during the first few months in two new portfolio companies. However, the inflow of new investment opportunities fell sharply in the first quarter as companies then largely put any fundraising plans on hold for several months, while they dealt with the impact of the COVID-19 pandemic and evaluated the potential future impact on their business. Deal flow started to pick up again in the Autumn, but given the time it takes to negotiate, evaluate and complete deals, only one further new investment was completed during the financial year.

The largest new investment for the Company was in Luxury Promise (£2.2 million), a platform to buy and sell pre-owned luxury women's handbags and accessories. The first tranche was completed in April 2020, with a further investment made in February 2021 following strong performance over the first ten months of the investment.

In March 2020, £1.5million was invested into Commonplace Digital, which is a software-as-a-service platform designed for digital community engagement in new property and infrastructure developments. Its software enables property developers, local authorities, transport planners, and infrastructure developers to gather feedback on projects from citizens and residents. We believe that this company is set for rapid expansion, with the Government having identified the housing and infrastructure sectors as key to the nation's recovery from COVID-19.

The Company invested £1.5 million into Social Value Portal in July 2020. Social Value Portal is a software-as-a-service platform for public and private sector organisations to quantify the 'social value' created through their operations and supply chains. The company was founded in 2014 to provide a tool that could precisely and consistently report social value throughout the economy and is currently benefiting from the rapidly increasing focus on ESG issues. The platform is today used by more than 100 organisations spanning the public, private, and third sectors, including Legal & General, UBS, Barclays, Balfour Beatty, Sheffield City Council, Manchester City Council, and Bristol City Council.

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: DeepCrawl (£1.2m), Fnatic (£772,000), Thread (£671,000), Exonar (£318,000), Papier (£184,000), POQ Studio (£150,000) and ContactEngine (£125,000).

Investment disposals

As reported in the interim statement, the Company's holding in SPC International was sold in May 2020. The Company received £544,000 in disposal proceeds, resulting in a profit against cost of £486,000.

Although the disposal of Chargemaster was completed in a prior year, contingent proceeds of £165,000 were recognised in the current year.

There was also a part-disposal of shares in DeepCrawl which completed at the same time as the follow-on investment in the same company. The proceeds of £288,000 resulted in a profit against cost of £142,000.

Litchfield Media and Rapid Charge Grid repaid £2.175 million and £587,000 of loans to the Company during the year. These companies also made payments of £239,000 in loan note redemption premium and £104,000 in loan note interest respectively.

Key developments at existing portfolio companies

There were notable increases in valuation at six portfolio companies, which together totaled £19.1 million.

Several companies, particularly online retailers and companies in related sectors, benefited from changes in consumer behaviour caused by the COVID-19 pandemic. Zoovu (increase of £4.0 million), Monica Vinader (increase of £3.1 million), My 1st Years (increase of £2.5 million) and Mycs (increase of £2.2 million) all showed significant increases in revenue compared with the prior year. MPB, the online platform for buying and selling pre-owned camera equipment, (increase of £2.6 million) also continued to trade strongly, having opened a warehouse in Berlin in order to continue to serve its French

INVESTMENT MANAGER'S REVIEW

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and German customers post-BREXIT. Blis, a location-based advertising company, initially suffered from the effects of the COVID-19 pandemic, but performance has subsequently improved significantly, leading to a valuation increase of £4.6 million.

The increases outlined above were offset by two notable valuation reductions, at Festicket and POQ Studio, which had a combined decrease in valuation of £3.7m.

Festicket, an online platform which packages festival tickets together with travel, accommodation and add-ons to provide complete festival experiences, was badly impacted by the COVID-19 pandemic. Revenue fell significantly compared to the previous year. The valuation reflects the current uncertainty surrounding mass events and travel in both the short and medium term.

POQ Studio, a platform provider for mobile e-commerce apps used mainly by major fashion retailers, has faced difficult trading conditions, struggling to hit its milestones and grow revenue as originally budgeted.

In all, the investment portfolio held at the year-end showed an increase in value of £17.6 million (2020: decrease of £12.1 million). Further detail on the investments is provided in the Investment Portfolio on pages 12 and 13 and Review of Investments on pages 14 to 18.

OTHER NEWS AND DEVELOPMENTS

There is a growing need for the Company and the businesses within its portfolio to embrace environmental, social and governance ("ESG") practices, as employees, customers and investors increasingly scrutinise the sustainability, diversity and corporate citizenship of early-stage companies.

In order to remain ahead of this trend and potential regulatory developments, the Company and the Investment Manager have worked together to consider new policies and processes relating to ESG. This has included significant work on diversity and inclusion, which resulted in certification for the Investment Manager as a Level 1 firm under the Diversity VC Standard, an industry accreditation for diversity and inclusion best practice, as well as a nomination for Diversity and Inclusion Leader of the Year at the Private Equity Awards 2021.

The Investment Manager has also led the creation of an industry initiative – ESG_VC – to support early-stage companies to measure, monitor and maximise their performance against key ESG metrics. This initiative, with the involvement of the British Venture Capital Association, has support from more than 50 venture capital funds, and will enable entrepreneurs in the Company's portfolio to access resources that drive ESG and commercial improvements.

POST YEAR-END DEVELOPMENTS

Between 28 February 2021 and the date of this report, the Company issued 25,836,664 Ordinary Shares for an aggregate consideration of £20 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £867,000.

On 22 March 2021, the Company bought back 765,372 Ordinary Shares at a price of 70.02p and for an aggregate consideration of £536,000. All shares were subsequently cancelled.

In March 2021, the Company invested £3.2 million in two new companies, namely Moonshot CVE Holdings Ltd and Utilis SAR Ltd.

£1.4 million was invested in Moonshot, a business with a mission to reach those at risk of violent extremism and offer them an alternative path. From digital capacity building to counter-messaging campaigns, Moonshot uses data-proven techniques to ensure its clients respond to violent extremism effectively all over the world.

We invested £1.8 million in a business called Utilis. The company uses satellite-based technology and a patented algorithm derived from techniques developed to search for water on Mars to detect drinking water pipeline leaks. With the potable leak detection product first commercialised in 2016, over 250 projects have been completed worldwide in countries including the United States, Italy, the UK, Chile, China and South Africa, leading to almost 20,000 leaks verified and saving customers 5,000 million gallons a year.

In April 2021, a further £423,000 was invested in Hygenica. This was to fund a working capital call caused by a surge in demand for the company's product.

In March 2021, there was a part-disposal of the Company's holding in MPB. The Company received £2.3 million in disposal proceeds. Having performed well since the initial investment by the Company in February 2018, MPB decided to raise additional capital to accelerate its growth. The Company was unable to participate in this investment round owing to restrictions imposed by the VCT regulations. As part of the funding round, however, the Company had the opportunity to sell some of its existing shares, crystalising a 2.75x return on the initial investment on the shares sold, whilst also retaining 70% of its original holding.

In April 2021, the Company's holding in Response Tap Limited was also sold. The Company received initial proceeds of £0.7 million. Additional proceeds are expected in the coming months.

OUTLOOK

The unique circumstances of the last financial year created big challenges for all companies. For some, particularly in the leisure and travel sectors, the restrictions imposed by the Government in response to the COVID-19 pandemic have had a serious adverse impact. Fortunately, the Company's investment portfolio had very little exposure to these sectors. Other companies, particularly those in the online retailing and related sectors, where the Company has a much larger exposure, benefited from changes in consumer behaviour resulting from the COVID-19 pandemic. Overall, the portfolio performed well during the year, with a net valuation gain of £17.6 million.

The current surge in confidence in the UK and US economies is resulting in significantly increased levels of investment activity by private equity firms and M&A activity by corporate acquirors. At the same time, the cohort of companies which we have invested in over the past three to five years is maturing. These factors have resulted in several inbound approaches to our portfolio companies by organisations looking to invest or acquire. We have recently seen a significant investment in MPB from a new investor, combined with a partial realisation. If market conditions continue to be positive, we expect to see more disposals and significant fundraisings by our portfolio companies over the next twelve months.

We continue to see a strong flow of interesting new investment opportunities. However, increasing competition for deals means that valuation expectations are rising rapidly. We remain disciplined in our approach, investing selectively and only where we believe in a company's long-term prospects and that the pricing will allow us to achieve a good return on the investment.

As we emerge from the second wave of the COVID-19 pandemic, many of the companies in the portfolio remain well-positioned to continue the robust growth we have seen over the last 12 months. We continue to work closely with portfolio companies to help them to fulfil their potential, providing support to management in multiple ways, as well as making further investments where appropriate. While there will continue to be challenges, we believe that overall the Company has a strong portfolio and we are cautiously optimistic about the prospects for the coming year.

Beringea LLP
3 June 2021

INVESTMENT ACTIVITY

Investment activity during the year is summarised as follows:

Additions	Cost £'000
Luxury Promise Limited	2,178
Commonplace Digital Ltd	1,500
Social Value Portal Ltd	1,500
Written Byte Ltd (t/a DeepCrawl)	1,153
Sannpa Limited (t/a Fnatic)	772
Thread, Inc.	671
Exonar Limited	318
Papier Ltd	184
POQ Studio Ltd	150
ContactEngine Limited	125
Total	**8,551**

Disposals	Cost £'000	Market value at 01/03/20 £'000	Disposal proceeds £'000	Realised gain against cost £'000	Realised (loss) /gain during the year £'000
Litchfield Media Limited*	2,175	2,175	2,175	–	–
SPC International Limited	58	546	544	486	(2)
Rapid Charge Grid Limited*	587	587	587	–	–
Written Byte Ltd (t/a DeepCrawl)	146	320	288	142	(32)
Chargemaster plc	–	–	165	165	165
MEL Topco Limited (t/a Maplin)	–	–	4	4	4
Think Limited	–	100	–	–	(100)
Total	**2,966**	**3,728**	**3,763**	**797**	**35**

* Loan note repayment

Of the disposals above, Chargemaster plc was realised in a prior period, but proceeds were recognised in the current period in excess of the amounts previously accrued. Think Limited was also realised in a prior period. The realised loss reflects an adjustment to the contingent proceeds value previously recognised.

The proceeds received in respect of MEL Topco Limited (t/a Maplin) reflect a final distribution in respect of the company's administration in excess of the amounts previously accrued.

As part of the loan repayments in Litchfield Media Limited and Rapid Charge Grid Limited, the Company also received £239,000 in redemption premium and £104,000 in loan note interest respectively.

The Written Byte Ltd (t/a DeepCrawl) disposal was a part-disposal of shares which completed at the same time as the follow-on investment in the same company. The transaction was structured in this way in order to strengthen the Company's overall position as a shareholder.

The total disposal proceeds outlined above do not match those recorded in the statement of cash flows as the cashflow figure represents total disposal proceeds received, elements of which will have been accrued in prior periods.

INVESTMENT PORTFOLIO

AS AT 28 FEBRUARY 2021

The following investments were held at 28 February 2021:

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	7,685	2,537	6.0%
Zoovu Limited (formerly SmartAssistant)	3,487	7,390	3,987	5.8%
Monica Vinader Limited**	534	6,900	3,086	5.4%
Mycs GmbH	4,595	6,095	2,205	4.8%
Blis Media Limited**	841	5,836	4,634	4.8%
MPB Group Limited	2,511	5,278	2,613	4.2%
Written Byte Limited (t/a DeepCrawl)	2,895	3,976	(150)	3.1%
Thread, Inc.	4,022	3,815	(210)	3.0%
Access Systems, Inc.	3,500	3,795	295	3.0%
ContactEngine Limited	1,391	3,457	372	2.7%
Luxury Promise Limited	2,178	3,244	1,066	2.6%
Rapid Charge Grid Limited*	2,564	2,204	91	1.7%
Sannpa Limited (t/a Fnatic)	1,800	2,054	254	1.6%
Exonar Limited	2,814	2,042	(447)	1.6%
Commonplace Digital Limited	1,500	1,970	470	1.5%
Litchfield Media Limited*	1,405	1,902	8	1.5%
Disposable Cubicle Curtains Limited (t/a Hygenica)**	2,871	1,895	513	1.5%
Aistemos Limited	1,819	1,821	–	1.4%
Papier Ltd	1,534	1,534	–	1.2%
Lupa Foods Limited (formerly Donatantonio Group Limited)	1,077	1,501	(434)	1.2%
Social Value Portal Ltd	1,500	1,500	–	1.2%
Stylescape Limited (t/a EDITED)	1,500	1,500	–	1.2%
Festicket Ltd	3,633	1,471	(2,162)	1.2%
Picasso Labs, Inc. (t/a CreativeX)	630	1,420	790	1.1%
Firefly Learning Limited	1,202	1,215	272	1.0%
Our Path Ltd (t/a Second Nature)	1,200	1,200	–	0.9%
Arctic Shores Limited	1,050	1,050	–	0.8%
Response Tap Limited	1,060	1,037	(875)	0.8%
Honeycomb.TV Limited*	900	878	–	0.7%
Sealskinz Holdings Limited**	834	834	–	0.7%
Been There Done That Global Limited	553	752	(30)	0.5%

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
D30 Holdings Ltd**	956	720	(206)	0.5%
POQ Studio Ltd	3,802	679	(1,541)	0.5%
Cogora Group Limited**	2,643	519	104	0.4%
	69,532	**89,169**	**17,242**	70.1%
Other venture capital investments	10,530	926	304	0.7%
Total venture capital investments	**80,062**	**90,095**	**17,546**	70.8%
Cash at bank and in hand		37,014		29.2%
Total Investments		**127,109**		100.0%

Valuation movement in the year excludes the cost of investments made in the year. Other venture capital investments at 28 February 2021 comprise:

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

* 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 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 28 FEBRUARY 2021

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 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**
Investment comprises:		
Ordinary shares:		£4,731,000
Audited accounts:	**31/12/19**	**31/12/18**
Turnover:	£13.0m	£11.2m
Loss before tax:	(£2.8)m	(£3.2)m
Net assets:	£1.1m	£3.7m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£7,685,000
Valuation at 29/02/20:	£5,148,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	16.6%
Equity held by Investment Manager:	26.7%

ZOOVU LIMITED (Formerly Smart Assistant)
ww.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**
Investment comprises:		
Preference shares:		£3,487,000
Audited accounts:	**31/12/19**	**31/12/18**
Turnover:	£6.2m	£5.2m
Loss before tax:	(£7.8)m	(£4.1)m
Net assets:	£6.2m	£8.8m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£7,390,000
Valuation at 29/02/20:	£3,404,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	8.2%
Equity held by Investment Manager:	20.1%

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**
Investment comprises:		
Ordinary shares:		£534,000
Audited accounts:	**31/07/20**	**31/07/19**
Turnover:	£45.5m	£45.8m
(Loss)/Profit before tax:	(£6.3)m	(£2.6)m
Net assets:	£3.9m	£9.9m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£6,900,000
Valuation at 29/02/20	£3,814,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	5.8%
Equity held by Investment Manager:	8.0%

MYCS GMBH
www.mycs.com

Mycs is an e-commerce company selling modular furniture.

Cost:		**£4,595,000**
Investment comprises:		
Ordinary shares:		£4,595,000
Unaudited accounts:	**31/12/19**	**31/12/18**
Turnover:	Not available	Not available
Profit before tax:	Not available	Not available
Net liabilities:	(£0.045)m	Not available

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21	£6,095,000
Valuation at 29/02/20	£3,890,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	8.2%
Equity held by Investment Manager:	13.6%

BLIS MEDIA LIMITED
www.blis.com

Blis is the pioneer behind an advanced mobile location data technology for advertisers. Using its patented technology, Blis provides accurate location data, combined with rich contextualised, high-quality behavioural insights.

Cost:		**£841,000**
Investment comprises:		
Ordinary Shares:		£325,000
Preference Shares:		£79,000
Loan Notes:		£437,000
Audited accounts:	**30/06/19**	**30/06/18**
Turnover:	£53.0m	£27.8m
Loss before tax:	(£5.0)m	(£3.5)m
Net liabilities:	(£12.5)m	(£7.2)m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£5,836,000
Valuation at 29/02/20:	£1,202,000
Dividend income:	£–
Loan note income:	£–
Equity held:	8.3%
Equity held by Investment Manager:	18.9%

MPB GROUP LIMITED
www.mpb.com

MPB is an online market place for high quality, pre-owned photography and videography equipment. It enables photographers and videographers to buy, sell and trade cameras and lenses on a trusted platform.

Cost:		**£2,511,000**
Investment comprises:		
Ordinary shares:		£2,511,000
Audited accounts:	**31/03/20**	**31/03/19**
Turnover:	£44.2m	£31.9m
(Loss)/Profit before tax:	(£1.7)m	£2.4m
Net assets:	£9.0m	£5.7m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21	£5,278,000
Valuation at 29/02/20	£2,665,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	7.3%
Equity held by Investment Manager:	11.2%

REVIEW OF INVESTMENTS

CONTINUED

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.

Cost:		**£2,895,000**
Investment comprises:		
Preference shares:		£2,895,000
Audited accounts:	**31/03/20**	**31/03/19**
Turnover:	£6.1m	£4.1m
Loss before tax:	(£4.2)m	(£2.6)m
Net (liabilities)/assets:	(£3.8)m	£0.4m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£3,976,000
Valuation at 29/02/20:	£3,293,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	9.1%
Equity held by Investment Manager:	19.1%

THREAD, INC.

www.thread.com

Thread is a menswear ecommerce company.

Cost:		**£4,022,000**
Investment comprises:		
Preference shares:		£3,364,000
Loan Notes:		£658,000
Unaudited accounts:	**31/12/19**	**31/12/18**
Turnover:	Not available	Not available
Profit before tax:	Not available	Not available
Net assets:	Not available	Not available

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£3,815,000
Valuation at 29/02/20:	£3,354,000
Dividend income:	£–
Loan note income:	£–
Equity held:	6.4%
Equity held by Investment Manager:	12.0%

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**
Investment comprises:		
Preference shares:		£3,500,000
Unaudited accounts:	**30/04/20**	**30/04/19**
Turnover:	Not available	Not available
Profit before tax:	Not available	Not available
Net assets:	Not available	Not available

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£3,795,000
Valuation at 29/02/20:	£3,500,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	11.9%
Equity held by Investment Manager:	17.0%

CONTACTENGINE LIMITED

www.contactengine.com

ContactEngine provides automated customer communication technology .

Cost:		**£1,391,000**
Investment comprises:		
Preference shares:		£1,391,000
Audited accounts:	**31/10/19**	**31/10/18**
Turnover:	£7.9m	£6.8m
Loss before tax:	(£2.2)m	(£0.9)m
Net assets:	£3.3m	£1.2m

Valuation method:	**Discounted revenue multiple**
Valuation at 28/02/21:	£3,457,000
Valuation at 29/02/20:	£2,960,000
Dividend income:	£–
Loan note income:	n/a
Equity held:	4.8%
Equity held by Investment Manager:	12.4%

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.

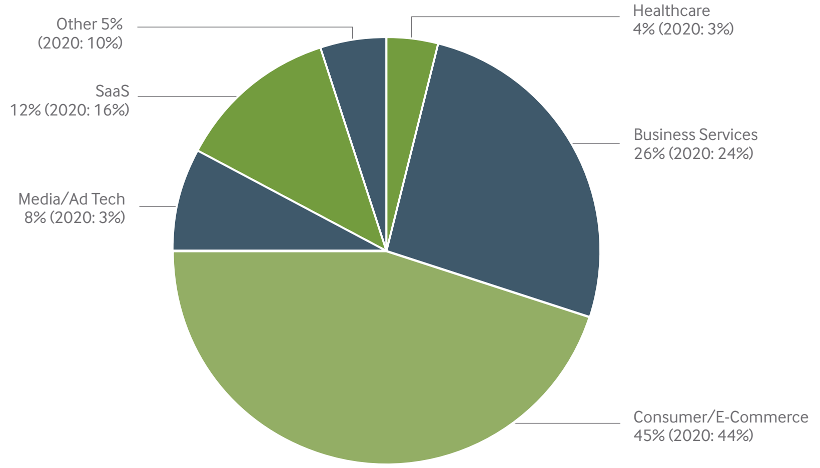
REVIEW OF INVESTMENTS

CONTINUED

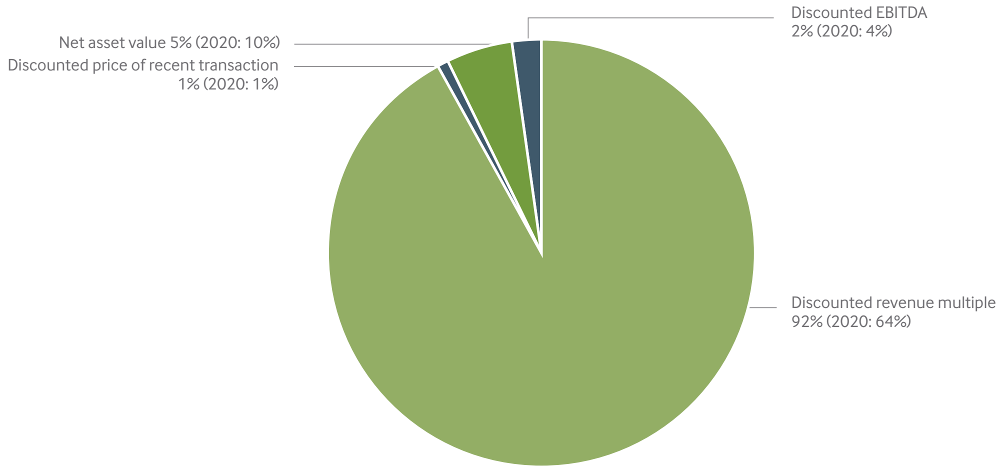
ANALYSIS OF INVESTMENTS BY COMMERCIAL SECTOR

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. Neal has been a Director of the Company since October 2017.

BARRY DEAN

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. Barry was appointed a Director of the Company in May 2006.

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. Malcolm was appointed a Director of the Company in December 2007.

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 Finsbury Growth and Income Trust plc, Jupiter UK Growth Investment Trust and Rightmove plc and chairman of Dowgate Capital Limited. Lorna was appointed a Director of the Company in July 2013.

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

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 28 February 2021. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

PRINCIPAL OBJECTIVES AND STRATEGY

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

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments permitted for liquidity management purposes,

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

The Company has been approved by HM Revenue and Customs ("HMRC") as a Venture Capital Trust in accordance with Part 6 of the Income Tax Act 2007 and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to maintain approval. Approval for the year ended 28 February 2021 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 £67.6 million of venture capital investments and ended with £90.1 million spread over a portfolio of 48 companies. 43 of these investments with a value of £84.8 million were VCT qualifying (or part qualifying).

The profit on ordinary activities after taxation for the year was £14.4 million, comprising a revenue loss of £1.3 million and a capital profit of £15.7 million. 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 28 February 2021 was 2.3% (2020: 2.55%).

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.

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 28 February 2021, was equal to £127.0 million (2020: £105.4 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 28 February 2021 and for the year then ended is summarised as follows:

(i)	The Company holds at least 80 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)	The Company's ordinary share capital has throughout the period been listed on a regulated European market	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]
(xii)	Of funds raised on or after 1 March 2019, at least 30% has been invested in qualifying holdings by the anniversary of the end of the accounting period in which shares were issued.	Complied

[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.

STRATEGIC REPORT

CONTINUED

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 £2,453,000 (2020: £2,321,000), comprising a management fee of £2,321,000 (2020: £2,291,000) and performance incentive fees as described below of £132,000 (2020: £31,000). At the year- end, an amount of £132,000 (2020: £181,000) was outstanding.

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

Throughout the year ended 28 February 2021 Beringea also provided administration services to the Company. In the year, total administration fees amount to £64,000 (2020: £61,000). An amount of £nil (2020: £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 totaling £158,000 (2020: £348,000) and monitoring fees of £655,000 (2020: £364,000) during the year ended 28 February 2021. 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 28 February 2021 amounted to £132,000 (2020: £nil).

Residual PIF

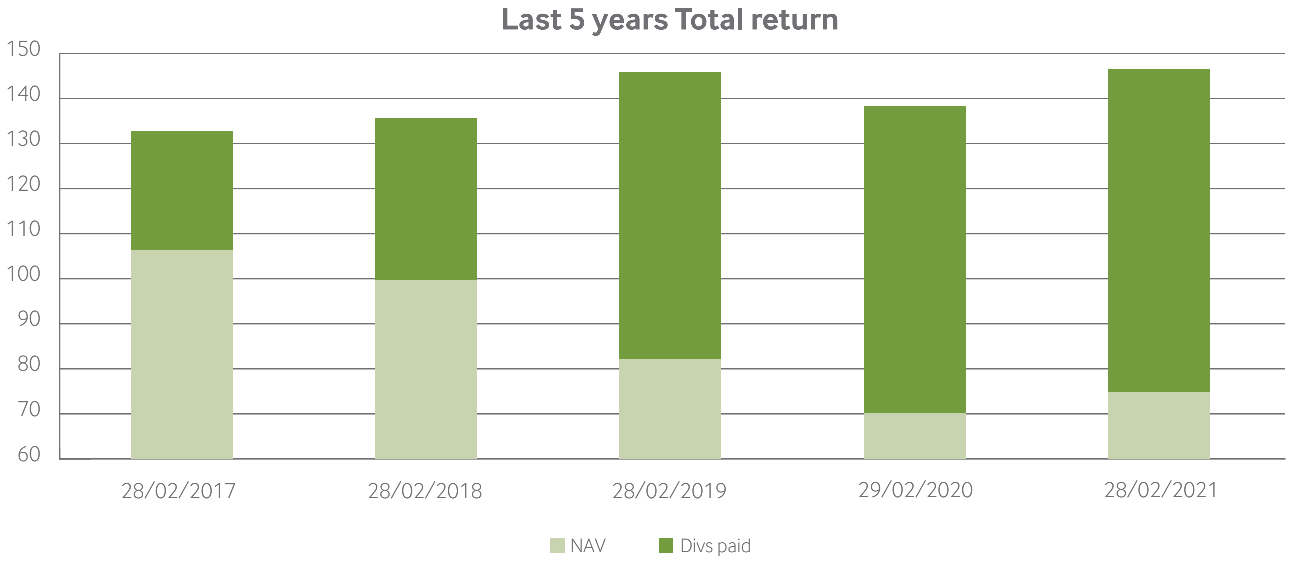
In consideration of the Investment Manager's performance in managing the Original Ordinary Share Portfolio (prior to 2012), a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited, will be payable, known as the "Residual PIF". This performance incentive fee was 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 prior year. This brought the total fee paid to £673,000. There are no further amounts due to the Investment Manager in relation to the Residual PIF.

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 movement in net asset value per share, dividends paid per annum and the dividend yield.

	28/02/2017	28/02/2018	28/02/2019	29/02/2020	28/02/2021
Total return	132.8	135.7	145.95	138.35	146.55
Increase/(decrease) in net asset value per share (adjusted for dividends paid in the year)*	12.0%	2.7%	10.3%	(9.2%)	11.7%
Dividends paid per share	6.5p	9.5p	27.75p	4.5p	3.5p
Dividend yield**	6.5%	8.9%	27.8%	5.5%	5.1%

* 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 57. The key performance indicators are discussed further in the Chairman's Statement on pages 4 to 6 and the Investment Manager's Review on pages 7 to 9.

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.

STRATEGIC REPORT

CONTINUED

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 has also made a number of its initial investments in a foreign currency; most often in Euro or US Dollars. Furthermore, as not all companies' operations are restricted to the UK, some companies may function, in part, in a currency other than GBP. The portfolio is therefore exposed, to some extent, to foreign exchange risk and specifically that of transaction risk and translation risk.

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.

The risks faced by the Company have remained unchanged since the beginning of the financial year. As outlined elsewhere in this document, the COVID-19 pandemic continues to exercise its unique influence on the UK and other economies. The Board, as it has done since the initial outbreak, is aware of the strains this can put on some investee companies and therefore continues to keep a watchful eye on the health of the portfolio.

VIABILITY STATEMENT

The Board has assessed the Company's prospects over the three year period to 29 February 2024. 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 COVID-19 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 advisers 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 29 February 2024, the Board considered the forecast cash requirements against the expected cash position, taking into account a level of assumed investment realisations and investment income during the period.

Based on the 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 29 February 2024.

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.

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 virtual shareholder event, which last year was held on 17 November 2020 and attended by over 300 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. Following the success of last year's event, plans are afoot for a similar event in 2021. Invitations to this digital event will be distributed in due course. This has been scheduled for Wednesday 17 November 2021.

The Board also encourages all Shareholders to vote on the resolutions at the Annual General Meeting. In light of the 'social distancing' measures and the legislation proposed to allow companies to hold general meetings safely, last year's AGM was held as a closed AGM and Shareholders were unfortunately unable to attend. We are pleased to report that this year hopefully (regulations permitting) sees a return to a more traditional format with the next AGM of the Company being held in the Tavern Room at RSA House, 8 John Adam Street, London, WC2N 6EZ at 9.00am on Wednesday 14 July 2021. For further details, please see the Chairman's Statement and the Notice of the Meeting at the end of the document.

As a result of the shareholder event, together with other communications with Shareholders and advisors, the Company has received useful feedback which allows the Board to understand the nature of stakeholder concerns better. 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 of 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.

Portfolio Companies

The Investment Manager provides updates to the Board on the entire portfolio at least quarterly. In light of the COVID-19 pandemic, there have also been four additional Board meetings in order to keep the health and performance of the portfolio under continuous review during the first turbulent months. Furthermore, 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 which followed. More information on the portfolio companies is set out on pages 12 to 18.

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. However, the Company and the Investment Manager recognise the growing need for the Company and the businesses within its portfolio to embrace environmental, social and governance ("ESG") practices and are working together to consider new policies and processes relating to ESG. This has included significant work on diversity and inclusion, which resulted in certification for the Investment Manager as a Level 1 firm under the Diversity VC Standard, an industry accreditation for diversity and inclusion best practice, as well as a nomination for Diversity and Inclusion Leader of the Year at the Private Equity Awards 2021.

The Investment Manager has also led the creation of an industry initiative – ESG_VC – to support early-stage companies to measure, monitor and maximise their performance against key ESG metrics. This initiative, with the involvement of the British Venture Capital Association, has

STRATEGIC REPORT

CONTINUED

support from more than 50 venture capital funds, and will enable entrepreneurs in the Company's portfolio to access resources that drive ESG and commercial improvements.

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. As a result, total energy emissions are less than 40,000 kWh and the additional Streamlined Energy and Carbon Reporting (SECR) disclosures have not been made.

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. No changes are being proposed to the Directors' remuneration policy, which is set out on page 37. However, as the policy was last approved at the Annual General Meeting of the Company on 11 July 2018, an ordinary resolution will be proposed at the Company's Annual General Meeting to approve the Directors' remuneration policy. The Notice of Annual General Meeting is set out on pages 69 to 73 of this document.

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 COVID-19 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 Earlham Street
London WC2H 9LT
3 June 2021

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 28 February 2021.

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
Profit on ordinary activities after tax for the year ended 28 February 2021:	14,392	8.7p

During the year ended 28 February 2021, the Company paid a final dividend of 2.0p per share in respect of the year ended 29 February 2020 on 28 August 2020 and the Company paid an interim dividend of 1.5p per Ordinary Share in respect of the year ended 28 February 2021 on 4 December 2020.

The Board is proposing a final dividend for the year ended 28 February 2021 of 2.0p per Ordinary Share, to be paid on 30 July 2021 to Shareholders on the register at 9 July 2021.

DIRECTORS

The Directors whose names and biographies are set out on page 19, 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 19 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 28 February 2021 was 169,820,219.

During the year 20,351,020 shares were issued at between 65.1p and 73.6p per share, with an aggregate nominal value of £2,035,102 pursuant to the offer for subscription announced on 27 January 2020. The aggregate consideration for the shares was £14,201,032 which excluded share issue costs of £501,486.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted: 856,422 Ordinary Shares at 66.0p per share to subscribing Shareholders on 28 August 2020 and 646,450 Ordinary Shares at 65.8p per share to subscribing Shareholders on 4 December 2020. The aggregate consideration for the shares was £990,603.

At the 2020 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 25,570,060 Ordinary Shares.

During the year, the Company repurchased a further 2,312,011 Ordinary Shares for an aggregate consideration (net of costs) of £1,500,000 being an average price of 64.9p per share and which represented 1.5% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £231,201. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £7,520. 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 23,258,049 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the Annual General Meeting taking place on 14 July 2021.

DIRECTORS' REPORT

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AUDITOR

The financial year to 28 February 2021 sees the tenth audit completed by BDO LLP. In line with the FRC's guidance on audit best practice and its recommendation that companies should put their audit out to tender every 10 years, the Company has recently completed an audit tender process. Having approached four firms in total, the Audit Committee made their recommendation to the Board at a meeting on 14 May 2021.

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

ANNUAL GENERAL MEETING

In light of the 'social distancing' measures and the legislation proposed to allow companies to hold general meetings safely, last year's AGM was held as a closed AGM and Shareholders were unfortunately unable to attend.

We are keen to welcome Shareholders in person to our 2021 AGM this year, particularly given the constraints we faced in 2020. At the time of writing, in accordance with the Government's four-step roadmap out of lockdown, by step 4, which will take place no earlier than 21 June 2021, the Government hopes to be in a position to remove all legal limits on social contact. We are therefore proposing to hold the Annual General Meeting in The Tavern Room at RSA House, 8 John Adam Street, London, WC2N 6EZ at 9:00am on Wednesday 14 July 2021 and to welcome the maximum number of shareholders we are able within safety constraints and in accordance with government guidelines in force at that time.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, we are asking Shareholders to register if they intend to attend the AGM. Should the situation change such that we consider that it is no longer possible for Shareholders to attend the meeting, we will notify Shareholders via email (to the address provided at the time of registration). Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate Shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of director Shareholders. Any updates to the position will also be included on our website at www.provenvcts.co.uk.

Shareholders intending to attend the Annual General Meeting are asked to register their intention as soon as practicable by email to info@beringea.co.uk.

We always welcome questions from our Shareholders at the AGM. This year, as in 2020, we also welcome Shareholders to send any questions via email in advance of the AGM to info@beringea.co.uk. Questions should be sent by 5:00 pm on Monday 5 July 2021 and answers to the themes in the questions received will be addressed on the website https://www.provenvcts.co.uk/ ahead of the AGM. In addition the Company's annual Shareholder event will again proceed virtually in the Autumn, in order to reach the maximum number of Shareholders (please see the Chairman's Statement for further details).

Given the uncertainty, we strongly recommend all Shareholders submit their votes by proxy. We strongly recommend voting electronically at www.signalshares.com as each vote will be counted automatically. Given the continued prevalence of the practice of working from home, there is still a risk that votes may not be counted if cast by paper proxy.

Full details of the business to be conducted at the AGM are given at the end of this document.

SUBSTANTIAL INTERESTS

As at 28 February 2021, and at the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital. The same was true of the prior year.

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 judgements 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.

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 19, 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 Statement of Corporate Governance is set out on pages 31 to 36 and forms part of this Directors' Report.

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made by the Company during the year ended 28 February 2021 (2020: £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 25 and 26 and in the Auditor's Report.

POST BALANCE SHEET EVENTS

Between 28 February 2021 and the date of this report, the Company issued 25,836,664 Ordinary Shares for an aggregate consideration of £20 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £867,000.

On 22 March 2021, the Company bought back 765,372 Ordinary Shares at a price of 70.02p and for an aggregate consideration of £536,000. All shares were subsequently cancelled.

DIRECTORS' REPORT

CONTINUED

In March 2021, the Company invested £3.2 million in two new companies, namely Moonshot CVE Holdings Ltd and Utilis SAR Ltd.

£1.4 million was invested in Moonshot, a business with a mission to reach those at risk of violent extremism and offer them an alternative path. From digital capacity building to counter-messaging campaigns, Moonshot uses data-proven techniques to ensure its clients respond to violent extremism effectively all over the world.

We invested £1.8 million in a business called Utilis. The company uses satellite-based technology and a patented algorithm derived from techniques developed to search for water on Mars to detect drinking water pipeline leaks. With the potable leak detection product first commercialised in 2016, over 250 projects have been completed worldwide in countries including the United States, Italy, the UK, Chile, China and South Africa, leading to almost 20,000 leaks verified and saving customers 5,000 million gallons a year.

In April 2021, a further £423,000 was invested in Hygenica. This was to fund a working capital call caused by a surge in demand for the company's product.

In March 2021, there was a part-disposal of the Company's holding in MPB. The Company received £2.3 million in disposal proceeds. Having performed well since the initial investment by the Company in February 2018, MPB decided to raise additional capital to accelerate its growth. The Company was unable to participate in this investment round owing to restrictions imposed by the VCT regulations. As part of the funding round, however, the Company had the opportunity to sell some of its existing shares, crystalising a 2.75x return on the initial investment on the shares sold, whilst also retaining 70% of its original holding.

In April 2021, the Company's holding in Response Tap Limited was also sold. The Company received initial proceeds of £0.7 million. Additional proceeds are expected in the coming months.

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 to 9, the Strategic Report on pages 20 to 26 and the Directors' Report on pages 27 to 30. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 51, the Statement of Cash Flows on page 52 and the Strategic Report on pages 20 to 26. 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
3 June 2021

STATEMENT OF CORPORATE GOVERNANCE

The Statement of Corporate Governance forms part of the Directors' Report on pages 27 to 30. The longer term viability statement on page 24 also forms part of this report.

The Board has considered the principles and provisions of the AIC Code of Corporate Governance ("AIC Code").

The AIC Code addresses the principles and provisions set out in the 2018 UK Corporate Governance Code (the "UK 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 provides more relevant information to Shareholders. Except as set out below, the Company has complied with the principles and provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

By reporting against the AIC Code, the Board are meeting their obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The UK Code includes provisions relating to the role of the chief executive, executive directors' remuneration and workforce which are not relevant to an externally managed investment company. 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 Tilbian 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 19. All non-executive Directors have sufficient time to meet their board responsibilities and no significant additional external appointments have been taken by any of the non-executive Directors during the current financial year.

In accordance with Company policy, all Directors will resign at the forthcoming AGM and, being eligible, offer themselves for re-election. Following a formal Board evaluation (further details of which are set out on pages 34 and 35), each Director continues to be effective, providing considerable experience and continuity to the Company. Each of the Directors demonstrate commitment to their role, to the Board and the Company and the Board therefore has no hesitation in recommending each of the Directors for re-election at the forthcoming AGM.

The primary focus of Board meetings is the review of investment performance and associated matters. 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 during the current financial year in response to the COVID-19 pandemic and to consider its impact on the Company and its portfolio companies.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- determination of the Company's investment objective and policy;
- regular review of the group's overall corporate governance arrangements; and
- regular review of the performance of the Company's Investment Manager.

The Board also provides oversight of the Company's strategy. The Investment Manager regularly consults with the Board on potential new investments as well as preparing detailed reports to the Board covering advanced investment prospects and the performance of individual portfolio companies which are considered by the Board on a quarterly basis. When considering business strategy, the Board also considers other matters such as the interests of its various stakeholders and the long-term impact of its actions on the Company's future and reputation.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of the Company or any other relationships that may create a conflict of interest between the Chair's interest and those of the Shareholders. The Board does not have a policy of limiting the tenure of any Director, including the Chairman, as the Board does not consider that a Director's length of service reduces his or her ability to act independently of the Investment Manager.

The Senior Independent Director is available to Shareholders if they have a concern that contact through the normal channels of the Chairman and/or other Directors have failed to resolve or where such contact would be inappropriate. The Senior Independent Director also provides a

STATEMENT OF CORPORATE GOVERNANCE

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sounding board for the Chairman and serves as an intermediary to other non-executive directors where necessary as well as reviewing and appraising the Chairman's performance on at least an annual basis.

Whilst the Company does not have a workforce, the Board assesses and monitors its own behaviour 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 regularly, 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 as well as advising on corporate governance related matters. Should any Director have concerns about the operation of the Boards or Company that cannot be resolved by the Board, they can raise such concerns with the Company Secretary or with independent professional advisers. Any such concerns would be recorded in Board minutes of the Company and in the case of a resigning non-executive Director, the Director would be asked to make a written statement to the Chairman, for circulation to the Board.

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 27 to 30.

BOARD AND COMMITTEE MEETINGS

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 28 February 2021.

	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
Director	**held**	**attended**	**held**	**attended**	**held**	**attended**	**held**	**attended**
Neal Ransome	9	9	2	2	1	1	1	1
Barry Dean	9	9	2	2	1	1	1	1
Malcolm Moss	9	9	n/a	n/a	n/a	n/a	n/a	n/a
Lorna Tilbian	9	9	2	2	1	1	1	1

AUDIT COMMITTEE

The Company has an Audit Committee currently comprising of Barry Dean, as Chairman, Lorna Tilbian and Neal Ransome (who sits on the Audit Committee despite being Chairman of the Board because he is a chartered accountant and brings valuable experience from sitting on several other audit committees).

The Audit Committee has defined terms of reference and duties and is responsible for:

- monitoring the Company's financial reporting;
- advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the Annual Report and Accounts provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

The Directors' Responsibilities Statement for preparing the accounts is set out in the Directors' Report on pages 28 and 29, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 41.

The Audit Committee has considered the Annual Report and Accounts for the year ended 28 February 2021 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 position and performance, business model and strategy.

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

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

Risks	Mitigation
Valuation of unquoted investments	The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board on a quarterly basis 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. No material issues were identified for the year ended 28 February 2021.
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.	VCT qualification monitoring reports are prepared by the Administration Manager and approved by the Board on a quarterly basis. On a bi-annual basis, the Company's VCT status adviser reports to the Audit Committee in relation to compliance with the VCT legislation. The report for the year ended 28 February 2021 showed compliance with all aspects of the VCT regulations as summarised on page 21. 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. No issues were identified for the year ended 28 February 2021.
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.	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.

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 56.

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.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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.

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

REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee comprising all independent Directors and chaired by Lorna Tilbian. The Remuneration Committee determines and agrees with the Board the framework or broad policy for the remuneration of the Company's non-executive Directors and reviews the ongoing appropriateness and relevance of the remuneration policy. 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.

In particular, the Nomination Committee:

- regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- gives full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- is responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- before any appointment is made by the Board, evaluates the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Nomination Committee:
    - uses open advertising or the services of external advisers to facilitate the search;
    - considers candidates from a wide range of backgrounds; and
    - considers candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the board, including gender and ethnicity, taking care that appointees have enough time available to devote to the position;
- ensures that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

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. However, the Nomination Committee regularly reviews the composition of the Board, including diversity and, when considering new candidates, will take due regard to the benefits of diversity on the Board.

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 2021 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 2021 Board review has confirmed that the Directors consider the Board to have a good balance of skills and to be working well. The Board does not undergo an externally facilitated board evaluation, but will consider the merits of such a review on an annual basis.

INVESTMENT MANAGER AND THIRD PARTY PERFORMANCE

The Board conducts a review of the terms and performance of all service providers, including the Investment Manager and Administration Manager on at least an annual basis. The 2021 review did not raise any concerns and the performance of all third party service providers was considered satisfactory. The Board also reviews the terms of the investment management agreement with the Investment Manager immediately before an offer is launched. The investment management agreement sets out the duties and responsibilities of the Investment Manager.

RELATIONS WITH SHAREHOLDERS

Shareholders would usually have the opportunity to meet the Board at the Annual General Meeting. Last year this was not possible in light of the 'social distancing' measures in place during the COVID-19 pandemic. We therefore welcomed questions from our Shareholders via email as an alternative and answers to the themes in the questions were addressed on the website. We are pleased to report that (regulations permitting) there will be a return to a more traditional format for our AGM this year. This is due to be held in The Tavern Room at RSA House, 8 John Adam Street, London, WC2N 6EZ on Wednesday 14 July 2021 at 9.00am. We will also welcome questions once again via email and publish answers to the themes raised on our website.

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 if possible to do so safely). A shareholder event for the ProVen VCTs is also held each year and Shareholders were invited to attend a digital version of this in Autumn 2020. Following its success and with over 300 attendees, plans are afoot for a similar event in 2021. This has been scheduled for Wednesday 17 November 2021.

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. 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 69.

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 and the AIC Code of Corporate Governance. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls in place to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board reviews a Risk Register on at least 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.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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
3 June 2021

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 Lorna Tilbian. 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 2021.

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 consequently a further vote is required at the forthcoming AGM in July 2021. No 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 10 August 2020, the following votes were received in respect of the resolution approving the Directors' Remuneration Report:

Voting	Votes received	Percentage
Votes for	5,972,721	88.0%
Votes for – discretion	325,911	4.8%
Votes against	486,710	7.2%
Votes received	6,785,342	100.0%
Votes withheld	270,915	

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.

DIRECTORS' REMUNERATION REPORT

CONTINUED

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 14 July 2021.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Independent Auditor's Report on pages 41 to 46.

DIRECTORS' REMUNERATION (AUDITED)

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

	Year ended 28 Feb 2021 £	Year ended 29 Feb 2020 £
Neal Ransome (Chairman)	37,500	37,500
Barry Dean	30,000	30,000
Malcolm Moss	15,000	15,000
Lorna Tilbian	30,000	30,000
	112,500	112,500

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 28 FEBRUARY 2022

The remuneration levels for the forthcoming year are expected to be:

	Expected Annual Expense £
Neal Ransome	40,000
Barry Dean	34,000
Malcolm Moss	15,000
Lorna Tilbian	32,000
	121,000

INSURANCE COVER

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

DIRECTORS

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of the Company at 28 February 2021 and 29 February 2020 were as follows:

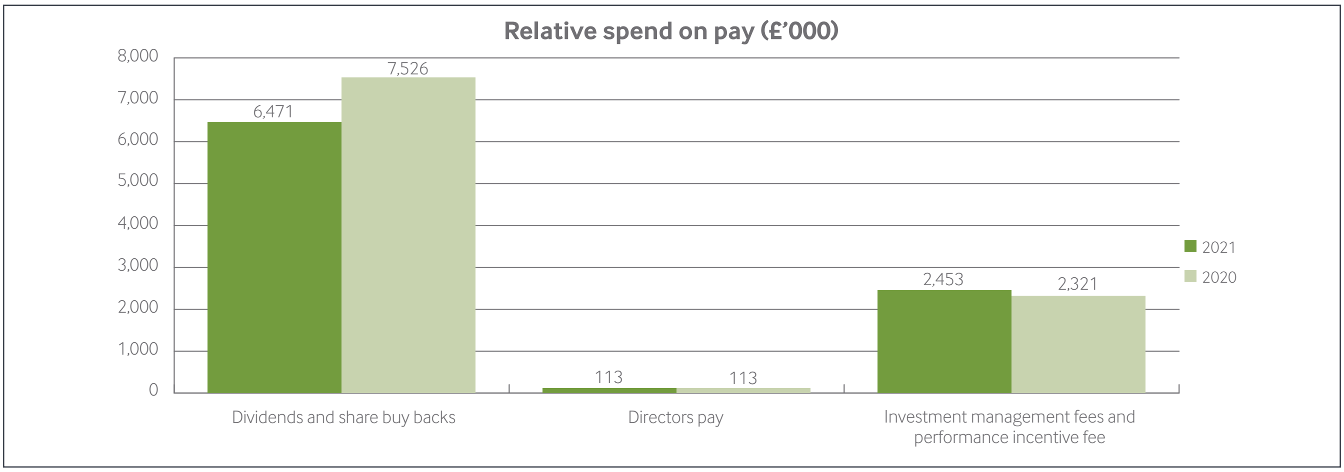
Director	28 Feb 2021	29 Feb 2020
Neal Ransome	51,621	38,238
Barry Dean	29,252	29,252
Malcolm Moss	102,763	82,541
Lorna Tilbian	–	–

On 30 March 2021, Neal Ransome was allotted 13,364 Ordinary Shares under the combined offer for subscription dated 3 December 2020. On 30 March 2021, Malcolm Moss was allotted 33,412 Ordinary Shares under the combined offer for subscription dated 3 December 2020. There have been no other movements in Directors' holdings since the year-end.

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

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 2021 and 2020 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.

By order of the Board

Beringea LLP
Company Secretary
39 Earlham Street
London WC2H 9LT
3 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROVEN VCT PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of ProVen VCT plc (the 'Company') for the year ended 28 February 2021 which comprise the Income Statement, the 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

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 financial periods. The period of total uninterrupted engagement is 10 years, covering the years ending 29 February 2012 to 28 February 2021. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's Going Concern and Viability assessment and forecasts covering a three-year period and considering the reasonableness of the inputs, judgements and assumptions underpinning the forecasts, in particular the forecast expenditure with reference to the average historical expenditure.
- Consideration of the Company's continued and expected future compliance with VCT legislation, the current cash position and cash required to meet forecast annual expenditure, the absence of bank debt, contingencies and commitments and any market or reputational risks.
- Consideration of financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITOR'S REPORT

CONTINUED

OVERVIEW

Coverage	100% (2020: 100%) of profit before tax 100% (2020: 100%) of investments 100% (2020: 100%) of net assets		
Key audit matters		2021	2020
	Valuation of Unquoted Investments	✓	✓
Materiality	*Financial statements as a whole* £1,800,000 (2020: £1,350,000) based on 2% of investments (2020: 2% of investments)		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of unquoted investments (Note 1 and Note 10) We consider the valuation of unquoted 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. There is also a risk of bias arising from the unquoted investments being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments and the aggregate value of untested investments. For these investments we: • 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. For a sample of investments valued using less subjective valuation techniques (cost and price of recent investment reviewed for changes in fair value) we: • Agreed the price of recent 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 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.

Key audit matter	How the scope of our audit addressed the key audit matter
	For a sample of investments valued using less subjective valuation techniques (net asset value) we: • 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 loan agreements; and • Considered whether there were any indications that net asset value was no longer representative of fair value. For a sample of investments valued using more subjective techniques (revenue and earnings multiples) we: • 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; • Challenged the consistency and appropriateness of adjustments made to market data by comparison to adjustments made in the prior period and our knowledge of changes in position or performance of investee companies in the year. 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. *Key observations:* Based on the procedures performed we consider the judgements made in respect of the unquoted investment valuations to be appropriate..

OUR APPLICATION OF MATERIALITY

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Financial statements	
	2021 £	2020 £
Materiality	1,800,000	1,350,000
Basis for determining materiality	2% of investments	
Rationale for the benchmark applied	As a VCT, investments are considered to be the key measure of performance.	
Performance materiality	1,350,000	1,010,000
Basis for determining performance materiality	75% of materiality based on the brought forward uncorrected misstatements, known or expected misstatements for the current year, management's attitude towards adjusting for proposed misstatements and the number of areas of the financial statements subject to estimation uncertainty.	

Specific Testing Threshold

We have set a lower specific testing threshold for those items impacting on revenue return of £321,000 (2020: £279,000), which is based on 10% of expenditure excluding any performance fee expense.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £90,000 (2020: £67,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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, 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.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the Company 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 Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the company's qualification as a VCT under UK tax legislation. The area where the financial statements are considered to be most susceptible to fraud is with regards to the valuation of investments because they are inherently subjective and prepared by the Investment Manager who is remunerated based on the net assets value of the Company.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance;
- testing of a risk based sample of journal postings made during the year to identify potential management override of controls;
- the testing performed in respect of investments as outlined in the key audit matters (KAM) section;
- review of the VCT compliance reports prepared by the VCT status adviser;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 the audit procedures performed 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 are to become aware of it.

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

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
3 June 2021

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

INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2021

		Year ended 28 February 2021			Year ended 29 February 2020		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	26	–	26	597	–	597
Realised gains on investments	10	–	35	35	–	2,266	2,266
Unrealised gains/(losses) on investments	10	–	17,546	17,546	–	(12,066)	(12,066)
		26	**17,581**	**17,607**	**597**	**(9,800)**	**(9,203)**
Investment management fees	3	(580)	(1,741)	(2,321)	(573)	(1,718)	(2,291)
Performance incentive fees	4	–	(132)	(132)	–	(31)	(31)
Other expenses	5	(723)	(4)	(727)	(525)	(11)	(536)
FX Translation		–	(35)	(35)	–	30	30
(Loss)/return on ordinary activities before tax		**(1,277)**	**15,669**	**14,392**	**(501)**	**(11,530)**	**(12,031)**
Tax on ordinary activities	7	–	–	–	–	–	–
(Loss)/return attributable after tax to equity shareholders		**(1,277)**	**15,669**	**14,392**	**(501)**	**(11,530)**	**(12,031)**
Basic and diluted (loss)/return per share	9	**(0.8p)**	**9.5p**	**8.7p**	**(0.2p)**	**(8.0p)**	**(8.2p)**

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

A Statement of Comprehensive Income has not been prepared as no items have been recognised in 'other comprehensive income' in the current or prior year as shown.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

Year ended 28 February 2021

	Note	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 2020		15,028	359	50,727	39,733	(2,969)	4,620	(2,139)	105,359
Comprehensive Income for the year:									
Management fees allocated as capital expenditure	3	–	–	–	–	–	(1,741)	–	(1,741)
Legal fees allocated as capital expense		–	–	–	–	–	(4)	–	(4)
Realised gain on investments	10	–	–	–	–	–	35	–	35
Unrealised gain on investments	10	–	–	–	–	17,546	–	–	17,546
Loss after tax		–	–	–	–	–	–	(1,277)	(1,277)
Performance fee	4	–	–	–	–	–	(132)	–	–
Total comprehensive return		**–**	**–**	**–**	**–**	**17,546**	**(1,842)**	**(1,277)**	**14,427**
Contributions by and distributions to owners:									
Issue of new shares (includes DRIS)	13	2,185	–	(502)	13,006	–	–	–	14,689
Share buybacks	13	(231)	231	(1,507)	–	–	–	–	(1,507)
Dividends paid (includes DRIS)	8	–	–	(5,953)	–	–	–	–	(5,953)
Total contributions by and distributions to owners		**1,954**	**231**	**(7,962)**	**13,006**	**–**	**–**	**–**	**7,229**
Other movements:									
Transfer of previously unrealised gains now realised		–	–	–	–	(662)	662	–	–
FX translation		–	–	–	–	–	–	(35)	(35)
Total other movements		**–**	**–**	**–**	**–**	**(662)**	**662**	**(35)**	**(35)**
At 28 February 2021		**16,982**	**590**	**42,765**	**52,739**	**13,915**	**3,440**	**(3,451)**	**126,980**

Year ended 29 February 2020

	Note	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		–	–	–	–	–	2,266	–	2,266
Unrealised loss on investments		–	–	–	–	(12,066)	–	–	(12,066)
Loss after tax		–	–	–	–	–	–	(501)	(501)
Performance fee	4	–	–	–	–	–	(31)	–	(31)
Total comprehensive income		**–**	**–**	**–**	**–**	**(12,066)**	**506**	**(501)**	**(12,061)**
Contributions by and distributions to owners:									
Issue of new shares (includes DRIS)		4,781	–	(1,418)	36,366	–	–	–	39,729
Share buybacks		(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**

The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. Reserves available for distribution therefore amount to £42,754,000 (2020: £53,208,000).

During the year the Company repurchased 2,312,011 shares (2020: 2,573,632) with a nominal value of £231,201 (2020: £257,363). All shares were subsequently cancelled.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

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 – The Company has previously cancelled its share premium reserve and capital redemption reserve to create a special reserve that can assist in writing off losses, which in turn enhances the ability for a company to make distributions and implement share buybacks. This is the distributable reserve which is currently 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 28 FEBRUARY 2021

		28 February 2021	29 February 2020
		Total	Total
	Note	£'000	£'000
Fixed assets			
Investments	10	90,095	67,626
Current assets			
Debtors	11	304	2,355
Cash at bank and in hand		37,014	36,310
		37,318	**38,665**
Creditors: amounts falling due within one year	12	(433)	(932)
Net current assets		**36,885**	**37,733**
Total assets less current liabilities		**126,980**	**105,359**
Capital and reserves			
Called up share capital	13	16,982	15,028
Capital redemption reserve		590	359
Special reserve		42,765	50,727
Share premium reserve		52,739	39,733
Revaluation reserve		13,915	(2,969)
Capital reserve – realised		3,440	4,620
Revenue reserve		(3,451)	(2,139)
Total equity shareholders' funds		**126,980**	**105,359**
Basic and diluted net asset value per share	14	**74.8p**	**70.1p**

The financial statements on pages 47 to 65 were approved and authorised for issue by the Board of Directors on 3 June 2021 and were signed on its behalf by:

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 28 FEBRUARY 2021

		Year ended 28 February 2021	Year ended 29 February 2020
		Total	Total
	Note	£'000	£'000
Return/(Loss) on ordinary activities before taxation		14,392	(12,031)
(Gain)/Loss on investments		(17,581)	9,800
Decrease/(Increase) in prepayments, accrued income and other debtors		447	(92)
Decrease in accruals and other creditors		(66)	(5,388)
Net cash outflow from operating activities		**(2,808)**	**(7,711)**
Cash flows from investing activities			
Purchase of investments		(8,551)	(10,888)
Sale of investments		5,268	3,810
Net cash from investing activities		**(3,283)**	**(7,078)**
Cash flows from financing activities			
Proceeds from share issues	13	14,201	39,999
Share issue costs	13	(502)	(1,418)
Purchase of own shares		(1,941)	(1,740)
Equity dividends paid		(4,963)	(5,639)
Net cash used in financing		**6,795**	**31,202**
Increase in cash and cash equivalents		**704**	**16,413**
Cash at beginning of year		36,310	19,897
Cash at end of year		**37,014**	**36,310**

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

'Net cash used in operating activities' includes interest received of £396,000 (2020: £594,000) and dividends received of £1,000 (2020: £3,000). No interest was paid during the period.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

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 31 to 36.

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, revenue or transaction 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, whilst also being benchmarked against alternative valuation methodologies;
- 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

- 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

	2021 £'000	2020 £'000
Income from investments		
Loan stock interest	16	551
Dividend income	1	3
	17	554
Other income		
Deposit interest	9	43
	26	597

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

	2021 £'000	2020 £'000
Investment management fees	2,321	2,291

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

	2021 £'000	2020 £'000
Performance incentive fees	132	31

Beringea LLP are entitled to receive performance incentive fees as described in the Strategic Report on page 22.

5. OTHER EXPENSES

	2021 £'000	2020 £'000
Administration services	64	61
Directors' remuneration	113	113
Social security costs on Directors' remuneration	12	12
Trail commission	210	108
Auditor's remuneration for the audit of the Company's annual accounts	43	31
Auditor's remuneration – other assurance services	–	3
Other expenses	285	208
	727	536

Included within other expenses is £4,000 (2020: £11,000) 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.

6. DIRECTORS' REMUNERATION

Details of remuneration (excluding employers' NIC and VAT) are given in the Directors' Remuneration Report on page 37.

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

		2021 £'000	2020 £'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	14,392	(12,031)
	Tax charge calculated on operating profit at the applicable rate of 19% (2020: 19%)	2,734	(2,286)
	Effects of:		
	UK dividend income	–	(1)
	(Gain)/Loss on investments	(3,340)	1,862
	Expenses disallowed for tax purposes	1	5
	Deferred tax not recognized	605	420
		–	–

(c) **Deferred tax not recognised**

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £27,951,000 (2020: £24,765,000). The deferred tax asset of £5,311,000 (2020: £4,210,000) would only be recovered were the Company to make sufficient taxable profits in the future. Given the Company is not expected to generate taxable income in excess of deductible expenses, no deferred tax asset has been recognised for the year ended 28 February 2021.

8. DIVIDENDS

		Year ended 28 February 2021			Year ended 29 February 2020		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends paid in the year							
2019 Final	2.5	–	–	–	–	3,768	3,768
2020 Special Interim	2.0	–	–	–	–	3,019	3,019
2020 Final	2.0	–	3,399	3,399	–	–	–
2021 Interim	1.5	–	2,554	2,554	–	–	–
		–	**5,953**	**5,953**	**–**	**6,787**	**6,787**
Proposed dividends							
2020 Final	2.0	–	–	–	–	3,412	3,412
2021 Final	2.0	–	3,396	3,396	–	–	–

NOTES TO THE ACCOUNTS

CONTINUED

9. BASIC AND DILUTED RETURN PER SHARE

	Year ended 28 February 2021	Year ended 29 February 2020
Revenue loss per share based on:		
Net revenue loss after taxation (£'000)	(1,277)	(501)
Weighted average number of shares in issue	164,391,561	145,634,014
Pence per share	(0.8)	(0.2)
Capital return/(loss) per share based on:		
Net capital return/(loss) for the financial year (£'000)	15,669	(11,530)
Weighted average number of shares in issue	164,391,561	145,634,041
Pence per share	9.5	(8.0)
Total return/(loss) per share based on:		
Total return/(loss) for the financial year (£'000)	14,392	(12,031)
Weighted average number of shares in issue	164,391,561	145,634,041
Pence per share	8.7	(8.2)

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 2020	**287**	**74,192**	**74,479**
Unrealised losses at 1 March 2020	(116)	(4,681)	(4,797)
Realised losses on investments still held at 1 March 2020	–	(2,056)	(2,056)
Opening fair value at 1 March 2020	**171**	**67,455**	**67,626**
Movement in year:			
Purchases at cost	–	8,551	8,551
Sales – proceeds	–	(3,763)	(3,763)
– realised gains on sales	–	135	135
Unrealised gains in the income statement	150	17,396	17,546
Closing fair value at 28 February 2021	**321**	**89,774**	**90,095**
Closing cost at 28 February 2021	**287**	**79,775**	**80,062**
Unrealised gains at 28 February 2021	34	12,055	12,089
Realised losses on investments still held at 28 February 2021	–	(2,056)	(2,056)
Closing fair value at 28 February 2021	**321**	**89,774**	**90,095**

The realised gains in the table above do not match those reflected in the Income Statement. This is because the figure in the table above relates to those investments deemed disposed of in the year, whereas the realised gains in the Income Statement also take account of movements in the contingent proceeds accrued, which arise from disposals in prior periods.

There have been no changes to the basis of valuation for any investment since the previous year end.

An analysis of venture capital investments is set out in the review of the investments on pages 12 to 18. Note 15 includes an analysis of the fair value of the financial instruments.

11. DEBTORS

	2021 £'000	2020 £'000
Contingent proceeds receivable	50	1,655
Prepayments and accrued income	239	565
Other debtors	15	135
	304	2,355

Contingent proceeds receivable have reduced as amounts accrued in the prior year have now been received. The reduction in accrued income is the result of a provision against loan stock which had been recognised in a prior period.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Accruals	419	484
Share buybacks awaiting settlement	–	434
Other creditors	14	14
	433	932

Creditors are lower in 2021 compared to the prior year as there were no outstanding management fees or share buybacks awaiting settlement at the year end.

13. CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Issued, allotted, called up and fully-paid:		
169,820,219 (2020: 150,278,338) Ordinary Shares of 10p each	16,982	15,028

During the year 20,351,020 shares were issued at between 65.1p and 73.6p per share, with an aggregate nominal value of £2,035,102 pursuant to the offer for subscription announced on 27 January 2020. The aggregate consideration for the shares was £14,201,032 which excluded share issue costs of £501,486.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted: 856,422 Ordinary Shares at 66.0p per share to subscribing Shareholders on 28 August 2020 and 646,450 Ordinary Shares at 65.8p per share to subscribing Shareholders on 4 December 2020. The aggregate consideration for the shares was £990,603.

At the 2020 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 25,570,060 Ordinary Shares.

During the year, the Company repurchased a further 2,312,011 Ordinary Shares for an aggregate consideration (net of costs) of £1,500,000 being an average price of 64.9p per share and which represented 1.5% of the Company's issued share capital at the start of the year and

NOTES TO THE ACCOUNTS

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which had an aggregate nominal value of £231,201. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £7,520. 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.

.	2021	2020
Ordinary Shares brought forward	150,278,338	105,041,530
Ordinary Shares issued	21,853,892	47,810,440
Ordinary Shares repurchased for cancellation	(2,312,011)	(2,573,632)
Ordinary Shares carried forward	**169,820,219**	**150,278,338**

14. BASIC AND DILUTED NET ASSET VALUE PER SHARE

	Shares in issue		2021		2020	
	2021	2020	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	169,820,219	150,278,338	74.8p	126,980	70.1p	105,359

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 28 February 2021, the AIM-quoted portfolio was valued at £321,000 (2020: £171,000).

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:

20% movement in AIM-quoted investments	Impact on net assets £'000	2021 Impact on NAV per share Pence	Impact on net assets £'000	2020 Impact on NAV per share Pence
AIM-quoted investments	64	0.0p	34	0.0p

At 28 February 2021, the unquoted portfolio was valued at £89,774,000 (2020: £67,455,000).

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:

20% movement in unquoted investment valuations	Impact on net assets £'000	2021 Impact on NAV per share Pence	Impact on net assets £'000	2020 Impact on NAV per share Pence
Unquoted investments	17,955	10.6p	13,491	9.0p

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

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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	2021 £'000	2020 £'000
Fixed rate	6.3%	196 days	8,040	9,349
Floating rate	0.3%	0 days	37,157	36,494
No interest rate			81,783	59,516
			126,980	105,359

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 £372,000 (2020: £365,000). 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:

	2021 £'000	2020 £'000
Cash and cash equivalents	37,014	36,310
Interest, dividends and other receivables	200	542
	37,214	36,852

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 A 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 (£433,000 relative to cash balances of £37.0 million at 28 February 2021) and has no borrowings.

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

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

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

The carrying value of loan stock investments (as opposed to the contractual cash flows) held at 28 February 2021, which is analysed by expected maturity date, is as follows:

As at 28 February 2021	Not later than 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 3 Years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
Fully performing loan stock	1,065	–	732	–	1,087	2,884
Past due loan stock	5,299	–	–	–	–	5,299
	6,364	–	732	–	1,087	8,183
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

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

	2021				2020			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
AIM quoted	321	–	–	321	171	–	–	171
Loan notes	–	–	8,183	8,183	–	–	9,463	9,463
Unquoted investments	–	–	81,591	81,591	–	–	57,992	57,992
	321	–	89,774	90,095	171	–	67,455	67,626

There have been no movements between levels during the financial year to 28 February 2021.

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 2020	9,463	57,992	67,455
Movements in the Income Statement:			
Gains in the Income Statement	8	17,524	17,531
Purchases at cost	1,474	7,077	8,551
Sales proceeds	(2,762)	(1,002)	(3,763)
Balance at 28 February 2021	8,183	81,591	89,774

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 61.

16. CAPITAL MANAGEMENT

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on pages 20 and 26, in pursuit of its principal investment objectives as stated on page 20. 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 28 February 2021 and the date of this report, the Company issued 25,836,664 Ordinary Shares for an aggregate consideration of £20 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £867,000.

On 22 March 2021, the Company bought back 765,372 Ordinary Shares at a price of 70.02p and for an aggregate consideration of £536,000. All shares were subsequently cancelled.

In March 2021, the Company invested £3.2 million in two new companies, namely Moonshot CVE Holdings Ltd and Utilis SAR Ltd.

£1.4 million was invested in Moonshot, a business with a mission to reach those at risk of violent extremism and offer them an alternative path. From digital capacity building to counter-messaging campaigns, Moonshot uses data-proven techniques to ensure its clients respond to violent extremism effectively all over the world.

We invested £1.8 million in a business called Utilis. The company uses satellite-based technology and a patented algorithm derived from techniques developed to search for water on Mars to detect drinking water pipeline leaks. With the potable leak detection product first commercialised in 2016, over 250 projects have been completed worldwide in countries including the United States, Italy, the UK, Chile, China and South Africa, leading to almost 20,000 leaks verified and saving customers 5,000 million gallons a year.

In April 2021, a further £423,000 was invested in Hygenica. This was to fund a working capital call caused by a surge in demand for the company's product.

In March 2021, there was a part-disposal of the Company's holding in MPB. The Company received £2.3 million in disposal proceeds. Having performed well since the initial investment by the Company in February 2018, MPB decided to raise additional capital to accelerate its growth. The Company was unable to participate in this investment round owing to restrictions imposed by the VCT regulations. As part of the funding round, however, the Company had the opportunity to sell some of its existing shares, crystalising a 2.75x return on the initial investment on the shares sold, whilst also retaining 70% of its original holding.

In April 2021, the Company's holding in Response Tap Limited was also sold. The Company received initial proceeds of £0.7 million. Additional proceeds are expected in the coming months.

18. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 28 February 2021 before any performance fee accrual and cumulative dividends paid up to this date, no performance fee of £132,000 is payable for the year ended 28 February 2021 as the performance hurdles have not been met. As a result, an accrual for this amount has been included in the accounts and is therefore reflected in the NAV per share.

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

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 28 February 2021, £2,321,000 was payable to Beringea LLP in respect of these services (2020: £2,290,000). At the period end the Company owed Beringea LLP £nil (2020: £181,000).

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 22. For the year ended 28 February 2021, total performance incentive fees of £132,000 were payable (2020: £31,000). At the year end an amount of £132,000 was outstanding (2020: £nil).

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 28 February 2021, £158,000 (2020: £348,000) was payable to Beringea LLP for arrangement fees under such arrangements. Directors and monitoring fees payable to Beringea LLP in the year to 28 February 2021 amounted to £655,000 (2020: £364,000).

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the year ended 28 February 2021 amounted to £64,000 (2020: £61,000) of which £nil remained outstanding at the year-end (2020: £15,000).

During the year ended 28 February 2021, an amount of £113,000 (2020: £113,000) was payable to the Directors of the Company as remuneration for services provided to the Company. No amount was outstanding at the year-end (2020: £nil).

SHAREHOLDER INFORMATION

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 Company'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 Group, by calling 0371 664 0324 (calls are charged at the standard geographic rate and will vary by provider), or by writing to them at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

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 (2 June 2021):	69.0p 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 2016/2017 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

14 July 2021	Annual General Meeting
November 2021	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

Company Secretary
Beringea LLP
39 Earlham Street
London WC2H 9LT

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

Registered office
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
Tel: 0371 664 0324
(calls are charged at the standard geographic rate and will vary by provider)
www.linkgroup.eu

Administration manager
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Auditor
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VCT status adviser
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Corporate Broker
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One New Change
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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

SHAREHOLDERS SHOULD NOTE, BASED ON THE CURRENT GOVERNMENT GUIDANCE IN RESPECT OF COVID-19, THE AGM IS PROPOSED AS A PHYSICAL MEETING BUT, GIVEN THE CONSTANTLY EVOLVING NATURE OF THE SITUATION, THIS MAY CHANGE. PLEASE SEE PAGES 5 AND 6 OF THE ANNUAL REPORT AND THE NOTES TO THIS NOTICE FOR FURTHER INFORMATION.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen VCT plc will be held in The Tavern Room at RSA House, 8 John Adam Street, London, WC2N 6EZ on Wednesday 14 July 2021 at 9.00am.

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

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 28 February 2021 together with the report of the Auditor thereon.

2. To approve the Directors' remuneration policy.

3. To approve the Directors' Remuneration Report set out on page 37, for the year ended 28 February 2021.

4. To declare a final dividend of 2.0p per Ordinary Share in respect of the year ended 28 February 2021.

5. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented.

6. To authorise the Directors to determine the Auditor's remuneration.

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

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

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

10. 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

11. THAT, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006" or the "Act") 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 £14,616,863 (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 or, if earlier, on the expiry of 15 months on the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

SPECIAL RESOLUTIONS

12. THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 11 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or, if earlier, on the expiry of 15 months on the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require equity securities to be allotted after such expiry.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

13. THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 29,214,237 representing approximately 14.99% of the present issued Ordinary Share capital of the Company;

    (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 10p the nominal amount thereof;

    (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent. above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;

    (iv) the Company may make a contract to purchase its own Ordinary Shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract;

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

By order of the Board

Beringea LLP
Company Secretary
Registered Office
39 Earlham Street
London WC2H 9LT
3 June 2021

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

Note: Please see the notes set out on pages 71 and 73 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.

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 12 July 2021. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

2. Shareholders wishing to attend the meeting, should this be possible, are asked to register their attendance as soon as practicable by email to info@beringea.co.uk. Rules around capacity at the venue and changes in health and safety requirements may mean Shareholders cannot ultimately attend the meeting.

3. 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 5 July 2021. Answers to the themes arising out of questions received will be addressed on the website at https://www.provenvcts.co.uk/.

4. Given the uncertainty around whether shareholders will be able to attend the Annual General Meeting, whether because the capacity at the venue does not allow for safety reasons related to COVID-19 restrictions or due to a change in the situation with the COVID-19 pandemic, we recommend that all Shareholders appoint the Chair of the meeting as proxy. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person. The return of a completed proxy will not prevent a member attending the Annual General Meeting and voting in person if the member wishes to do so, should this be permitted under applicable COVID-19 restrictions.

5. 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.

6. 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).

7. 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.

8. To be valid, any Form of Proxy or other instrument appointing a proxy, must be returned by no later than 9.00 a.m. on Monday 12 July 2021 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 Group
PXS1
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL;

   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 still working from home, there is a risk that your vote may not be counted if you send a paper proxy.

9. 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.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

10. 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.

11. 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 09.00am on 12 July 2021. 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.

12. 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.

13. 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.

14. As at 2 June 2021 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 194,891,511 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 June 2021 are 194,891,511.

15. 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.

16. 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.

17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

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

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