The Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Accounts

for the year ended 30 September 2015

mobeus
EQUITY PARTNERS

Contents

WARNING TO SHAREHOLDERS –

– Boiler Room fraud and unsolicited communications to shareholders

We are aware that from time to time our shareholders have received unsolicited telephone calls and/or mail which purport to come from the Company or to be authorised by the VCT.

Further information on boiler scams and who to contact, should you believe that you have been approached by such a company, is included within Shareholder Information on pages 74 – 76.

The Income & Growth VCT plc ("the Company", "the VCT" or "I&G") is a Venture Capital Trust ("VCT") listed on the London Stock Exchange. Its investment portfolio is advised by Mobeus Equity Partners LLP ("Mobeus").

Financial Highlights

- Net asset value total return per share was 8.5% for the year.
- Share price total return per share was 7.7% for the year.
- Dividends paid and proposed in respect of the year total 12.00 pence per share. The proposed final dividend of 6.00 pence per share, if approved, will bring cumulative dividends paid to shareholders in respect of the past five years to 70.00 pence per share.
- This has been another exceptional year for realisations in which a total of £11.47 million was received as cash proceeds, enhancing the level of dividends paid to shareholders. A further £6.61 million has been received after the year-end from the sales of two investments.
- Strong dealflow has resulted in £8.63 million being invested into new companies and £2.77 million into existing portfolio companies.
- Liquidity has been further enhanced by a successful fundraising in early 2015 which raised £10 million for the Company.

Performance Summary

The net asset value ("NAV") per share at 30 September 2015 was 106.38 pence.

The table below shows the recent past performance of the Company's existing class of shares for each of the last five years.

Reporting date as at 30 September	Net assets (£m)	NAV per share (p)	Cumulative dividends paid per share (p)	Cumulative NAV total return per share to shareholders (p)	Share price[1] (p)	Cumulative share price total return per share to shareholders (p)	Dividends paid and proposed in respect of each year (p)
2015	75.20	106.38	68.50	174.88	93.50	162.00	12.00
2014	69.31	114.60	50.50	165.10	103.50[2]	154.00	18.00
2013	60.47	113.90	40.50	154.40	99.50	140.00	10.00
2012	50.55	109.62	28.50	138.12	97.00	125.50	26.00
2011	49.15	120.79	4.50	125.29	91.60	96.10	4.00

[1] Source: London Stock Exchange.

[2] The share price at 30 September 2014 has been adjusted to add back the dividend of 8.00 pence per share paid on 30 October 2014, as the listed share price was quoted ex this dividend at the year-end.

Detailed performance data, including a table of dividends paid to date, for all fundraising rounds is shown in the Performance Data Appendix on pages 81- 82.

Dividend proposed post year-end in respect of the year ended 30 September 2015.

A final dividend of 6.00 pence per share, comprising 5.00 pence from capital and 1.00 penny from income will be recommended to shareholders at the Annual General Meeting of the Company to be held on 10 February 2016. If approved, the dividend will be paid on 15 February 2016 to shareholders on the register on 15 January 2016 and will bring dividends paid in respect of the year to 12.00 pence per share and increase dividends paid to shareholders in respect of the last five financial years to 70.00 pence per share.

Discount

The Board's current intention is to continue with its existing buyback policy with the objective of maintaining the discount to NAV at which the shares trade at 10% or less. The discount to NAV for the Company's shares at 30 September 2015 was 9.7% (2014: 9.0%) based on the share price shown in the above table and the NAV at 30 June 2015 of 103.54 pence.

Chairman's Statement

I am pleased to present to shareholders the Annual Report of the Company for the year ended 30 September 2015.

Overview

This has been another good year for the Company, due to profitable realisations, strong portfolio performance and a high level of new investment. Following on from the sizeable disposal proceeds received in the previous financial year, the Company made further successful realisations of three major investments in its portfolio, at substantial gains over cost, in the early months of this financial year and two more after the year-end. In addition, a number of investee companies have returned solid performances in the portfolio contributing to increases in their valuations.

The returns earned as a result of the above events have been reflected in the Company's dividend stream in respect of the year. The VCT is also performing well against its peer group and it is very encouraging to see the Investment Adviser once again winning significant industry awards.

Shareholders may have noted that the Finance Act 2015, which became legislation last month, requires some changes to the type of investments that the VCT is now permitted to make as set out in section 274 of the Income Tax Act 2007 ("the VCT Rules"). These changes will require the Company's current Investment Policy to be amended. For further information please see Industry Developments and Changes to the Investment Policy on page 4.

Performance

The Company's NAV total return per share was 8.5% for the year ended 30 September 2015 (2014: 9.4%), after adjusting for 18.00 pence per share of dividends paid in the year. This further positive NAV return for the year was attributable to unrealised gains from the strong performances of some of the portfolio companies, notably from increases in the valuations of Entanet, Tessella and Virgin Wines, and to realised gains from the sale of three investments, namely Focus Pharma, EMaC and Youngman. A number of other portfolio companies have also continued to make steady progress and have increased their profits and cashflow, which have in some cases enabled them to make early repayments of their loan stock.

As a result of this year's performance, the cumulative NAV total return per share (being the closing net asset value plus total dividends paid to date since launch) rose during the year by 5.9% (2014: 6.9%) from 165.10 pence to 174.88 pence.

Using the benchmark of NAV cumulative total return, the VCT was ranked first over five years, and tenth and fifteenth over three and ten years respectively, among generalist (including planned exit) VCTs used by the Association of Investment Companies ("AIC") (based on statistics prepared by Morningstar) to measure performance at 30 November 2015. It is gratifying to be able to report such strong performance over the long-term as well as in recent years.

For more detailed data on the performance of your investment, may I refer you to the Performance Data Appendix on pages 81 - 82 of this Report. This is also available on the Company's website at www.incomeandgrowthvct.co.uk and can be downloaded by clicking on "table" in "Reviewing the performance of your investment". This provides information by allotment date on NAVs and cumulative dividends paid per share for each of the VCT's fundraisings.

Dividends

Your Directors are recommending a final dividend in respect of the year ended 30 September 2015 of 6.00 (2014: 4.00) pence per share. The dividend, comprising 5.00 pence from capital and 1.00 penny from income, will be proposed to shareholders at the Annual General Meeting of the Company to be held on 10 February 2016, for payment to shareholders on the register on 15 January 2016, on 15 February 2016. The Company's Dividend Investment Scheme ("the Scheme") will apply to this dividend and elections under the Scheme should be received by the Scheme administrator, Capita Asset Services, by no later than Monday, 1 February 2016. Please see the paragraph on the Dividend Investment Scheme section on pages 4-5 and the Shareholder Information section of this Annual Report on page 75 for further details on the Scheme.

This final dividend is in addition to an interim dividend of 6.00 pence (2014: 14.00 pence) per share, comprising 5.00 pence from capital and 1.00 penny from income, paid on 30 June 2015.

If approved by shareholders, this forthcoming final dividend will bring dividends paid per share in respect of the year ended 30 September 2015 to 12.00 pence (2014: 18.00 pence) and the Company will have paid dividends totalling 70.00 pence per share over the last five years. However, as a result of the recent changes in legislation described in more detail on page 4, I believe that the Company will find it a challenge to generate a similar level of return over the next five years.

Unclaimed dividends

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for themselves and to check whether they have received all dividends payable to them. This is particularly important if they have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact them if this is the case we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date address and/or email address.

Investment portfolio

For the year, the portfolio as a whole achieved a net increase of £2.05 million on investments realised and an increase of £4.57 million on investments still held. Investment proceeds over the original cost of the investment were £5.29 million. The portfolio under management was valued at £60.42 million at the year-end representing 105% of cost and an increase of 17.3% in valuation on a like-for-like basis over the year.

During the year £8.63 million was provided to support new investments into Ward Thomas Group, Media Business Insight, Jablite and Tushingham Sails. Five follow-on investments, totalling £2.77 million were made into existing portfolio companies, namely: ASL, Entanet, CGI Creative Graphics International, Racoon and Gro-Group. Just after the year-end an investment of £3.31 million was made to support the MBO of Access IS, a leading provider of data capture and scanning hardware.

Chairman's Statement

Cash proceeds totalling £11.47 million were received from sixteen companies, that were either sold or which repaid loans. Of this total, £7.68 million was received as cash proceeds from three substantial disposals of Focus Pharma, Youngman and EMaC. These jointly realised total gains over cost of £5.01 million. The companies concerned achieved significant growth during the time of the VCT's investment and developed their potential such that the Investment Adviser judged that this was the optimum time for exit. In addition, the Company received realisation proceeds from a number of other companies, such as BG Training, Newquay Helicopters and Alaric Systems, totalling £0.76 million. The balance of £3.03 million comprised loan repayments from companies still held in the portfolio.

Following the year-end, the VCT has disposed of two major investments, in Tessella and Westway.

First, Tessella realised cash proceeds of £4.04 million, and a gain over current cost of £2.68 million, being 3.80 pence per share. Total proceeds to date over the life of the investment were £4.91 million, representing a return of 2.8 times the original cost of the investment over the three and a half years that this investment was held.

Secondly, Westway realised cash proceeds of £2.57 million, and a gain over current cost of £2.51 million being 3.56 pence per share. Total proceeds to date over the life of the investment were £3.52 million, representing a return of 6.3 times the original cost of the investment.

Full details of the investment activity during the year and a summary of the performance highlights can be found in the Investment Review on pages 11 - 15 of this Annual Report.

Industry developments

The UK Finance Act 2015 became law on 18 November 2015. This has introduced rules designed to ensure that VCTs comply with new European Union ("EU") State Aid rules, while remaining able to provide finance to small and growing businesses.

The UK's VCT scheme must comply with the EU State Aid rules, as the tax relief given to investors is deemed to be State Aid to the companies in which the VCTs invest.

These new rules have introduced new criteria regarding:

- the maximum age of companies that are eligible for investments (generally seven years under the UK Finance Act);
- besides an annual limit of £5 million, already in place, there is now also a lifetime cap on the total amount of state aided risk finance investment a company can receive (generally £12 million under the UK Finance Act); and
- a requirement that VCT investment is to be used for growth and development purposes only.

The practical consequences of the application of these EU State Aid rules by the UK Finance Act 2015 are that the range and size of potential investments open to generalist VCTs, such as The Income & Growth VCT plc, will reduce. In particular, the Government has decided that VCT investments made to finance the purchase of existing business owners' shareholdings and the acquisition of businesses will no longer be permitted. This is likely to restrict significantly all VCTs' future participation in management buyout ("MBO") transactions. However, investments that have already been made remain qualifying investments as part of our investment portfolio.

The UK Finance Act now requires the VCT to re-adjust its focus for new investments to provide growth capital to younger companies, which is likely to alter the balance of the portfolio of the Company over a number of years. The UK Government has also announced an intention to permit VCTs to provide some replacement capital finance within investments, subject to agreement with the EU State Aid authorities. If this comes to pass, it would enlarge the pool of possible investment opportunities for VCTs compared to the more restricted regime that now applies under the new Act.

In theory, the change in focus to smaller investments in companies requiring growth (and possibly replacement) capital carries a higher risk, but also the prospect of higher, but more variable, returns. Generating the level of consistently high returns achieved over the last five years in particular is likely to be more challenging. That said, shareholders should note that the existing portfolio contains MBO investments whose full potential should be realised over the next five years. In future, the portfolio will also add a number of smaller investments, from which the level of returns is less certain at this stage. The Board has confidence in the Investment Adviser, justified by the past strong returns to shareholders, to apply its measured approach to the new rules to generate attractive returns in the future.

Changes to the Investment Policy

The new VCT legislation above requires revisions to this VCT's current Investment Policy (the "Policy") which, in turn, will require the approval by shareholders of an ordinary resolution that will be proposed at the AGM. Currently, the Policy makes particular reference to investing in management buyout transactions. The principal change proposed to the Policy is to remove this reference. The proposed Policy also retains flexibility to enable the Board and the Investment Adviser to consider a wide range of opportunities amongst established businesses to provide growth capital under the new VCT legislative environment. The impact of the changes on the VCT's portfolio and investment risk are set out above.

Your Directors are working closely with Mobeus and our other professional advisers to understand the full implications of the new rules, so as to apply the revised Policy at a detailed, practical level. Further details of the proposed changes to the Policy itself are contained in the Report of the Directors, on page 34 explaining the ordinary resolution to approve a revised Policy, which the Board will recommend shareholders approve.

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way for shareholders to build up their shareholding in the Company. Instead of receiving cash dividends they can elect to receive new shares in the Company. For further information on the Scheme and instructions on how to join, shareholders are referred to the Shareholder Information section of this Annual Report on page 75.

Shareholders who already participate, or are considering whether to participate, in the Scheme should consider the preceding sections on Industry

Developments and Changes to the Investment Policy. There is an associated five year holding period required to secure income tax relief when new shares are allotted under the Scheme. Shareholders may, therefore, wish to review their participation until the implications of these changes, outlined in the sections above, are clearer. If you are in any doubt about whether to participate in the Scheme or not, you should consult your financial adviser.

Fundraising and Liquidity

The Company participated, with the other three Mobeus advised VCTs, in a successful joint fundraising that closed early, on 10 March 2015, having raised the full amount offered for subscription by the Company of £10 million.

Annual fundraisings by the Company have provided it with a satisfactory level of liquidity sufficient to pursue its Objective and meet the Company's running costs. The Company is not anticipating that there will be further fundraising until the Board has had the opportunity to consider in full the implications of the VCT tax legislation published in the Finance Act 2015.

Industry awards for the Investment Adviser

We are delighted to report that the Investment Adviser was named VCT Manager of the Year for the fourth consecutive year at the ***unquote"*** British Private Equity Awards 2015 and also received the award for Exit of the Year for Focus Pharma. This was in addition to being awarded VCT Manager of the Year by Investor Allstars. These three awards recognise the continuing high level of consistency achieved by the Investment Adviser during the year under consideration in maintaining high standards in all areas of its activity including deals, exits, portfolio management and fundraising.

Shareholder Event

The Investment Adviser holds an annual VCT event for shareholders in Central London. These events include presentations on the Mobeus advised VCTs' investment activity and performance. The Board and the Investment Adviser welcome feedback from shareholders. We have been pleased to receive positive comments from those attending in previous years. Many of the comments received have been taken into account as part of a process of continual improvement. The next event will be held on Tuesday, 26 January 2016 at the Royal Institute of British Architects in Central London. There will be a day-time and a separate evening session. Shareholders have already been sent an invitation to this event with further details. The Board looks forward to meeting those shareholders able to attend.

Outlook

The economic prospects in the UK continue to look relatively favourable with economic growth predicted to be 2.4% for the coming year. This should help the existing portfolio continue to deliver solid performance.

As mentioned earlier, in order to conform with the Finance Act 2015, we are proposing changes to the Company's current Investment Policy at the AGM. There may be a pause in new investment as the Investment Adviser identifies opportunities that comply with the requirements of the new legislation. Nevertheless, the Board remains cautiously optimistic that future investments will be executed that, combined with the existing portfolio, should deliver attractive returns for shareholders.

Finally, I would like to take this opportunity to thank all shareholders for their continued support.

Colin Hook

Chairman

17 December 2015

Strategic Report

Introduction

The Directors are pleased to present the Strategic Report of the Company for the year ended 30 September 2015. The purpose of this Report is to inform shareholders and to help them to assess how the Directors have performed their duty to promote the success of the Company. The Report has been prepared by the Directors in accordance with section 414A of the Companies Act 2006 ("the Companies Act").

Company Objective

The Objective of the Company is to provide investors with an attractive return by maximising the stream of tax-free dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments.

Summary of Investment Policy

The VCT's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity in order to generate regular income from existing investments and capital gains from realisations.

Under the present policy, investments are made selectively across a number of sectors, primarily in MBO transactions in companies that are established and profitable. The VCT aims to invest in larger, more mature, unquoted companies through investing alongside three other VCTs advised by Mobeus with similar investment policies. This enables the VCT to participate in combined investments recommended by the Investment Adviser of up to £5 million in each business per year.

The Company aims to maintain in excess of 70% of net funds raised in qualifying investments. Uninvested funds are held in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital is minimised.

The full text of the Company's Investment Policy is set out on page 26 of this Strategic Report. **Shareholders should note that in the light of the regulatory developments referred to in the Chairman's Statement, this policy requires revision and a resolution to approve changes to the policy will be submitted to shareholders at the AGM.**

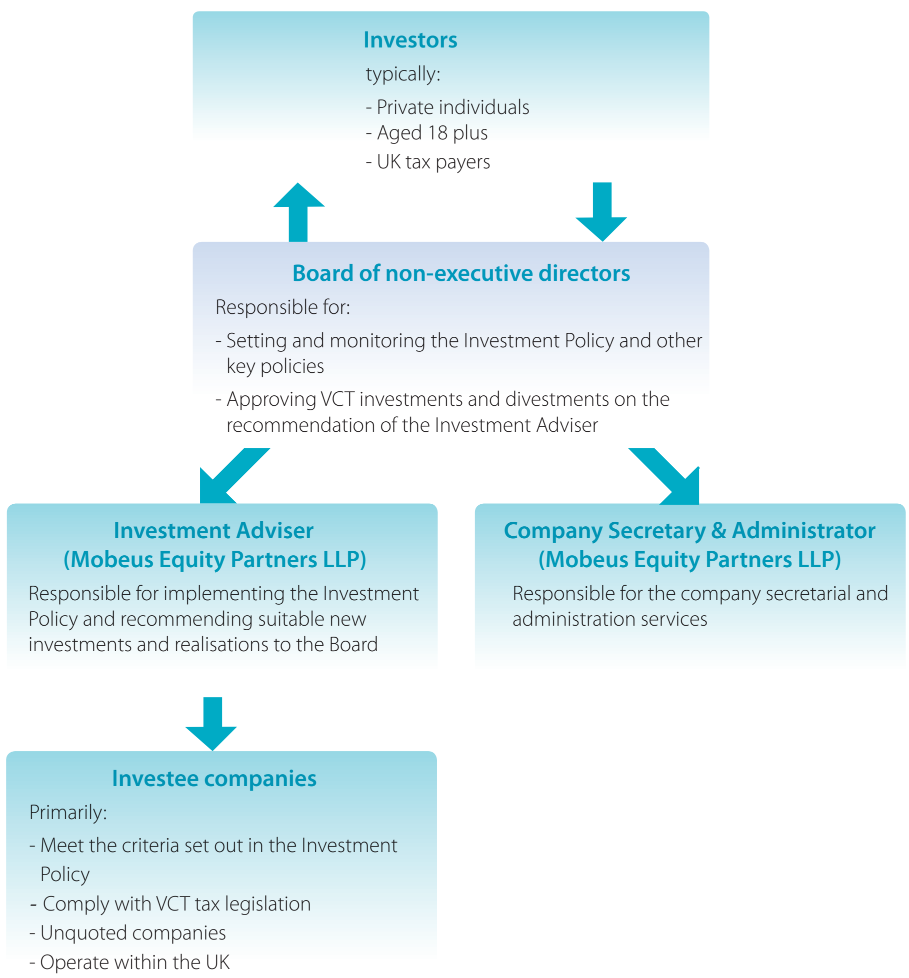
The Company and its business model

The Company's Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC") whilst maximising returns to shareholders from both income and capital. One of the rules to retain VCT status is that the Company remains a fully listed company on the London Stock Exchange, and thus must also comply with the listing rules governing such companies.

The Company is externally advised with a Board comprising non-executive directors. The Board has overall responsibility for the Company's affairs, including the determination of its Investment Policy. Investment advisory and operational support are outsourced to external service providers including the Investment Adviser, Company Secretary and Administrator and Registrar, with the strategic and operational framework and key policies set and monitored by the Board. Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser and are then subject to comment and approval by the Directors.

Private individuals invest in the Company to benefit from both income and capital returns generated by investment performance. By investing in a VCT they are eligible for up-front income tax relief (currently 30% of the amount subscribed for new shares by an investor), as well as tax-free dividends received from the Company. Investors are also not liable for any capital gains tax upon the eventual sale of the shares. Shares have to be held for a minimum of five years to retain the initial tax relief received.

The Company's business model is set out in the diagram below.



Performance

The Board has identified six key performance indicators that it uses in its own assessment of the Company's progress. These are:

- **Annual and cumulative returns per share for the year;**
- **The VCT's performance compared with its peer group;**
- **Dividend policy;**
- **Compliance with VCT legislation;**
- **Share buyback and discount policy; and**
- **Costs.**

It is intended that these will provide shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 30 September 2015, and over the longer term, through the application of its investment and other principal policies:

1. Annual and cumulative returns per share for the year

Total shareholder returns per share for the year

The NAV and share price total returns per share for the year ended 30 September 2015 were 8.5% and 7.7% respectively, as shown below:

	NAV basis (p)
Closing NAV per share	106.38
Plus: dividends paid in year	18.00[1]
Total for year	**124.38**
Less: opening NAV per share	114.60
Return for year per share	**+9.78**
% return for year	**8.5%**

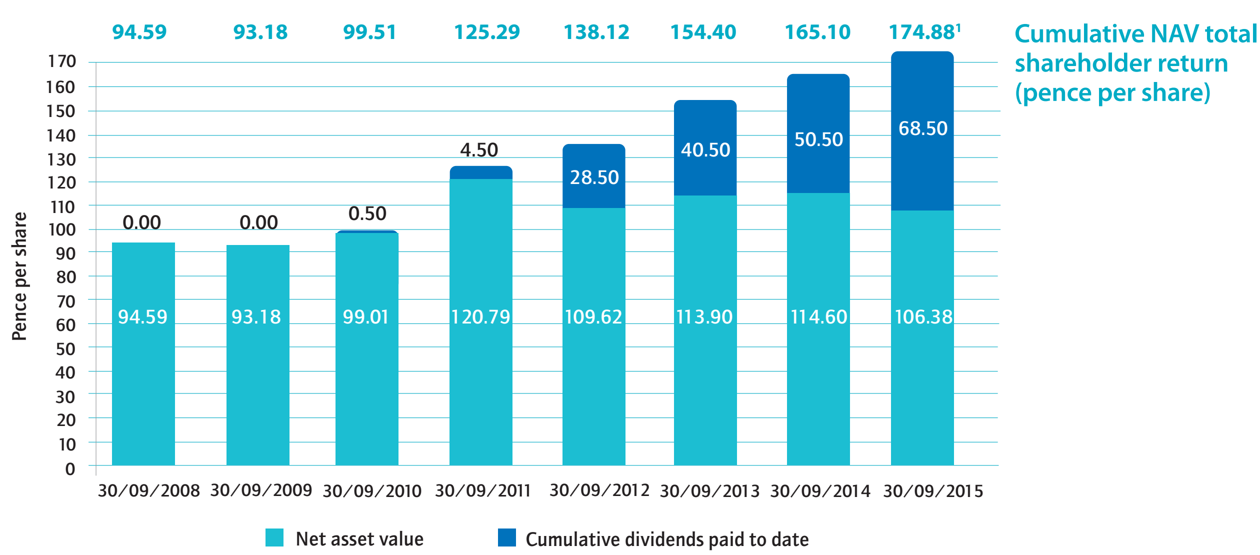
	Share price basis (p)
Closing share price	93.50
Plus: dividends paid in year	18.00[1]
Total for year	**111.50**
Less: opening share price	103.50
Return for year per share	**+8.00**
% return for year	**7.7%**

[1] Dividends paid in the year were 8.00 pence per share paid as an interim dividend in October 2014 and 4.00 pence per share paid as the final dividend in March 2015, both for the year ended 30 September 2014 and an interim dividend of 6.00 pence per share paid in respect of the year under review in July 2015.

For similar performance data to that shown above for each allotment in each fundraising since the inception of the Company (including the former 'O' Share Fund raised in 2000/01), please see the Performance Data Appendix on pages 81 - 82 of this Annual Report.

Cumulative total shareholder returns per share (NAV basis)

The longer term trend of performance on this measure is shown in the chart below:-



[1] A final dividend of 6.00 pence per share will be recommended to shareholders at the Annual General Meeting of the Company to be held on 10 February 2016 and, if approved, will bring dividends paid in respect of the year to 12.00 pence per share and the total amount of dividends paid to shareholders by the Company in respect of the last five years to 70.00 pence per share. Upon payment of the final dividend, the NAV per share then prevailing will reduce by a corresponding 6.00 pence.

Strategic Report

Internal rate of return

As at 30 September	2015	2014
	NAV return basis	
Internal rate of return (IRR)	14.7%	15.3%

These figures include initial income tax relief since the launch of the current share class in February 2008. The IRR is the annual discount rate that equates the net investment cost of 70.00 pence per share, at the date of the original investment, with the value of subsequent dividends received and the latest NAV per share.

Review of financial results for the year

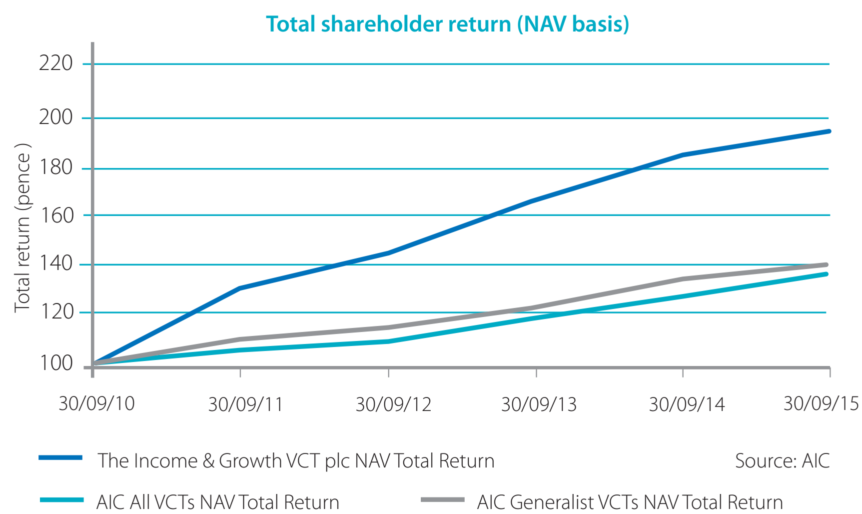
For the year ended	30 September 2015 £(m)	30 September 2014 £(m)
Capital return	**5.13**	4.32
Revenue return	**1.73**	2.03
Total return	**6.86**	**6.35**

The capital return is due to an increase in unrealised valuations of the portfolio companies as well as a number of realisations in the first half of the year.

The revenue return for the year of £1.73 million is a fall of £0.30 million from the previous year, mainly due to a fall of £0.47 million in dividend income from £0.64 million to £0.17 million.

2. The VCT's performance compared with its peer group

The Board places emphasis on benchmarking the Company's performance against its peer group of VCTs. This graph compares the NAV total return of the Company to an index of all VCTs and an index of generalist VCTs, which are members of the AIC over the last five years based on figures published by Morningstar.

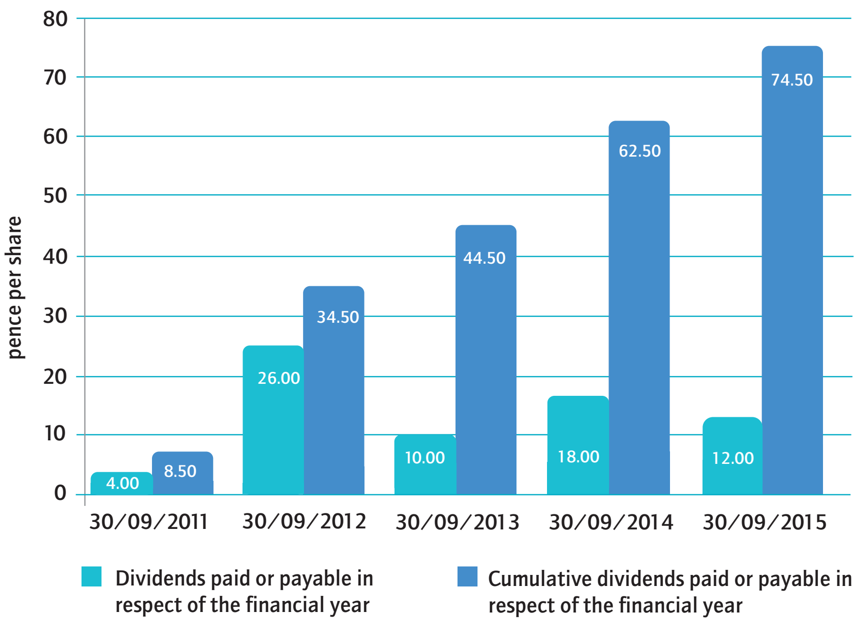


The NAV total return comprises the NAV per share plus cumulative dividends paid per share, assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

Statistics produced by the AIC demonstrate that the Company's total shareholder return per share (NAV basis) was ranked first over five years (out of 47 VCTs), ranked tenth over three years and fifteenth over ten years out of 60 and 32 VCTs respectively among generalist (including planned exit) VCTs at 30 November 2015.

3. Dividend policy

The Company has paid dividends in excess of its annual targets in respect of each of the last four financial years. However, the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.



Dividends paid or payable per share in respect of the financial year ended 30 September 2015 are 12.00 pence, subject to shareholder approval of the proposed final dividend of 6.00 pence per share.

Cumulative dividends paid to date are now 68.50 pence per share. The proposed final dividend of 6.00 pence per share, if approved, will increase cumulative dividends paid per share to 74.50 pence since the inception of the current share fund.*

*The first allotment of the former 'S' Share class, now the current share class, took place on 6 February 2008.

4. Compliance with VCT legislation

In order to comply with VCT tax legislation, the Company must meet a number of tests set by HMRC as detailed on page 26 under VCT Regulation within the Investment Policy. For the year ended 30 September 2015, the Company continued to meet these tests.

5. Share buyback and discount policy

Subject to the Company having sufficient available funds and distributable reserves, it is the Board's continuing intention to pursue a buyback policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 10%. Continuing shareholders benefit from the difference between the NAV per share and the price at which the shares are bought back and cancelled.

During the year ended 30 September 2015, shareholders holding 553,800 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited ("Panmure Gordon"), to purchase these shares at prices representing discounts of approximately 10% to the previously announced NAV per share. The Company subsequently purchased these shares at prices of between 92.50 – 96.00 pence per share and cancelled them. The Company bought back 0.9% of the issued share capital of the Company at 1 October 2014 during the year.

6. Costs

The Board monitors costs using the Ongoing Charges Ratio which is as set out in the table below:

	2015	2014
Ongoing charges	2.7%	2.7%
Performance fee	0.9%	2.1%
Ongoing charges plus accrued performance fee	3.6%	4.8%

The Ongoing Charges Ratio has been calculated using the AIC recommended methodology. This figure shows shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the ongoing charges figure is based upon historical information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the fund in the future.

The Ongoing Charges Ratio replaces the Total Expense Ratio previously reported, although the latter will still form the basis of any expenses in excess of the expense cap, that would be borne by the Investment Adviser. There was no breach of the expense cap for the year ended 30 September 2015 (2014: £nil).

There was no change in the ratio (before performance fees) over the year as the rise in management fees caused by higher net assets matched the benefit of spreading the element of costs that are fixed across a larger asset base.

Further details of these fees and expenses are contained in the Financial Statements on pages 56 and 57.

Investment Adviser fees and other expenses

In line with the rise in net assets, Investment Adviser fees charged to both revenue and capital have increased from £1.50 million to £1.62 million but performance incentive fees have decreased from £1.39 million to £0.67 million. This decrease in the incentive fee reflects the exceptional level of profitable realisations achieved in 2014 which continued into the early part of the 2015 year-end. Running costs have risen from £0.41 million to £0.44 million due to increases in trail commission, offset by a fall in professional fees.

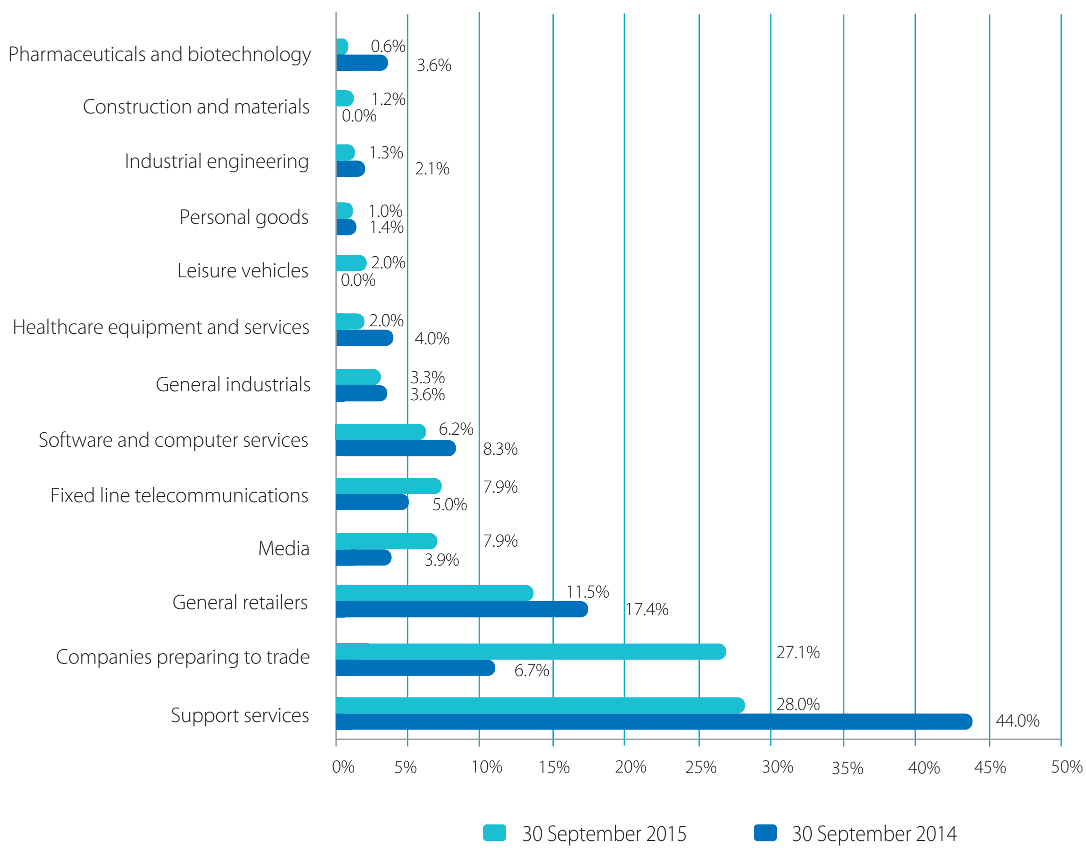
Investment Review

This has been another strong year for the investment portfolio. The market continues to provide a strong pipeline of good investment opportunities and conditions have been favourable for both new investment and realisations. The portfolio is performing well as a whole as is demonstrated by the fact that the valuation of the portfolio as a whole has increased by 17.3% during the year on a like-for-like basis. Many of the companies in the portfolio are strongly cash generative and have made partial repayments of their loan stock during the year.

Investments remain spread across a number of sectors, primarily in support services, general retailers, media and fixed line telecommunications.

The changes to VCT Rules, introduced by the Finance Act 2015, have prompted us to reconsider the type of investments that the Company can make in future to ensure the Company complies with the new Finance Act. This process is not yet complete. Some of the changes will inhibit the breadth of capital supplied by VCTs to the SME sector. The new environment in which your Company is now operating is now better defined and this will support the Company in refocusing its Investment Policy to be consistent with the new VCT Rules.

Investments by market sector at valuation



Strategic Report

Investment Review

New investment

A total of £11.40 million was invested during the year under review. This included substantial new investments into Ward Thomas, Media Business Insight ("MBI"), Jablite and Tushingham and five follow-on investments.

Principal new investments in the year

	Company	Business	Date of investment	Amount of new investment (£m)
Ward Thomas MASTER REMOVERS	Ward Thomas	Specialist logistics, storage and removals business	December 2014	2.26

Ward Thomas (Leap New Co) is a brand-led specialist logistics, storage and removals business company. The group now comprises three prominent brands, Anthony Ward Thomas, Bishopsgate and Aussie Man & Van. This was an opportunity to invest in a cash generative, high margin branded group with a high quality management team and a proven track record. The latest audited accounts for Ward Thomas Removals Limited, for the year ended 30 September 2014, show annual sales of £16.53 million and profit before interest, tax and amortisation of goodwill of £3.11 million. Following a merger at the end of July 2015, Aussie Man & Van is now a wholly-owned subsidiary of Leap New Co.

	Company	Business	Date of investment	Amount of new investment (£m)
MBI	Media Business Insight	Events and Publishing	January 2015	3.67*

MBI is a publishing and events business focused on the creative production industries, specifically advertising, TV production and film. Based in Shoreditch, East London, the company comprises four distinct brands. The investment represented an attractive opportunity to invest in a sector-leading company underpinned by strong recurring revenues from subscriptions and events. The company's latest audited accounts for the period ended 31 December 2013 show annual sales of £8.24 million and profit before interest, tax and amortisation of goodwill of £1.46 million.

*A further £1.54 million was invested into South West Services Investment ("SWSI"), a company preparing to trade, adding to the Company's earlier investment of £1.34 million. This enabled SWSI to acquire MBI. The Company has also advanced a non-qualifying loan of £0.79 million to MBI. SWSI subsequently changed its name to Media Business Insight Holdings Limited.

	Company	Business	Date of investment	Amount of new investment (£m)
Jablite INTELLIGENT INSULATION	Jablite	Expanded polystyrene products	April 2015	1.49*

Jablite is the UK's largest domestic manufacturer of Expanded Polystyrene ("EPS") products operating under two divisions, manufacturing packaging (Styropack) and construction (Jablite) products. The business was acquired from its Dutch parent and operates from five production sites in the UK. For the year ended 31 December 2014, Jablite Limited and Styropack (UK) Limited, generated annual sales of £32.83 million and £15.17 million respectively and profit before interest, tax and amortisation of goodwill of £2.01 million and £0.33 million respectively.

* £1.49 million was invested into Duncary 16, a company preparing to trade, on 2 April 2015. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

	Company	Business	Date of investment	Amount of new investment (£m)
Tushingham COMMITMENT | QUALITY | DESIGN	Tushingham Sails	Supplier of watersports equipment	July 2015	1.21*

Tushingham Sails is a supplier of sails to the UK windsurfing market. It has recently moved into the young and rapidly expanding watersport of stand-up paddleboarding, as the manufacturer of its own fast-growing brand called Red Paddle. The company's design ethos and historic market knowledge has enabled Tushingham to penetrate this world market and we are optimistic that its strong growth will continue. The company had a turnover of £7.54 million and generated an adjusted profit before interest, tax and amortisation of goodwill of £1.08 million during the year ended 28 February 2015.

* £1.50 million held in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the Company of £0.29 million.

The VCT also invested a further £13.64 million into new companies preparing to trade in March and April 2015 and a further investment of £1.37 million into an existing company preparing to trade, in July 2015.

Further investments into existing portfolio companies in the year

	Company	Business	Date of investment	Amount of new investment (£m)
ASL AUTOMATED SYSTEMS GROUP PLC	ASL Technology	Printer and photocopier services	December 2014	0.95

ASL Technology is a printer and photocopier services business based in Cambridge and is focused on SME customers primarily based in East Anglia and the northern Home Counties. The VCT completed a further investment into the company in December 2014, to provide capital to refinance the bank debt and support the company's buy and build strategy. ASL achieved £13.26 million in turnover and generated profit before interest, tax and amortisation of goodwill in the year ended 30 September 2014 of £1.18 million.

RACOON international NO1 IN HAIR EXTENSIONS	Racoon International	Hair extensions, hair care products and training	January 2015	0.08

Racoon International is a premier supplier of ethically sourced hair for hair extensions. A small further investment of £0.08 million was made in January 2015 with the expectation that this, together with the appointment of a successful sales-orientated Mobeus operating partner to the management team of the business, would add value to a previously unsuccessful investment. Racoon had a £1.94 million turnover and generated profit before interest, tax and amortisation of goodwill in the year ended 31 March 2014 of £0.15 million.

entanet CONNECTING CONFIDENCE®	Entanet	Wholesale provider of internet connectivity solutions	February 2015	1.17

Entanet is one of the UK's leading independent wholesale voice and data communications providers. The VCT made a further loan stock investment in February 2015 as negotiated at the time of the original investment in February 2014. The operating subsidiary of Entanet had a turnover of £29.82 million and generated a profit before interest, tax and amortisation of goodwill of £2.31 million during the year to 31 December 2014.

cgi	CGI	Producer of adhesive decorative graphics for vehicles	June 2015	0.52

CGI Creative Graphics International is a leading specialist provider of adhesive decorative graphics to the automotive, recreational vehicle and airline markets. It operates from two centres, in Bedford, England and Cape Town, South Africa. The VCT made a further loan stock investment in June 2015 which had been negotiated at the time of the original investment in June 2014. The company's latest audited accounts for the year ended 28 February 2015 show annual sales of £9.19 million and profit before interest, tax and amortisation of goodwill of £1.30 million.

In addition to the four further investments above, the Company also invested a further £0.05 million into Gro-Group in November 2014 in the form of a loan agreed at the time of the original investment in March 2013.

Further investment into an existing portfolio company following the year-end

In addition to the investment in January 2015 referred to above, a further loan of £0.03 million was made into Racoon International in October 2015 to provide additional working capital to enable the business to strengthen its sales team and broaden its product range.

New investment following the year-end

	Company	Business	Date of investment	Amount of new investment (£m)
Access IS Interfacing Solutions	Access IS	Data capture and scanning hardware	October 2015	3.31*

Access IS is a leading provider of data capture and scanning hardware. The company has a significant share of the worldwide market for this technology in airports and strong positions in the fast growing markets of both ID and Security and Transport and Ticketing. This was an opportunity to acquire a longstanding and profitable business that is well positioned in its niche market. The company's latest audited accounts for the year ended 31 December 2014 show annual sales of £9.95 million and profit before interest, tax and amortisation of goodwill of £1.22 million.

* Amounts held in existing companies preparing to trade, Knighton Management Limited (£1.55 million) and Tovey Management Limited (£1.50 million), along with a further £0.26 million from the Company, were used for this investment.

Strategic Report

Investment Review

Realisations

The VCT realised four investments during the year under review for cash proceeds of £8.09 million. Other realisations were £0.35 million, including post-sale receipts from two companies referred to below. With the loan repayments of £3.03 million, total net cash proceeds for the year amounted to £11.47 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
Focus Pharmaceuticals Ltd	Focus Pharma	Generic pharmaceutical products	October 2007 – October 2014	£1.96 million 3.79 times cost
The VCT realised its investment in Focus Pharma through a trade sale to Cinven-backed Amdipharm Mercury Group for £1.05 million. Focus is engaged in the distribution of generic pharmaceuticals, both for third parties and on its own account, where it develops and licenses drugs for its own benefit. The business demonstrated strong growth throughout the investment period with turnover increasing three-fold to just under £40 million per annum. The original investment of £0.52 million has returned cash of £1.96 million.				
YOUNGMAN INNOVATIVE WORK AT HEIGHT SOLUTIONS	Youngman	Access towers and ladders	October 2006 – October 2014	£2.52 million 2.52 times cost
The VCT realised this investment through a sale to Werner Co (US) for £1.72 million. Based in Essex, Youngman was established in the 1920s and today produces access equipment including specialist step and loft ladders, access and work platforms, and extension and combination ladders. The investment of £1.00 million has returned £2.52 million in cash over its life.				
EMaC THE SERVICE PLAN THAT REALLY WORKS	EMaC	Service plans for the motor trade	October 2011 – December 2014	£5.79 million 3.08 times cost
The VCT sold its investment in EMaC to Innovation Group plc for £4.91 million. EMaC is one of the UK's leading providers and administrators of outsourced service plans to car manufacturers and franchised dealers in the motor trade. During the period of this investment, EMaC consistently outperformed expectations and increased turnover by 60% post investment. The original investment of £1.88 million has returned £5.79 million in cash.				
BG CONSULTING	BG Training	Specialist technical training	September 2002 – August 2015	£0.86 million 0.86 times cost
The Company realised part of its loan stock and its entire equity investment in BG Training through a sale to the management team. BG is a City based provider of specialist technical training to investment banks. The Company holds a remaining loan stock investment in BG Training at a cost of £0.07 million.				

In addition to the above, the Company received a further £0.26 million from investments realised in a previous period, principally being £0.25 million from Alaric Systems. The Company also received £0.07 million from Newquay Helicopters in August 2015 as an interim distribution resulting from the members' voluntary liquidation of that company. Finally, a further sum of £0.02 million was received in consideration for shares held in Aussie Man & Van and Tharstern.

Loan stock repayments

Loan stock repayments totalled £5.76 million for the period, including £2.73 million as part of the proceeds from the companies realised above. Strong cash flow at a number other companies contributed to the balance of £3.03 million. These proceeds are summarised below:-

Company	Business	Month	Amount (£000's)
Jablite	Expanded polystyrene products	May - August	1,053
Motorclean	Vehicle cleaning and valeting services	April - August	458
Country Baskets	Artificial flowers, floral sundries and home décor products	December	375
Ward Thomas	Logistics, storage and removals business	May - September	341
Vian Marketing	Company preparing to trade	July	297
Aquasium	Electron beam welding and vacuum furnace equipment	July	250
Tessella	Science powered technology and consulting services	December - September	147
Tharstern	Software based management information systems	March	110
		Total	**3,031**

Realisations post year-end

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Tessella	Science powered technology and consulting services	July 2012 – December 2015	£4.91 million 2.82 times cost

The VCT sold its investment in Tessella to the French engineering consultancy, Altran Group plc for £4.04 million. Founded in 1980, Tessella is now a global business. In 2011 the company received the prestigious Queen's Award for Enterprise in Innovation for its work on preserving the integrity of digital information over long periods of time, irrespective of numerous changes in technology. As part of the sale transaction, the Company has retained a small investment in this data archiving business, Preservica, which was previously held within Tessella. The sale returned an IRR of 42% and during the three and a half years of this investment, revenue has increased by 43% from £18.5 million in 2012 to £26.5 million forecast for the current financial year. The Company realised a gain, over current cost, of £2.68 million, being 3.80 pence per share.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Westway	Air conditioning systems	June 2009 – December 2015	£3.52 million 6.29 times cost

The VCT sold its investment in Westway to ABM Industries Inc, one of the largest facility management services providers in the US for £2.57 million. During the period of the investment Westway, which is headquartered in Middlesex, and founded in 2001, has expanded its range of services from heating, ventilation and air conditioning and now offers other technical services including mechanical and electrical maintenance, energy services, communications, security systems and the servicing of electronic garment picking systems. The Company realised a gain over current cost of £2.51 million, being 3.56 pence per share. Further deferred proceeds of up £0.24 million are potentially payable at a future date, which are excluded from the above figures.

Strategic Report

Principal Investments in the Portfolio at 30 September 2015

Entanet Holdings Limited

www.enta.net

Cost	£3,175,000
Valuation	£4,791,000

Basis of valuation:
Earnings multiple

Equity % held
14.0%

Income receivable in year
£264,508

Business
Wholesale communications provider

Location
Telford, Shropshire

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2014[1]
Turnover	£29,824,000
Operating profit	£2,309,000
Net assets	£4,256,000
Period ended	31 December 2013[1]
Turnover	£29,415,000
Operating profit	£2,782,000
Net assets	£2,332,000

[1] The financial information quoted above is for Entanet International Limited, the operating subsidiary of Entanet Holdings Limited.

Movements during the year

Further investment of £1.17 million made in February 2015.

Media Business Insight Holdings Limited (formerly South West Services Investment Limited)

www.mb-insight.com

Cost	£3,667,000
Valuation	£3,667,000

Basis of valuation:
Recent investment price

Equity % held
21.2%

Income receivable in year
£215,332

Business
Publishing and events business

Location
London

Original transaction
Management buyout

Audited financial information

Period ended	31 December 2013[1]
Turnover	£8,238,000
Operating profit	£1,456,000
Net assets	£1,588,000

[1] The financial information quoted above is for Media Business Insight Limited prior to the MBO which completed in January 2015. No relevant comparable data is available for the 2012 year.

Movements during the year

New investment made in January 2015.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£2,746,000
Valuation	£3,462,000

Basis of valuation:
Earnings multiple

Equity % held
13.7%

Income receivable in year
£282,722

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Period ended	27 June 2014[1]
Turnover	£35,695,000
Operating profit	£1,580,000
Net assets	£6,175,000
Period ended	28 June 2013[1]
Turnover	£34,475,000
Operating profit	£2,010,000
Net assets	£4,952,000

[1] The financial information quoted above is for to the operating subsidiary, Virgin Wine Online Limited and includes figures relating to the performance of this company prior to the MBO which completed in November 2013.

Movements during the year

None.

Tessella Holdings Limited

www.tessella.com

Cost	£1,361,000
Valuation	£3,448,000

Basis of valuation:
Earnings multiple

Equity % held
7.5%

Income receivable in year
£109,640

Business
Provider of science powered technology and consulting services

Location
Abingdon, Oxfordshire

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2014
Turnover	£23,146,000
Operating profit	£3,652,000
Net assets	£4,213,000
Year ended	31 March 2013
Turnover	£14,443,000
Operating profit	£2,064,000
Net assets	£4,306,000

Movements during the year

Tessella has made loan stock repayments totalling £0.15 million. The company was sold after the year-end.

ASL Technology Holdings Limited

www.asl-group.co.uk

Cost	£2,722,000
Valuation	£3,196,000

Basis of valuation:
Earnings multiple

Equity % held
13.3%

Income receivable in year
£182,626

Business
Printer and photocopier services

Location
Cambridge

Original transaction
Management buyout

Audited financial information

Year ended	30 September 2014
Turnover	£13,266,000
Operating profit	£1,176,000
Net liabilities	£(3,123,000)
Year ended	30 September 2013
Turnover	£14,484,000
Operating profit	£1,296,000
Net liabilities	£(1,214,000)

Movements during the year

Further investment of £0.95 million made in December 2014.

Veritek Global Holdings Limited

www.veritekglobal.com

Cost	£2,290,000
Valuation	£2,494,000

Basis of valuation:
Earnings multiple

Equity % held
14.6%

Income receivable in year
£256,069

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2015
Turnover	£16,591,000
Operating profit	£1,558,000
Net assets	£4,941,000
Year ended	31 March 2014
Turnover	£15,185,000
Operating profit	£147,000
Net assets	£4,388,000

Movements during the year

None.

Further details of the investments in the portfolio may be found on the Mobeus website: www.mobeusequity.co.uk.

Operating profit is stated before charging amortisation of goodwill where appropriate for all investee companies.

Principal Investments in the Portfolio at 30 September 2015

Tharstern Group Limited

www.tharstern.com

Cost	£1,454,000
Valuation	£2,012,000

Basis of valuation:
Earnings multiple

Equity % held
16.2%

Income receivable in year
£122,705

Business
Software-based Management Information Systems to the print sector

Location
Colne, Lancashire

Original transaction
Management buyout

Audited financial information

Year ended	31 January 2015[1]
Turnover	£4,536,000
Operating profit	£1,209,000
Net assets	£916,000

Year ended	31 January 2014[1]
Turnover	£3,995,000
Operating profit	£799,000
Net assets	£885,000

[1]The financial information quoted above is for Tharstern Limited, the trading subsidiary of Tharstern Group Limited.

Movements during the year

Tharstern made a loan stock repayment of £0.11 million including premium.

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost	£1,944,000
Valuation	£1,990,000

Basis of valuation:
Earnings multiple

Equity % held
8.4%

Income receivable in year
£141,583

Business
Vinyl graphics to global automotive and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Audited financial information

Year ended	28 February 2015[1]
Turnover	£12,124,000
Operating profit	£1,682,000
Net assets	£2,521,000

Year ended	28 February 2014[1]
Turnover	£9,742,000
Operating profit	£1,737,000
Net assets	£5,849,000

[1]The turnover and operating profit figures are from proforma financial statements for the 12 months to 28 February.

Movements during the year

Further investment of £0.52 million made in June 2015.

Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man & Van)

www.ward-thomas.co.uk

Cost	£1,907,000
Valuation	£1,907,000

Basis of valuation:
Cost

Equity % held
7.9%

Income receivable in year
£95,675

Business
Logistics, removal and storage

Location
London

Original transaction
Corporate restructuring

Audited financial information

Year ended	30 September 2014[1]
Turnover	£16,526,000
Operating profit	£3,112,341
Net assets	£6,746,000

Year ended	30 September 2013[1]
Turnover	£12,169,000
Operating profit	£1,995,000
Net assets	£7,597,000

[1]The financial information quoted above is for Ward Thomas Removals Limited, the trading subsidiary of Leap New Co Limited.

Movements during the year

Investment made into Leap New Co Limited and Aussie Man and Van Limited in December 2014. Aussie Man & Van was acquired by Leap New Co in July 2015.

Gro-Group Holdings Limited

www.gro.co.uk

Cost	£2,399,000
Valuation	£1,788,000

Basis of valuation:
Earnings multiple

Equity % held
12.8%

Income receivable in year
£189,393

Business
Manufacturer and distributor of baby sleep products

Location
Ashburton, Devon

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2014
Turnover	£12,854,000
Operating profit	£1,588,000
Net assets	£1,287,000
Year ended	30 June 2013[1]
Turnover	£11,444,000
Operating profit	£775,000
Net assets	£1,178,000

[1] The financial information quoted above is for Gro-Group Holdings Limited's only active subsidiary.

Movements during the year

Further investment of £0.05 million made in November 2014.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost	£1,383,000
Valuation	£1,697,000

Basis of valuation:
Earnings multiple

Equity % held
2.5%

Income receivable in year
£132,425

Business
Branded outdoor equipment and clothing

Location
Alfreton, Derbyshire

Original transaction
Acquisition capital

Audited financial information

Year ended	31 January 2015
Turnover	£38,982,000
Operating profit	£2,029,000
Net assets	£9,983,000
Year ended	31 January 2014
Turnover	£34,644,000
Operating profit	£3,417,000
Net assets	£9,436,000

Movements during the year

None.

IDOX plc

www.idoxgroup.com

Cost	£454,000
Valuation	£1,688,000

Basis of valuation:
Bid price (AIM quoted)

Equity % held
1.2%

Income receivable in year
£31,251

Business
Knowledge management products

Location
London

Original transaction
Development capital

Audited financial information

Year ended	31 October 2014
Turnover	£60,677,000
Operating profit	£14,443,000
Net assets	£48,590,000
Year ended	31 October 2013
Turnover	£57,319,000
Operating profit	£13,972,000
Net assets	£44,686,000

Movements during the year

None.

Further details of the investments in the portfolio may be found on the Mobeus website: www.mobeusequity.co.uk.

Operating profit is stated before charging amortisation of goodwill where appropriate for all investee companies.

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2015

	Ordinary Shares		Other Investments[1]		Total
	Cost at 30-Sep-15 £	Valuation at 30-Sep-15 £	Cost at 30-Sep-15 £	Valuation at 30-Sep-15 £	Cost at 30-Sep-15 £
Entanet Holdings Limited Wholesale communications provider	601,612	1,347,940	2,573,559	3,442,760	3,175,171
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)[4] A publishing and events business focused on the creative production industries	1,466,622	1,466,622	2,199,934	2,199,934	3,666,556
Virgin Wines Holding Company Limited Online wine retailer	65,288	782,134	2,680,215	2,680,216	2,745,503
Tessella Holdings Limited[5] Provider of science powered technology and consulting services	291,723	2,141,526	1,068,777	1,306,891	1,360,500
ASL Technology Holdings Limited Printer and photocopier services	484,337	466,690	2,237,769	2,729,594	2,722,106
Manufacturing Services Investment Limited Company seeking to carry on a business in the manufacturing sector	668,400	668,400	2,039,700	2,039,700	2,708,100
Veritek Global Holdings Limited Maintenance of imaging equipment	61,522	265,969	2,228,337	2,228,337	2,289,859
Tharstern Group Limited Software based management Information systems for the printing industry	451,328	578,893	1,002,950	1,433,555	1,454,278
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	639,084	59,273	1,304,864	1,931,078	1,943,948
Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man & Van)[6] A specialist logistics, storage and removals business	681,870	681,870	1,225,225	1,225,225	1,907,095
Gro-Group Holdings Limited Baby sleep products	226,161	–	2,172,767	1,788,187	2,398,928
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	341,632	1,244,982	1,355,336	1,383,313
Idox plc[7] Developer and supplier of knowledge management products	453,881	1,687,581	–	–	453,881
Fullfield Limited (trading as Motorclean) Vehicle cleaning and valet services	619,980	–	1,040,936	1,634,751	1,660,916
Westway Services Holdings (2014) Limited[5] Installation, service and maintenance of air conditioning systems	17,423	879,606	40,653	681,427	58,076
Hollydale Management Limited Company seeking to carry on a business in the food sector	621,600	621,600	932,400	932,400	1,554,000
Knighton Management Limited Former company preparing to trade used to support the investment into Access IS after the year-end	621,600	621,600	932,400	932,400	1,554,000
Backhouse Management Limited Company seeking to carry on a business in the motor sector	601,600	601,600	902,400	902,400	1,504,000
Barham Consulting Limited Company seeking to carry on a business in the catering sector	601,600	601,600	902,400	902,400	1,504,000

Notes

1 'Other investments' comprise principally loan stock instruments, and/or relatively small amounts of preference shares.

2 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 of the Financial Statements.

3 The percentage of equity held for these companies is the fully diluted figure, in the event that for example, management of the investee company exercises share options where available.

4 A further £1,535,167 was invested into South West Services Investment ("SWSI"), a company preparing to trade, adding to its earlier investment of £1,342,800. This enabled SWSI to acquire Media Business Insight ("MBI"). The Company has also advanced a non-qualifying loan of £788,589 to MBI, which is included in the cost and valuation figures of £3,666,556. SWSI subsequently changed its name to Media Business Holdings Limited.

5 Investments sold following the year-end.

6 In December 2014, the Company invested into two separate companies, Leap New Co Limited (trading as Ward Thomas and Bishopsgate) and Aussie Man & Van Limited. On 31 July 2015, Leap New Co Limited acquired Aussie Man & Van Limited via a share for share exchange plus a small amount of cash. The figures represent the combined holding which was the position at 30 September 2015.

7 Investment formerly managed by Nova Capital Management Limited until 31 August 2007.

Total valuation at 30-Sep-14 £	Additional investments at cost £	Total valuation at 30-Sep-15 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2 3]	% of portfolio by value
2,005,371	1,169,800	4,790,700	264,508	–	1,615,529	–	–	14.0%	7.9%
1,342,800	2,323,756	3,666,556	215,332	–	–	–	–	21.2%	6.1%
2,745,503	–	3,462,350	262,121	20,601	716,846	–	–	13.7%	5.8%
2,119,707	–	3,448,417	109,640	–	1,475,694	–	146,984	7.5%	5.7%
1,915,032	952,316	3,196,284	182,626	–	328,936	–	–	13.3%	5.3%
1,336,800	1,371,300	2,708,100	–	–	–	–	–	16.7%	4.5%
2,047,413	–	2,494,306	256,069	–	446,893	–	–	14.6%	4.1%
1,543,000	–	2,012,448	122,705	–	558,170	33,175	121,897	16.2%	3.3%
1,421,703	522,245	1,990,351	141,583	–	46,403	–	–	8.4%	3.3%
–	2,255,039	1,907,095	95,675	–	–	255	348,199	7.9%	3.2%
2,266,554	57,642	1,788,187	189,393	–	(536,009)	–	–	12.8%	3.0%
1,527,347	–	1,696,968	132,425	–	169,621	–	–	2.5%	2.8%
1,718,833	–	1,687,581	–	31,251	(31,252)	–	–	1.2%	2.8%
2,172,021	–	1,634,751	181,729	–	(79,086)	–	458,184	13.2%	2.7%
862,960	–	1,561,033	56,277	–	698,073	–	–	5.7%	2.6%
–	1,554,000	1,554,000	–	–	–	–	–	15.5%	2.6%
–	1,554,000	1,554,000	–	–	–	–	–	15.5%	2.6%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2015

	Ordinary Shares Cost at 30-Sep-15 £	Ordinary Shares Valuation at 30-Sep-15 £	Other Investments[1] Cost at 30-Sep-15 £	Other Investments[1] Valuation at 30-Sep-15 £	Total Cost at 30-Sep-15 £
Chatfield Services Limited Company seeking to carry on a business in the retail sector	601,600	601,600	902,400	902,400	1,504,000
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	601,600	601,600	902,400	902,400	1,504,000
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	601,600	601,600	902,400	902,400	1,504,000
Pound FM Consultants Limited Company seeking to carry on a business in the construction sector	601,600	601,600	902,400	902,400	1,504,000
Tovey Management Limited Former company preparing to trade used to support the investment into Access IS after the year-end.	601,600	601,600	902,400	902,400	1,504,000
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	460,108	69,764	1,150,271	1,150,271	1,610,379
Vian Marketing Limited (trading as Tushingham Sails)[4] Design, manufacture and sale of stand-up paddleboards and windsurfing sails	364,864	364,864	842,573	842,573	1,207,437
Turner Topco Limited (trading as ATG Media)[5] Publisher and online auction platform operator	4,472	–	1,524,603	1,135,058	1,529,075
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT industries	250,752	–	1,190,915	892,906	1,441,667
Blaze Signs Holdings Limited Manufacturer and installer of signs	401,550	841,956	16,731	16,731	418,281
Aquasium Technology Limited[6] Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	716,492	83,333	83,333	250,000
Jablite Holdings Limited (formerly Duncary 16 Limited)[7] Manufacturer of expanded polystyrene products	450,900	450,899	276,391	276,391	727,291
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the property sector	40,697	180,040	365,472	438,526	406,169
Original Additions Topco Limited[8] Sale of beauty products	–	–	25,696	537,948	25,696
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	280,026	320,843	–	–	280,026
Vectair Holdings Limited Designer and distributor of washroom products	53,207	235,037	193	193	53,400
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	568,664	17,812	57,187	57,187	625,851

Notes

1 'Other investments' comprise principally loan stock instruments, and/or relatively small amounts of preference shares.
2 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 of the Financial Statements.
3 The percentage of equity held for these companies is the fully diluted figure, in the event that for example, management of the investee company exercises share options where available.
4 £1,207,437 held in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the Company of £296,563.
5 Shares and loan stock in Turner Topco Limited arose as proceeds from the part realisation of ATG Media Holdings Limited.
6 Investment formerly managed by Foresight Group LLP up to various dates ending on or before 10 March 2009.
7 £1,488,961 was invested into Duncary 16 Limited, a company preparing to trade on 2 April 2015. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.
8 As part of the consideration on the disposal of Amaldis (2008) Limited, £537,948 of Original Additions Topco Limited loan stock was issued to the Company.

Total valuation at 30-Sep-14 £	Additional investments at cost £	Total valuation at 30-Sep-15 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2 3]	% of portfolio by value
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
-	1,504,000	1,504,000	–	–	–	–	–	15.0%	2.5%
1,610,379	–	1,220,035	92,022	–	(390,344)	–	–	10.9%	2.0%
–	1,504,000	1,207,437	14,928	–	–-	–	296,563	9.5%	2.0%
1,562,600	–	1,135,058	–	–	(427,542)	–	–	3.8%	1.9%
965,966	–	892,906	118,947	18,422	(73,059)	–	–	13.0%	1.5%
1,174,224	–	858,687	–	–	(315,537)	–	–	12.5%	1.4%
823,147	–	799,825	24,994	–	226,678	–	249,999	16.7%	1.3%
–	1,488,961	727,290	38,692	–	–	291,130	1,052,800	12.1%	1.2%
403,581	87	618,566	28,491	12,360	214,898	–	–	7.6%	1.0%
537,948	–	537,948	–	–	–	–	–	0.0%	0.8%
408,346	–	320,843	–	–	(87,503)	–	–	2.2%	0.4%
242,396	–	235,230	–	30,129	(7,167)	–	–	4.6%	0.4%
1,000	74,999	74,999	–	–	(1,000)	–	–	14.3%	0.1%

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2015

	Ordinary Shares		Other Investments[1]		Total
	Cost at 30-Sep-15 £	Valuation at 30-Sep-15 £	Cost at 30-Sep-15 £	Valuation at 30-Sep-15 £	Cost at 30-Sep-15 £
LightWorks Software Limited Provider of software for CAD and CAM vendors	20,471	51,266	–	–	20,471
Newquay Helicopters (2013) Limited (in members' voluntary liquidation) Helicopter service operator	42,500	42,500	–	–	42,500
Corero Network Security plc[4] Provider of e-business technologies	600,000	12,033	–	–	600,000
PXP Holdings Limited (no longer trading) Formerly a designer, manufacturer and supplier of timber frames for buildings	965,371	–	–	–	965,371
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home decór products	175,000	–	–	–	175,000
Oxonica Limited[4] International nanomaterials group	2,524,527	–	–	–	2,524,527
NexxtDrive Limited/Nexxt E-drive Limited[5] Developer and exploiter of mechanical transmission technologies	487,014	–	–	–	487,014
alwaysOn Group Limited[4] Design, supply and integration of data storage solutions	165,661	–	–	–	165,661
Legion Group plc (in creditors' voluntary liquidation) Provider of manned guarding, mobile patrols and alarm response services	150,000	–	–	–	150,000
Biomer Technology Limited[5] Developer of biomaterials for medical devices	137,170	–	–	–	137,170
BG Training Limited Technical training business	–	–	70,833	–	70,833
Watchgate Limited Holding company	1,000	–	–	–	1,000
Investments realised in the year					
EMaC Holdings Limited Provider of service plans for the motor trade	–	–	–	–	–
Youngman Group Limited Manufacturer of ladders and access towers	–	–	–	–	–
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	–	–	–	–	–
Alaric Systems Limited[4] Software developer and provider of support services for retail credit card payment systems	–	–	–	–	–
MachineWorks Software Limited Provider of software for CAD and CAM vendors	–	–	–	–	–
Total	**20,632,583**	**20,126,042**	**36,846,466**	**40,289,708**	**57,479,049**

Notes

1 'Other investments' comprise principally loan stock instruments, and/or relatively small amounts of preference shares.

2 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 of the Financial Statements.

3 The percentage of equity held for these companies is the fully diluted figure, in the event that for example, management of the investee company exercises share options where available.

4 Investment formerly managed by Foresight Group LLP up to various dates ending on or before 10 March 2009.

5 Investment formerly managed by Nova Capital Management Limited until 31 August 2007 and by Foresight Group until various dates ending on or before 10 March 2009.

6 Unrealised gains of £4,424,928 shown above differ to that shown in the Income Statement of £4,574,928. The difference of £150,000 is a further unrealised gain, being an increase in the estimated fair value of contingent consideration.

Total valuation at 30-Sep-14 £	Additional investments at cost £	Total valuation at 30-Sep-15 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2,3]	% of portfolio by value
31,627	–	51,266	–	–	19,639	–	–	9.2%	0.1%
113,000	–	42,500	–	71	–	–	70,500	5.0%	0.1%
19,646	–	12,033	–	–	(7,613)	–	–	0.1%	0.0%
45,195	–	–	–	–	(45,195)	–	–	6.0%	0.0%
395,312	–	–	5,254	2,732	(20,312)	–	375,000	5.8%	0.0%
–	–	–	–	–	–	–	–	0.0%	0.0%
–	–	–	–	–	–	–	–	3.9%	0.0%
–	–	–	–	–	–	–	–	10.3%	0.0%
–	–	–	–	–	–	–	–	0.0%	0.0%
–	–	–	–	–	–	–	–	3.0%	0.0%
485,328	–	–	29,512	960	(70,833)	2,171	416,666	0.0%	0.0%
–	–	–	–	–	–	–	–	33.3%	0.0%
3,863,225	–	–	26,906	–	–	1,157,679	5,020,904	–	–
1,093,204	–	–	77,614	51,130	–	664,799	1,758,003	–	–
1,024,030	–	–	–	–	–	40,560	1,064,590	–	–
–	–	–	–	–	–	23,973	248,974	–	–
–	–	–	–	–	–	12,958	12,958	–	–
39,825,198	**25,356,145**	**60,415,750**	**2,667,443**	**167,656**	**4,424,928[6]**	**2,226,700**	**11,642,221**		**100.0%**

Strategic Report

Key policies

The Board has put in place the following policies to be applied to meet the Company's overall Objective and to cover specific areas of the Company's business.

The Board shall be recommending a revised Investment Policy to shareholders to take account of the new VCT Rules introduced by the Finance Act 2015. The text of the proposed Policy is set out on page 34 in the Directors' Report. The current policy is set out below.

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are principally made in companies that are established and profitable.

The Company has a small legacy portfolio of investments in companies from the period prior to 30 September 2008, when it was a multi-manager VCT. This includes investments in early stage and technology companies and in companies quoted on the AIM market.

The Company's cash and liquid resources are held in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

VCT regulation

The Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC.

Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings of which a minimum overall of 30% by value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the VCT can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

Asset Mix

The Company initially holds its funds in a portfolio of interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70% of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to achieve the optimum balance between loan stock and equity to provide protection against downside risk alongside the best potential overall returns.

Co-investment

The Company aims to invest in larger, more mature unquoted companies through investing alongside other VCTs which all have a similar investment policy and are also advised by Mobeus Equity Partners LLP.

Borrowing

The Company's Articles permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, it has never borrowed and the Board has currently no plans to undertake any borrowing.

Management

The Board has overall responsibility for the Company's affairs including the determination of its Investment Policy. Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser and are then subject to review and approval by the Directors.

Other Key Policies
Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' annual fundraisings since 2010 in order to maintain a sufficient level of funds that can be deployed in meeting the day-to-day expenses of the Company, dividend distributions and purchases of the Company's own shares whilst maintaining the ability to invest in attractive opportunities.

Diversity

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender and breadth of experience. The Board comprises currently two men and one woman. The Company does not have any senior managers or employees. The Board has made a commitment to consider diversity in making future appointments.

Further policies

In addition to the Investment Policy above and the policies on payment of dividends and share buybacks, which are discussed earlier in this Strategic Report, the Company has adopted a number of additional policies relating to:

- Environmental and social responsibility
- Human rights
- Anti-bribery
- Global greenhouse gas emissions
- Whistleblowing

and these are set out in the Directors' Report on page 32.

Principal risks

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. Further details of the internal control process is contained in the Corporate Governance Statement on page 44. The principal risks identified by the Board are set out below:

Risk	Possible consequence	How the Board manages risk
Investment and strategic	Investment in unquoted small companies usually involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.	• *The Board regularly reviews the Company's Strategy including its Investment Policy.* • *Careful selection and review of the investment portfolio on a regular basis.*
Loss of approval as a Venture Capital Trust	A breach of the VCT Rules may lead to the Company losing its approval as a VCT, which would result in qualifying shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained and future dividends paid by the Company being subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	• *The Company's VCT qualifying status is continually reviewed by the Board and the Investment Adviser.* • *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the VCT's compliance with the VCT Rules.*
Regulatory	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own AIFM. Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report or loss of the Company's status as a VCT.	• *Regulatory and legislative developments are kept under review by the Board.*
Counterparty	A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company.	• *The Board regularly reviews and agrees policies for managing these risks. Further details can be found in the discussion on 'credit risk' in Note 18 to the accounts on pages 68 - 69.*
Economic	Events such as an economic recession and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	• *The Board monitors (1) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies and (2) developments in the macro-economic environment such as movements in interest rates.*

Strategic Report

Risk	Possible consequence	How the Board manages risk
Financial and operating	Failure of the systems at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	• *The Board carries out an annual review of the internal controls in place, reviews the risks facing the Company at each quarterly Board meeting and receives reports by exception.* • *It reviews the performance of the service providers annually.*
Market	Movements in the UK Stock Market indices will inevitably impact on the valuation of the VCT's investments.	• *The Board receives and reviews quarterly valuation reports from the Investment Adviser.* • *The Investment Adviser alerts the Board about any adverse movements.*
Asset liquidity	The Company's investments may be difficult to realise.	• *The Board receives reports from the Investment Adviser and reviews the portfolio at each quarterly Board meeting. It carefully monitors investments where a particular risk has been identified.*
Market liquidity	Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.	• *The Board has a share buyback policy which seeks to mitigate market liquidity risk for shareholders. This policy is reviewed at each quarterly Board meeting.*

Going concern and viability of the Company

The Board has assessed the Company's operation as a 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 Strategic Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position and has raised additional funds during the year. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well diversified. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 18 on pages 67 - 73. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability Statement

The Financial Reporting Council updated the UK Corporate Governance Code in September 2014. The updated Code includes proposals for companies to include a "Viability Statement" in the Strategic Report addressed to shareholders with the intention of providing an improved and broader assessment of long term solvency and liquidity. The Code does not define "long term" but expects the period to be longer than twelve months with individual companies choosing a period appropriate to the nature of their own businesses. The Directors have chosen a period of three years, as explained further below.
The Directors have carried out a robust assessment of the principal risks facing the Company which are listed on pages 27 - 28. Subsequent to this review they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, for the next three years. This period has been chosen, as a period longer than three years creates a level of future uncertainty for which a Viability Statement cannot, in the Directors' view, be made meaningfully. The chosen three year period should accommodate any necessary transitioning of the Company's Investment Policy to focus upon growth and development capital transactions in line with the regulatory developments for VCTs, referred to in the Chairman's Statement. The Directors' assessment has been made with reference to the Company's current position and prospects, the Company's present strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as described on pages 27 - 28. The Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period.

The Directors have reached this conclusion after giving careful consideration to the Company's strategy. They believe the Company's current strategy of "maximising the stream of tax-free dividend distributions from the income and capital gains from a diverse and carefully selected portfolio of investments" remains valid. The Board has focused upon the range of future investments that the Company will be permitted to fund under the latest VCT legislation. It expects the new legislation to cause the focus of new investment to move to financing growth and development capital opportunities, and anticipates that positive returns should continue to be achievable from future investments and from the existing portfolio.

The Board will be monitoring that assumption on a regular basis as the change in focus will take time to manifest itself in executing such investments, and the prospective returns thereon are currently less clear until such investments are made over the next three years.
The Board considers that the Company's liquidity is currently at adequate levels. It has no present plans to raise further capital but intends to maintain liquidity at a satisfactory level at all times.
Shareholders should be aware that, under the Company's Articles, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in June this year (under a Dividend Investment Scheme that remains in place), this factor has not affected the Board's assumptions for the next three years.

Future prospects

For a discussion of the Company's future prospects, please see the Chairman's Statement.

Colin Hook
Chairman
17 December 2015

Board of Directors

Colin Hook

Status:
Independent, Non-Executive Chairman
Age: 73

Date of appointment: 13 October 2000

Qualifications: MA

Experience: Colin has had extensive financial and commercial experience. He has worked in the City for more than thirty years. During this time, he successfully founded two fund management companies and directed fund management operations for more than ten years. His City involvement also includes mergers and acquisitions. From 1994 to 1997 he was the Chief Executive of Ivory and Sime plc. Until February 2013, he was the Chief Executive of Pole Star Space Applications Limited, a company which he helped to found in 1998 and which is today the world's leading provider of real-time tracking information for the maritime industry. He remains a director on this board. Until September 2010, he was chairman and a director of Mobeus Income and Growth 4 VCT plc.

Last re-elected to the Board:
February 2015. Standing for re-election at the Annual General Meeting to be held on 10 February 2016.

Committee memberships:
Nomination & Remuneration Committee, Audit Committee and Investment Committee.

Number of Board and Committee meetings attended 2014/15: 11/11

Remuneration 2014/15: £46,000

Relevant relationships with the Investment Adviser or other service providers:
None.

Shared directorships with other I&G Directors:
None.

Shareholding in the Company:
75,780 shares.

Jonathan Cartwright

Status:
Independent, Non-Executive Director
Age: 62

Date of appoinment: 1 August 2010.

Qualifications: Fellow of the Institute of Chartered Accountants in England and Wales BSc (Engineering Sciences).

Experience: Jonathan is a qualified Chartered Accountant. He has significant experience of the investment trust sector and of serving on the boards of both public and private companies in executive and non-executive roles.

Jonathan joined Caledonia Investments plc in 1989, serving as finance director from 1991 to December 2009. Prior to this he was group financial controller at Hanson plc 1984 - 1989. He was a non-executive director of Bristow Group Inc. (from 1996 to 2009) and of Serica Energy plc (from 2008 to 2012). He is non-executive chairman of BlackRock Income & Growth Investment Trust plc and also of Aberforth Geared Income Trust plc. He is also a non-executive director of Tennants Consolidated Limited.

Last re-elected to the Board:
February 2014.

Committee memberships:
Audit Committee (Chairman), Nomination and Remuneration Committee (Chairman) and Investment Committee.

Number of Board and Committee meetings attended 2014/15: 11/11

Remuneration 2014/15: £36,000

Relevant relationships with the Investment Adviser or other service providers:
None.

Shared directorships with other I&G Directors:
None.

Shareholding in the Company:
15,903 shares.

Helen Sinclair

Status:
Independent, Non-Executive Director
Age: 49

Date of appointment: 29 January 2003.

Qualifications: MA, MBA

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She has an MA from the University of Cambridge and an MBA from INSEAD Business School. She worked for 3i (1991 to 1998) and subsequently co-founded Matrix Private Equity in 2000 (now Mobeus Equity Partners), raising two funds, Mobeus Income & Growth 2 VCT and Matrix Enterprise Fund. Helen is chairman of British Smaller Companies VCT plc and a non-executive director of Downing ONE VCT plc, Gresham House Strategic plc and OFT 2 Limited and Mobeus Income & Growth 4 VCT plc (the latter being advised by Mobeus).

Last re-elected to the Board:
February 2015. Standing for re-election at the Annual General Meeting to be held on 10 February 2016.

Committee memberships:
Investment Committee (Chairman), Audit Committee and Nomination & Remuneration Committee.

Number of Board and Committee meetings attended 2014/15: 11/11

Remuneration 2014/15: £36,000

Relevant relationships with the Investment Adviser or other service providers:
Director of Mobeus Income & Growth 4 VCT plc which is also advised by Mobeus.

Shared directorships with other I&G Directors:
None.

Shareholding in the Company:
20,018 shares.

Directors' Report

The Directors present the Annual Report and Accounts of the Company for the year ended 30 September 2015

The Board believes that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company is registered in England and Wales as a Public Limited Company (registration number 4069483).

The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 ("the ITA"). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

To enable capital profits to be distributed by way of dividends, the Company revoked its status as an investment company as defined in section 833 of the Companies Act 2006 ("the Companies Act") on 30 November 2005. The Company does not intend to re-apply for such status.

Share capital

The Company's ordinary shares of 1 penny each, formerly 'S' Shares, are listed on the London Stock Exchange ("LSE"). The shares were first admitted to the Official List of the UK Listing Authority ("UKLA") and to trading on the LSE on 8 February 2008. Following the merger of the former classes of 'O' Shares (first admitted to the Official List of the UKLA and to trading on 15 November 2000) and 'S' Shares on 29 March 2010 ("the Merger"), the listing of the 'S' Shares was amended to ordinary shares of 1p in the capital of the Company on 30 March 2010 and the 'O' Share listing was cancelled.

Issue of shares

During the year under review, the Company issued a total of 10,769,867 (2014: 7,989,659) shares. Of this total, 9,043,518 (2014: 7,260,906) shares were issued under the Mobeus VCTs' Linked Offer for Subscription launched on 10 December 2014; and 1,726,349 (2014: 728,753) shares were issued under the Company's Dividend Investment Scheme.

Buyback of shares

At the Annual General Meeting held on 12 February 2015, shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to buyback up to 9,065,493 (2014: 7,950,000) of its own shares representing 14.99% of the issued share capital of the Company on 16 December 2014. This authority has been in place throughout the year under review. For further details please see Note 14 to the accounts on page 65 of this Annual Report. A resolution to renew this authority will be proposed to shareholders at the Annual General Meeting of the Company to be held on 10 February 2016.

During the year under review, the Company bought back 553,800 (2014: 600,938) of its own shares at an average price of 95.28 (2014: 99.28) pence per share and a total cost of £527,637 (2014: £596,599) including expenses. These shares represented 0.9% (2014: 1.1%) of the issued share capital of the Company at 1 October 2014.

All shares bought back by the Company during the year were subsequently cancelled by the Company.

Issued share capital

The issued share capital of the Company as at 30 September 2015 was £706,930 (2014: £604,769) and the number of shares in issue at this date was 70,693,007 (2014: 60,476,940), subject to the cancellation from the register of the shares bought back by the Company which were outstanding at the year-end.

Dividends

The Directors are proposing a final dividend of 6.00 (2014: 4.00) pence per share comprising 5.00 (2014: 4.00) pence from capital and 1.00 penny (2014: nil) from income in respect of the year ended 30 September 2015, payable on 15 February 2016 to shareholders who are on the Register on 15 January 2016. This dividend, if paid, will increase dividends paid in respect of the year to 12.00 pence per share and the dividends paid in the last five years to 70.00 pence per share.

Directors

The names of and brief biographical details on each of the Directors are given on page 30 of this Annual Report.

Copies of the Directors' appointment letters will be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

Details of each Director's interest in the Company's shares are set out on page 37 of the Directors' Remuneration Report.

The powers of the Directors have been granted by company law, the Company's articles of association ("the Articles") and resolutions passed by the Company's members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 10 February 2016.

The Company's Articles and the Companies Act contain provisions relating to the appointment, election and replacement of Directors.

These are set out in the paragraph headed 'Directors' terms of appointment' on page 35 of the Directors' Remuneration Report.

Disclosure of information to the Auditor

So far as the Directors in office at 30 September 2015 are aware, there is no relevant audit information of which the Auditor is unaware. They have individually 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 the Company's Auditor is aware of that information.

Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' liability insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Directors' indemnity

The Company's Articles grant, subject to the provisions of UK legislation, the Board the power to indemnify Directors of the Company out of the assets of the Company to whatever extent the Board may determine including the provision of funds to meet any expenditure incurred by a Director in defending him or herself in any criminal or civil proceedings.

Directors' Report

Fees paid to the Investment Adviser

The fees paid to the Investment Adviser and the performance incentive fees paid are set out in Notes 3a and 3b to the Accounts on page 56.

In addition, the Investment Adviser received fees totalling £456,297 during the year ended 30 September 2015, being £205,138 for arrangement fees, and £251,159 for acting as non-executive directors on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company.

Alternative Investment Fund Manager ("AIFM")

The Board appointed the Company as its own AIFM in compliance with the European Commission's Alternative Investment Fund Management Directive with effect from 22 July 2014. The Company is registered as a small AIFM, and is therefore exempt from the principal requirements of the Directive. Mobeus continues to provide investment advisory and administrative services to the Company. However, in order for the Company to continue to discharge its safekeeping responsibilities for the documents of title to its investments, Mobeus company secretarial staff are now directly responsible to the Board, under its instruction, for accessing and dealing with these documents.

Social and environmental policies

The Board recognises its obligations under Section 414c of the Companies Act to provide information in this respect about environmental matters (including the impact of the Company's business on the environment), human rights and social and community issues, including information about any policies the Company has in relation to these matters and the effectiveness of these policies.

Environmental and social responsibility

The Board seeks to maintain high standards of conduct in respect of ethical, environmental, governance and social issues and to conduct the Company's affairs responsibly. It considers relevant social and environmental matters when appropriate and particularly with regard to investment decisions. The Investment Adviser encourages good practice within the companies in which the VCT invests. The Board seeks to avoid investing in certain areas which it considers to be unethical and does not invest in companies which do not operate within relevant ethical, environmental and social legislation or otherwise fail to comply with appropriate industry standards. Environmental, social and governance issues are identified by the Investment Adviser prior to each investment and are drawn to the attention of the Board where appropriate.

The Company does not have any employees or offices and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however adopted electronic communications for shareholders as a means of reducing the volume of paper that the Company uses to produce its reports. It uses mixed sources paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and half-year reports. The Investment Adviser is conscious of the need to reduce its impact on the environment and has taken a number of initiatives in its offices including recycling and the reduction of its energy consumption.

Human rights policy

The Board seeks to conduct the Company's affairs responsibly and gives full consideration to the human rights implications of its decisions, particularly with regard to investment decisions.

Anti-bribery policy

The VCT has adopted a zero tolerance approach to bribery. The following is a summary of the Company's policy:

- It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships where it operates.
- Directors and service providers must not promise, offer, give, request, agree to receive or accept a financial or other advantage in return for favourable treatment, to influence a business outcome or to gain any other business advantage on behalf of themselves or of the Company or encourage others to do so.
- The Company has communicated its anti-bribery policy to each of its service providers. It requires each of its service providers to have policies in place which reflect the key principles of this policy and procedures and which demonstrate that they have adopted procedures of an equivalent standard to those instituted by the Company.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, (including those within the Company's underlying investment portfolio).

Whistleblowing

The Board has considered the recommendation made in the UK Corporate Governance Code with regard to a policy on whistleblowing and has reviewed the arrangements at the Investment Adviser under which its staff may, in confidence, raise concerns. It has concluded that adequate arrangements are in place at the Investment Adviser for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken by the Investment Adviser. The Board has also asked each of its service providers to confirm that they have a suitable whistleblowing policy in place.

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 18 to the Accounts on pages 67 - 73 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 30 September 2015, please see Note 21 to the accounts on page 73.

Additional disclosures

The following additional disclosures are made in accordance with Part 6 of Schedule 7 of The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013).

Articles of association

The Company may amend its Articles by special resolution in accordance with section 21 of the Companies Act.

Substantial interests

As at the date of this report the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Voting rights of shareholders

At general meetings of the Company, shareholders have one vote on a show of hands and one vote per share held on a poll. No member shall be entitled to vote or exercise any rights at a general meeting unless all their shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting.

There are no restrictions on voting rights and no agreements between holders of securities that may prevent or restrict the transfer of securities or voting rights.

Annual General Meeting

The Notice of the Annual General Meeting of the Company to be held at 11.00 am on 10 February 2016 at 33 St James's Square, London SW1Y 4JS is set out on pages 77 - 80 of this Annual Report. A proxy form for the meeting is enclosed separately with shareholders' copies of this Annual Report. Proxy votes may also be submitted electronically via the Capita Shareholder Portal.

Resolutions 1 – 8 and 11 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour and Resolutions 9 and 10 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting. The following is an explanation of Resolutions 8 – 11.

Authorities for the Directors to allot shares in the Company (Resolution 8) and disapply the pre-emption rights of members (Resolution 9).

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders.

Resolution 8 will enable the Directors to allot new shares up to an aggregate nominal value of £235,593 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Companies Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 9 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

(i) with an aggregate nominal value of up to £164,900 in connection with offer(s) for subscription;

(ii) with an aggregate nominal value of up to, but not exceeding, five per cent of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company at a subscription price which is less than the net asset value per share; and

(iii) otherwise than pursuant to (i) or (ii) above, with an aggregate nominal value of up to five per cent of the issued share capital from time to time;

in each case where the proceeds may be used in whole or part to purchase the Company's shares in the market.

The Company does not currently hold any shares as treasury shares.

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the Annual General Meeting of the Company held on 12 February 2015.

The Board intends to allot shares under the Company's Dividend Investment Scheme in respect of the proposed final dividend to be paid to shareholders on 15 February 2016. The Directors have no plans at the current time to fundraise for the Company or any other further immediate intention of exercising the above powers. The Board is however intending to give consideration to a possible fundraising once the implications for the Company of the Finance Act 2015 have been clarified. It is therefore seeking authority to allot shares and disapply pre-emption rights of members to take account of this contingency.

Authority to purchase the Company's own shares (Resolution 10)

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 10,596,882 shares representing approximately 14.99 per cent of the issued share capital of the Company as at the date of the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99 per cent of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than five per cent above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding the date such shares are contracted to be purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

Market liquidity in VCTs is normally very restricted. The passing of this resolution will enable the Company to purchase its own shares thereby providing a mechanism by which the Company may enhance the liquidity of its shares and seek to manage the level and volatility of the discount to NAV at which its shares may trade.

It is the Directors' intention to cancel any shares bought back under this authority. Shareholders should note that the Directors do not intend to exercise this authority unless they believe to do so would result in an increase in net assets per share which would be in the interests of shareholders generally. This resolution will expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the Company's annual general meeting to be held in 2017 except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

Changes to the Company's Investment Policy (Resolution 11)

Resolution 11 proposes changes to the Company's Investment Policy, which are shown below. An explanation of the rationale behind these changes is set out in the Chairman's Statement on page 4.

Proposed Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gain upon sale.

Investments are made selectively across a number of sectors, principally in established companies.

The Company's cash and liquid resources are held in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

VCT regulation

The Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments (by VCT value at the time of investment) in a single company or group and must have at least 70% by VCT value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings of which a minimum overall of 30% by VCT value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the VCT can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by VCT value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

Asset Mix

The Company initially holds its funds in a portfolio of interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70% of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to achieve the optimum balance between loan stock and equity to provide protection against downside risk alongside the best potential overall returns.

Co-investment

The Company is entitled to invest alongside other VCTs advised by Mobeus Equity Partners LLP that have a similar investment policy, normally on a pro rata to net assets basis.

Borrowing

The Company's Articles permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, it has never borrowed and the Board has currently no plans to undertake any borrowing.

Current Investment Policy tracked to show proposed changes

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gain upon sale ~~from trade sales and flotations of investee companies~~.

Investments are made selectively across a number of sectors~~, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are~~ principally made in established companies t~~hat are established and profitable. The Company has a small legacy portfolio of investments in companies from the period prior to 30 September 2008, when it was a multi-manager VCT. This includes investments in early stage and technology companies and in companies quoted on the AIM market.~~

The Company's cash and liquid resources are held in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

VCT regulation

The Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments (by VCT value at the time of investment) in a single company or group and must have at least 70% by VCT value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings of which a minimum overall of 30% by VCT value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the VCT can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by VCT value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a VCT qualifying holding.

Asset Mix

The Company initially holds its funds in a portfolio of interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70% of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to achieve the optimum balance between loan stock and equity to provide protection against downside risk alongside the best potential overall returns.

Co-investment

The Company is entitled ~~aims~~ to invest ~~in larger, more mature unquoted companies through investing~~ alongside other VCTs advised by Mobeus Equity Partners LLP ~~which all~~ that have a similar investment policy, normally on a pro rata to net assets basis ~~and are also advised by Mobeus Equity Partners LLP~~.

Borrowing

The Company's Articles permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, it has never borrowed and the Board has currently no plans to undertake any borrowing.

Recommendation

The Board believes that the changes to the Investment Policy as set out above and explained in the Chairman's Statement on page 4 are in the best interests of the shareholders as a whole and recommends that shareholders vote in favour of the resolution to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 111,701 shares (representing 0.16% of the issued share capital as at 17 December 2015, this being the latest practicable date prior to publication of this document).

By order of the Board

Mobeus Equity Partners LLP

Company Secretary

17 December 2015

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies Act 2006 and the Listing Rules of the UK Listing Authority ("the Listing Rules").

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments on page 37 of this report and this is explained further in its report to shareholders on pages 46-48.

Remuneration statement by the Chairman of the Nomination & Remuneration Committee

This report sets out the Company's forward looking Directors' Remuneration Policy and the Annual Remuneration Report which describes how this policy has been applied during the year.

The Board, on the recommendation of the Nomination and Remuneration Committee ("the Committee"), has reviewed the fees paid in the year ended 30 September 2015 and decided not to make any changes to the level of fees paid to the Directors at the current time. As part of this review, it considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector. The basic Directors' fees have remained unchanged since 1 January 2006 and the supplements paid to members of the Audit and Investment Committees, in recognition of the complexity and volume of the work of these committees, have not increased since 1 October 2012 and 1 October 2008 respectively.

Directors' Remuneration Policy

In determining the Company's remuneration policy, the Committee and the Board seek to determine a level of fees appropriate to attract and retain individuals of sufficient calibre to lead the Company in achieving its Objective. When considering the level of Directors' fees, it takes account of the workload and responsibilities of each role and the value and amount of time that a Director is required to commit to the Company. It further considers remuneration levels elsewhere in the Venture Capital Trust industry for companies of a similar size and structure, together with other relevant information.

Supplements are paid to the Directors in respect of their membership of the Investment (£6,000) and Audit Committees (£5,000). The Directors may at their discretion pay additional sums in respect of specific tasks carried out by individual Directors on behalf of the Company.

Since all the Directors are non-executive, the Company is not required to comply with the provisions of the Listing Rules, the UK Corporate Governance Code and the AIC Code of Corporate Governance in respect of Directors' remuneration, except in so far as they relate specifically to non-executive directors.

The remuneration policy is set by the Board on the recommendation of the Nomination and Remuneration Committee. The level of fees paid to each of the Directors is reviewed annually by the Nomination and Remuneration Committee which makes recommendations to the Board. The Committee has access to independent advice where and when it considers it appropriate.

Performance related remuneration

Whilst it is a key element of this policy to recruit directors of the calibre required to lead the Company in achieving its short and long-term objectives no component of the fees paid is directly related to performance.

Additional benefits

The Company does not have any schemes in place to pay bonuses or benefits to the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Recruitment remuneration

Remuneration of any new director, who may subsequently be appointed to the Board, will be in line with the Remuneration Policy set out in this Report and the levels of remuneration stated therein, as modified from time to time.

Shareholders' views on remuneration

The Board prioritises the views of shareholders very highly and encourages a full and frank discussion at general meetings of the Company. It takes shareholders' views into account, where appropriate, when formulating its remuneration policy.

This policy applied throughout the year ended 30 September 2015 and will continue to apply to the current year ending 30 September 2016 as set out in the Annual Remuneration Report below.

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 30 September 2013 was approved unanimously by shareholders on a show of hands at the Annual General Meeting of the Company held on 12 February 2014. The Company also received proxy votes in favour of the resolution representing 90.0% (including those who appointed the Chairman to vote at his discretion) of the votes received (Against: 6.9%; Withheld: 3.1%). The Board is required to ask shareholders to approve the Remuneration Policy every three years and the Policy will next be put to shareholders at the annual general meeting of the Company to be held in 2017.

Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first annual general meeting following their appointment.

The Articles of Association of the Company ("the Articles") further state that, subject to the provisions of the Companies Act, one-third of the Directors shall retire from office by rotation at each annual general meeting, or if their number is not a multiple of three, the number nearest to but not greater than one-third. Colin Hook and Helen Sinclair have both agreed to offer themselves for re-election annually as both of these Directors have served on the Board for more than nine years and Helen Sinclair is considered to be a non-independent director as explained further on page 38. Jonathan Cartwright has agreed to offer himself for re-election every three years. The Directors retiring at each annual general meeting may become eligible for re-election in accordance with the Articles.

All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and

Directors' Remuneration Report

responsibilities and the fees pertaining to the appointment. None of the Directors have a service contract with the Company. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances.

New Directors are asked to undertake that they will have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment.

Future policy

The table below illustrates how the Company's Objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director. No performance conditions are attached to any aspect of the fee paid to Directors.

Director	Role	Components of Pay Package	Maximum payment per annum	Performance conditions
Colin Hook	**Chairman**	**Director's fee**	£35,000	**None**
		Supplements payable to:		
		Audit Committee Members	£6,000	
		Investment Committee Members	£5,000	
		Total	**£46,000**	
Jonathan Cartwright	**Chairman, Audit and Nomination & Remuneration Committees**	**Director's fee**	£25,000	**None**
		Supplements payable to:		
		Audit Committee Members	£6,000	
		Investment Committee Members	£5,000	
		Total	**£36,000**	
Helen Sinclair	**Chairman, Investment Committee**	**Director's fee**	£25,000	**None**
		Supplements payable to:		
		Audit Committee Members	£6,000	
		Investment Committee Members	£5,000	
		Total	**£36,000**	
		Total fees payable	**£118,000**	

Company Objective

To provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns.

Remuneration Policy

To ensure that the levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to manage the Company in order to achieve the Company's Objective.

Annual Remuneration Report

The resolution to approve the Annual Remuneration Report as set out in the Annual Report for the year ended 30 September 2014 was approved unanimously by shareholders on a show of hands at the Annual General Meeting of the Company held on 12 February 2015.

The Company also received proxy votes in favour of the resolution representing 92.7% (including those who appointed the Chairman to vote at his discretion) of the votes received (Against: 5.3%; Withheld: 2.0%). An ordinary resolution for the approval of the Annual Remuneration Report will be proposed at the forthcoming Annual General Meeting of the Company to be held on 10 February 2016.

This section of the Directors' Remuneration Report sets out how the above Remuneration Policy has been implemented during the year.

Nomination and Remuneration committee

The Committee comprises the full Board and is chaired by Jonathan Cartwright. All members of the Committee are considered to be independent of the Investment Adviser with the exception of Helen Sinclair (see page 38 for further details). The Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the Directors and makes recommendations to the Board on the level of Directors' fees. The Committee, may at its discretion, recommend to the Board that individual Directors should be awarded additional payments in respect of extra-curricular work carried out on behalf of the Company. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. However, it was not considered necessary to take any such advice during the year under review. The Committee met once during the year under review with full attendance from all its members.

Total individual emoluments paid to the Directors during the year (audited)

	Total Directors' fees year to 30 September 2015 £	30 September 2014 £
Colin Hook	46,000	46,000
Jonathan Cartwright	36,000	36,000
Helen Sinclair	36,000	36,000
Total	**118,000**	**118,000**

No sums were paid to third parties in respect of any of the Director's services during the year under review.

Relative importance of spend on Directors' fees

	Year to 30 September 2015 £	Year to 30 September 2014 £	Percentage decrease
Total directors' fees	118,000	118,000	–
Dividends paid in respect of the year	8,449,946	11,229,058	(24.7)%
Share Buybacks	527,852	596,384	(11.5)%

Directors' interests in the Company's shares

The Company does not require the Directors to hold shares in the Company.

The Directors, however, believe that it is in the best interests of the Company and its shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 30 September 2015 were:

	30 September 2015		30 September 2014	
	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Director				
Colin Hook	75,780	0.11%	62,946	0.10%
Jonathan Cartwright	15,903	0.02%	13,209	0.02%
Helen Sinclair	20,018	0.03%	17,204	0.03%

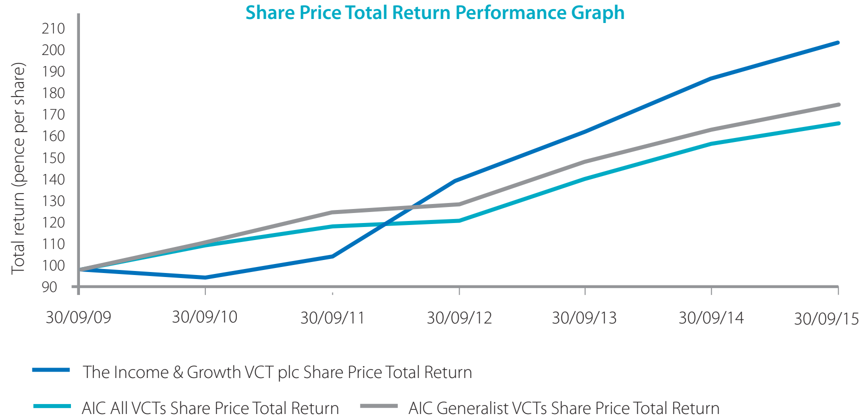
During the year under review, each of the Directors was allotted or sold shares in the Company as follows:

	Shares allotted under the Company's Offer for Subscription	Shares allotted under the Company's Dividend Investment Scheme	Shares bought back by the Company	Total movement in shares held by each Director during the year
Director				
Colin Hook	–	12,834	–	12,834
Jonathan Cartwright	–	2,694	–	2,694
Helen Sinclair	2,814	–	–	2,814

Company performance

The graph below charts the total cumulative shareholder return of the Company's shares on a share brice basis (assuming all dividends have been re-invested and excluding the tax reliefs available to shareholders) over the past six years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long term. The total shareholder returns have been rebased to 100 at 30 September 2009.

Share Price Total Return Performance Graph



The share price total return comprises the share price plus cumulative dividends paid per share assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

The former 'O' Share class was merged into the former 'S' Share class on 29 March 2010 to form the current class of shares. This graph therefore shows the performance of the former 'S' Fund class of shares up until the merger on 29 March 2010.

An explanation of the performance of the Company is given in the Chairman's Statement on pages 3 - 5, the Performance section of the Strategic Report on pages 6 - 10 and in the Investment Review and Investment Portfolio Summary on pages 11 - 25.

By order of the Board

Mobeus Equity Partners LLP

Company Secretary

17 December 2015

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2014 ("the AIC Code") for the financial year ended 30 September 2015. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide the most appropriate information to shareholders.

The AIC Code was endorsed by the Financial Reporting Council (FRC) on 18 February 2015. In adopting the AIC Code, the Company will therefore meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Statement of compliance

This statement has been compiled in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2 on Corporate Governance Statements.

The Board considers that the Company has complied with the AIC Code throughout the year under review, except as explained in the following paragraphs.

As an externally managed VCT, most of the Company's operations are delegated to third parties. The Board has therefore concluded, for the reasons set out in the AIC Guide, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the rate of the chief executive and executive director's remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP (previously Robertson Hare LLP) and formerly PriceWaterhouseCoopers LLP until 1 November 2014, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

The table below and on the following pages shows how the Company has complied with the AIC Code during the year. Explanations are provided where the Company has not complied with the AIC Code.

AIC Code	Principle	Compliance and/or departure from the AIC Code
1	The Chairman should be independent.	The Board has assessed the independence of the Chairman and concluded that Mr Hook has continued to meet the independence criteria as set out in this section of the AIC Code. The remaining Directors monitor the continuing independence of the Chairman, and inform the Chairman of their discussions. The significant directorships and time commitments of the Chairman and the other Directors are considered by the Board and are disclosed on page 30. The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. As suggested in the AIC Code, this role can be, and in this instance is, fulfilled by the Chairman of the Audit Committee.
2	A majority of the Board should be independent of the manager.	The Company has a Board of three non-executive directors. The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Helen Sinclair is also a director of Mobeus Income & Growth 4 VCT plc, a company that is also advised by Mobeus, and is therefore not considered to be independent of the Investment Adviser. The Board has concluded that Colin Hook and Jonathan Cartwright were independent of the Investment Adviser throughout the year ended 30 September 2015. The Directors have declared any existing or potential conflicts of interest and these are reviewed and authorised by the Board, as appropriate, in accordance with the procedures under the Articles and applicable rules and regulations. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. No Director currently holds, or has previously held, a direct interest in any of the Company's investee companies.

AIC Code	Principle	Compliance and/or departure from the AIC Code
3	Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. Having served on the Board for more than nine years, Colin Hook and Helen Sinclair (also a director of MIG 4 VCT) have both agreed to retire annually and, if appropriate, seek re-election. A Director's appointment may be terminated by either party on three months' notice. For further information please see the Directors' Remuneration Report on pages 35 - 36.
4	The Board should have a policy on tenure, which is disclosed in the annual report.	The Board has considered a policy on tenure and agreed that for a company of the size and structure of I&G, it is not appropriate to insist on a Director's period of service being limited to a set number of years. The AIC Code does not explicitly make recommendations on the overall length of tenure for directors and has stated that it does not believe that there is any evidence that an individual director's lengthy service on a board may compromise his or her independence in the case of investment companies. It has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of the Company's Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board. In particular, the Board considers that the Chairman's service of fifteen years as a Director of the Company is an asset that he brings to the Board.
5	There should be full disclosure of information about the board.	Full biographical details on each Director are included on page 30 and on the Company's website.
6	The board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Board believes that there is a diversity of skill, gender, experience and approach amongst the Board members. Both the Board and the Nomination and Remuneration Committee give careful consideration to issues of board balance and diversity when considering board composition and appointments. Details of each Director's experience and background is set out on page 30.
7	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board carried out a performance evaluation review in respect of the year ended 30 September 2015. As part of their review, the Directors considered the performance of each of the Directors and of the Board as a whole in relation to specific areas of their activity. The performance of the Chairman was assessed separately. The Board as a whole discussed the outcome of the performance evaluation, and led by the Chairman, considered and agreed a plan of action to rectify any shortfalls where appropriate. The Board concluded that the performance of the Board, the Chairman and the Directors remained effective.
8	Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Nomination and Remuneration Committee considers the remuneration of the Directors annually and makes recommendations to the Board. One of the main tenets of the Company's Remuneration Policy is that directors' fees should take account of the workload and responsibilities of each role and the value and amount of time that each Director is required to commit to the Company. For further details, please see page 30.

Corporate Governance Statement

AIC Code	Principle	Compliance and/or departure from the AIC Code
9	The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report	The Nomination and Remuneration Committee is responsible for proposing candidates for appointment to the Board and for overseeing the recruitment process. The Committee comprises a majority of independent directors. No new Directors were appointed to the Board during the year under review.
10	Directors should be offered relevant training and induction.	New Directors are provided with an induction pack and an induction session is arranged in conjunction with the Board and the Investment Adviser. A formal training programme has not been required during the year under review. All of the Directors participate in continuing professional development and regularly attend conferences and workshops relevant to the VCT industry.
11	The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company. However, the Board participated fully in the launch of the fundraising in December 2014.
12	Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets at least quarterly, which meetings are also attended by the Investment Adviser. Both parties are in regular contact between these meetings. The Board and the Investment Adviser aim to work together in a supportive, cooperative and open manner. The Board has overall responsibility for the Company's affairs. The Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board and the Board has agreed policies with the Investment Adviser covering key operational issues. All investment, divestment and variation decisions are made by the Board having considered formal recommendations from the Investment Adviser. The Board invites senior members of the Investment Adviser to attend and contribute to its annual strategy meeting that it has held since 2012.
13	The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board considers a report from the Investment Adviser at each of its quarterly meetings which provides information on the performance of each of the investments in the portfolio, recent or forthcoming corporate actions at any of the investee companies and other matters related to the portfolio. The Board monitors the investments made by the Investment Adviser to ensure they are in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy. In addition, the Board monitors financial and other internal controls including maintenance of VCT status and the level of share price discount or premium. The Board has no current plans to undertake any gearing of the Company.
14	Boards should give sufficient attention to overall strategy.	The Board monitors performance against its agreed strategy on an ongoing basis and reviews its overall strategy at its annual strategy meeting.
15	The Board should regularly review both the performance of, and contractual arrangements with, the manager.	The Board reviews annually and at other times, as and when necessary, the Investment Management Agreement and the performance of the Investment Adviser.
16	The Board should agree policies with the manager covering key operational issues.	The Board has agreed that the Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board. The Board has agreed policies with the Investment Adviser covering key operational issues.
17	The Board should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	A review of the level of share price discount or premium is performed at each Board meeting. The Board approves every buyback of the Company's own shares as it is undertaken.

AIC Code	Principle	Compliance and/or departure from the AIC Code
18	The Board should monitor and evaluate other service providers.	The Board reviews annually and at other times, as and when necessary, the performance of the other service providers including the auditor, VCT status adviser, solicitors, bankers and registrars. Philip Hare & Associates LLP (previously Robertson Hare LLP) was appointed as VCT Status Adviser to the Company during the year, in succession to PriceWaterhouseCoopers LLP ("PWC"). Philip Hare had previously provided this service, while with PWC, thus ensuring continuity of the service.
19	The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	The Board has a duty to promote the success of the Company and to ensure that its obligations to shareholders are met. The Company communicates with shareholders and solicits their views where it is appropriate to do so. The Board approves the circulation of the Half-Yearly and Annual Report and Accounts to shareholders. Shareholders are welcome at the Annual General Meeting which provides a forum for shareholders to ask questions of the Directors and the Investment Adviser and to discuss issues affecting the Company with them. In addition, the Investment Adviser publishes a twice-yearly VCT shareholder newsletter which contains information on the portfolio and recent investment and corporate activity. The Investment Adviser also organises an annual shareholder event, which the Board attends to listen to any views that shareholders may have and answer any questions about the Company. The Company has established its own website which is a dedicated section of the Investment Adviser's website.
20	The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Board reviews and agrees the content of all communications issued on behalf of the Company. It is consulted regarding promotional material which may be issued by the Investment Adviser.
21	The Board should ensure that shareholders are provided with sufficient information for them to understand the risk:reward balance to which they are exposed by holding the shares.	The Board believes that the Annual Report and Accounts have been prepared in order to ensure that the information presented to shareholders is fair, balanced and understandable and complies with the recommendations of the AIC Code. The principal risks faced by the Company are documented in the Strategic Report, as part of the Annual Report, and in the Half-Year Report.

Additional information relevant to the corporate governance of the Company is set out on the following pages:

The Board

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Act 2006 and the Income Tax Act 2007, the UK Listing Authority and the London Stock Exchange; strategy and management of the Company; changes relating to the Company's capital structure or its status as a plc; financial reporting and controls; board and committee appointments as recommended by the Nomination and Remuneration Committee and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business.

Colin Hook and Helen Sinclair have both served on the Board for more than nine years and in accordance with the recommendation of the AIC Code of Corporate Governance and the Company's Policy on tenure, have agreed to stand for re-election annually.

Following the performance evaluation of the Directors during the year, the Board confirms that each of Colin Hook and Helen Sinclair continue to demonstrate commitment to their roles and to be effective in carrying out their duties on behalf of the Company.

Corporate Governance Statement

Directors' attendance at Board and Committee meetings in 2014-15

The table below sets out the Director's attendance at quarterly Board meetings and Committee meetings held during the year to 30 September 2015. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Director	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Colin Hook	6	6	4	4	1	1
Jonathan Cartwright	6	6	4	4	1	1
Helen Sinclair	6	6	4	4	1	1

Board Committee

The Board has established three Committees, the Nomination and Remuneration Committee, the Investment Committee and the Audit Committee, each with responsibilities for specific areas of its activity. Each of the Committees has written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or by downloading these documents from the Company's website: www.incomeandgrowthvct.co.uk.

The Board has satisfied itself that each of its Committees has sufficient resources to undertake its duties.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Jonathan Cartwright and comprises all three Directors.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on page 37.

In considering nominations, the Committee is responsible for making recommendations to the Board concerning new appointments of Directors to the Board and its committees; the periodic review of the composition of the Board and its committees; and the annual performance review of the Board, the Directors and the Chairman. This includes the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members. No appointments were made during the year under review. The Board has made a commitment to consider diversity, including gender as part of the recruitment process for future appointments.

Investment Committee

The Investment Committee Committee is chaired by Helen Sinclair and comprises all three Directors.

The Committee meets as necessary to consider the investment proposals put forward by the Investment Adviser. The Committee advises the Board on the development and implementation of the Investment Policy and leads the process for the ongoing monitoring of investee companies and the Company's investment therein. Investment guidelines have been issued to the Investment Adviser and the Committee ensures that these guidelines are adhered to. New investments and divestments are approved by written resolution of the Committee following discussion between Committee members and are subsequently ratified by the Board. Investment matters are discussed extensively at Board meetings. During the year, the Committee formally approved investment, divestment and variation decisions and met informally on numerous occasions.

The Committee considers and agrees, on the advice of the Investment Adviser for recommendation to the Board, all unquoted investment valuations. Investments are valued in accordance with the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines under which investments are valued at fair value as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares as at the relevant reporting date, in accordance with generally accepted accounting practice.

Audit Committee

The Audit Committee is chaired by Jonathan Cartwright and comprises all three Directors. A summary of the Audit Committee's principal activities for the year to 30 September 2015 is provided below:

Financial statements
The Half-Yearly and Annual Reports to shareholders were thoroughly reviewed by the Committee prior to submission to the Board for approval.

Internal control
The Committee monitored the system of internal controls throughout the year under review and as described in more detail later in this Report on page 44. It receives a report by exception on the Company's progress against its internal controls at its annual and half-yearly results meetings and reviews a schedule of key risks at each meeting.

Valuation of investments
The Investment Adviser prepared valuations of the investments in the portfolio at the end of each quarter and these were considered in detail and agreed by the Investment Committee for recommendation to the Board. The Audit Committee continued to monitor whether the controls in place for the preparation of these valuations were adequate. As part of this process, it focused on ensuring that both the bases of the valuations and any assumptions used were reasonable and in accordance with the IPEVC Valuation Guidelines. The

Committee received a report on the valuations from the external auditor as part of both the year-end audit process and the half-year review. These reports were discussed in full by the Committee with the Auditor and the Investment Adviser before a recommendation to approve the valuations was made to the Board.

The key accounting and reporting issues considered by the Committee during the year have included:

Going concern
The Committee monitors the Company's resources to satisfy itself that the Company has an adequate level of resources for the foreseeable future. Consideration is given to the cash balances and holdings in money market funds, together with the ability of the Company to realise its investments.

Recognition of impairment and realised losses
If an investment has been impaired such that there is no realistic expectation that there will be a full return from the investment, the loss is treated as a permanent impairment and is recognised as a realised loss in the Financial Statements. The Committee reviews the appropriateness and completeness of such impairments.

Compliance with the VCT tests
The Company engages the services of a VCT Status Adviser to advise on its ongoing compliance with the legislative requirements relating to VCTs. A report on the Company's compliance supported by the tests carried out is produced by the VCT Status Adviser on a bi-annual basis and reviewed by the Committee for recommendation to the Board. One of the main areas of the Committee's work during the year has been to consider the risk and compliance aspects of changes to the VCT Rules introduced by the Finance Act 2015. Subsequent to this, the Company's VCT Status Adviser, Philip Hare & Associates LLP attended three of the quarterly board meetings held during the year, to advise the Committee.

Income from investee companies
The Committee notes that revenue from loan stock and dividends may be uncertain given the type of companies in which the VCT invests. Dividends in particular may be difficult to predict. The payments received do however have a direct impact on the level of income dividends the Company is able to pay to shareholders. The Committee agrees policies for revenue recognition and reviews their application at each of its meetings. It considers schedules of income received and receivable from each of the investee companies and assesses, in consultation with the Investment Adviser, the likelihood of receipt of each of the amounts.

Key risks faced by the Company
The Board has identified the key risks faced by the Company and established appropriate controls. The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal controls (page 44).

Relationship with the external Auditor

The Committee is responsible for overseeing the relationship with the external Auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the external Auditor. It makes recommendations to the Board on the level of audit fees and the terms of engagement for the Auditor. The external Auditor is invited to attend Audit Committee meetings, where appropriate, and also meets with the Committee and its Chairman without representatives of the Investment Adviser being present.

The Audit Committee undertakes a review of the external Auditor and the effectiveness of the audit process on an annual basis. When assessing the effectiveness of the process, the Committee considers whether the Auditor:

– demonstrated strong technical knowledge and a clear understanding of the business;
– indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
– Provided an audit team that is appropriately resourced;
– demonstrated a proactive approach to the audit planning process and engaged with the Committee Chairman and other key individuals within the business;
– provided a clear explanation of the scope and strategy of the audit;
– demonstrated the ability to communicate clearly and promptly with the members of the Committee and the Investment Adviser and produce comprehensive reports on its findings;
– demonstrated that it has appropriate procedures and safeguards in place to maintain its independence and objectivity; and
– charged justifiable fees in respect of the scope of services provided.

Non-audit services

The Board regularly reviews and monitors the external Auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the Auditor to ensure that independence is maintained. The Audit Committee has concluded that it is in the interests of the Company to purchase certain non-audit services from the external Auditor given its knowledge of the Company. The services contracted for during the year were tax compliance services, incentive fee matters, the review of the half-year report and iXBRL tagging. Subsequent to its review, the Audit Committee was satisfied that audit independence had been maintained as the fees involved were relatively small compared to those for the audit. Also, with the exception of the half-year review and the review of the incentive fee, the work is undertaken by separate teams and none of the services involved undertaking any management role in preparing the information reported in the accounts.

Re-appointment of the external auditor

It is the Company's policy that the audit services contract should be put out to tender at least every ten years and the last tender process took place in 2007. However, should the Committee be dissatisfied with the standard of service received from the incumbent Auditor in the interim, a tender process would be undertaken.
The Audit Committee assesses the effectiveness of the external audit process annually and makes a recommendation to the Board on the re-appointment of the Auditor. This is considered by the Board prior to agreeing the recommendation to shareholders for the re-appointment of the Auditor at each annual general meeting of the Company.

Corporate Governance Statement

As part of its review, the Audit Committee considers the performance of the Auditor and whether it has met the agreed audit plan, the quality of its reporting in its management letter and the cost-effectiveness of the service provided as well as the manner in which it has handled key audit issues and responded to the Committee's questions. The Committee concluded that the re-appointment of BDO as Auditor was in the best interests of the Company and of shareholders and its recommendation was endorsed by the Board.

Investment management and service providers

Mobeus acts as Investment Adviser and provides administrative and company secretarial services to the Company.

The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 6 - 10. The Board concluded that the Investment Adviser has performed consistently well over the medium term and has returned a good performance in respect of the year under review. The Company's investment portfolio has performed well, demonstrating the success of the Company's Investment Policy to date. The strength of the Investment Adviser in its sector was further evidenced by the fact that Mobeus has received significant industry awards for 2015, as is explained further on page 5 of the Chairman's Statement.

The Board places significant emphasis on the Company's performance against its peers and further information on this has been included in the Strategic Report on page 8. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings since 2010 and shareholder events which had taken place annually since 2012.

The Board considers that the Investment Adviser continues to exercise independent judgement while producing valuations which reflect fair value. Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of shareholders and this was formally approved by the Board on 16 September 2015.

The principal terms of the Company's Investment Management Agreement dated 29 March 2010 and its Performance Incentive Fee Agreement dated 30 September 2014 are set out in Note 3 to the Accounts on pags 56 - 57 of this Annual Report. The Board seeks to ensure that the terms of these Agreements represent an appropriate balance between cost and incentivisation of the Investment Adviser.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

These aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the Investment Policy and regular reviews of the financial results and investment performance.

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company and includes a review of the risks in relation to the financial reporting process. The Board reviews a schedule of key risks and the management accounts at each quarterly Board meeting. Assisted by the Audit Committee, it carries out separate assessments in respect of the Annual and Half-Year Reports and other published financial information.

The Board has delegated, contractually to third parties, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and the registration services.

The system of internal control and the procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this Report. An assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the relevant service providers on 2 December 2015. The Board has identified no significant problems with the Company's internal control mechanisms.

Additional disclosures in the Directors' Report

Disclosures required by certain publicly-traded companies as set out in Part 6 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are contained in the Directors' Report.

By order of the Board

Mobeus Equity Partners LLP

Company Secretary

17 December 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year and 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 for 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 the Financial Statements have been prepared in accordance with United Kingdom accounting standards, 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;
- prepare a Strategic Report, a Director's Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to Disclosure and Transparency Rule 4 of the UK Listing Authority

The Directors confirm to the best of their knowledge that:

(a) 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 the profit of the Company.

(b) The Annual Report includes 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.

Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

The names and functions of the Directors are stated on page 30.

For and on behalf of the Board

Colin Hook

Chairman

17 December 2015

Independent Auditor's Report to the Members of The Income & Growth VCT plc

Our opinion on the Financial Statements

In our opinion The Income & Growth VCT plc Financial Statements for the year ended 30 September 2015, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards:

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of it's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

What our opinion covers

Our audit opinion on the Financial Statements covers the:

- Income Statement;
- Balance Sheet;
- Reconciliation of Movements in Shareholders' Funds;
- Cash Flow Statement; and
- related notes

Respective responsibilities of Directors and Auditor

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

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

An overview of the scope of the audit including our assessment of the risk of material misstatement

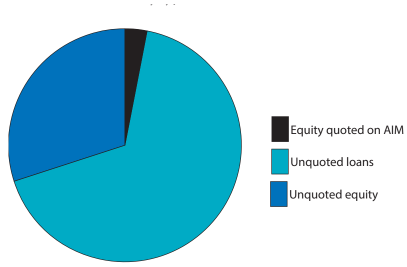
Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the Investment Adviser and Administrator and the overall control environment. Based on this understanding we assessed those aspects of the Ccompany's transactions and balances which were most likely to give rise to a material misstatement.

The outcome of our risk assessment was that the valuation of investments was considered to be the area that had the greatest effect the on overall audit strategy including the allocation of resources in the audit.

The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.

We performed initial analytical procedures to determine the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. A breakdown of the investment portfolio by nature of instrument is shown below.

Investments by type

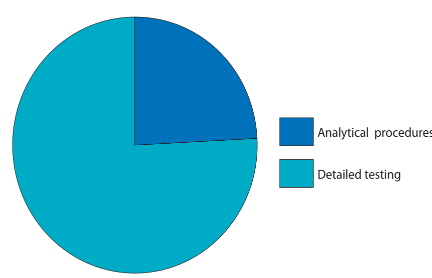


In respect of equity investments quoted on AIM, we confirmed that bid price has been used as the basis for valuation and that there were no contra indicators, such as liquidity considerations, to suggest bid price was not the most appropriate indication of fair value.

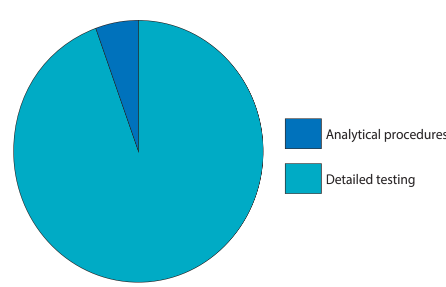
Our sample for testing was stratified according to risk, having regard to the subjectivity of the inputs to the valuations. 43% of the portfolio is based on price of recent investment or cost (where the investment was recently acquired), quoted price, offer price or net asset value supported by a third party valuation. 57% of the unquoted investment portfolio is valued in accordance with more subjective techniques. The majority of such investments are valued on an earnings multiple basis. In respect of the sample selected for detailed testing (representing 91% by value of the investments valued using more subjective techniques) we:

- Reviewed and challenged the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements;
- Reviewed the historical financial statements and recent management information available for unquoted investments used to support assumptions about maintainable earnings used in the valuations;
- Considered the earnings multiples applied by reference to observable listed company market data; and
- Challenged adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted.

Investments by number



Investments by value



For the remaining investments cost, reviewed for impairment, is used as an approximation of fair value. For a sample of these investments we considered the appropriateness of this methodology by considering the proximity of the acquisition to the year-end, if appropriate, or the operational performance of the investee company. Where such investments were loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans.

For all investments tested, we developed our own point estimate where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

The remainder of the portfolio was subject to analytical procedures.

We also consider revenue recognition to be a significant risk. Revenue consists of dividends receivable from the investee companies and interest earned on loans to investee companies and cash balances. Revenue recognition is considered to be a significant audit risk as it is a key driver of dividend returns to investors. In particular, as the company invests primariy in unquoted companies, dividends receivable can be difficut to predict.

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

We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest.

In respect of dividends receivable, we compared actual income to expectations set based on independent published data on dividends declared by the investee companies held. We tested the categorisation of dividends received from the investee companies between the revenue and capital.

The Audit Committee's consideration of its key issues is set out on pages 42 - 43.

Materiality in context

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

Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the Financial Statements as a whole present a true and fair view	• The value of net assets • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	1,200,000
Specific materiality – classes of transactions and balances which impact on revenue profits	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.	• The level of net income return	250,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £24,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of The Income & Growth VCT plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 38 - 44 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

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

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

Under the Companies Act 2006 we are required 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; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 29, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Jason Homewood
(senior statutory auditor)

For and on behalf of BDO LLP,
statutory auditor
London
United Kingdom

17 December 2015

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

Income Statement
For the year ended 30 September 2015

	Notes	Year ended 30 September 2015 Revenue £	Capital £	Total £	Year ended 30 September 2014 Revenue £	Capital £	Total £
Net unrealised gains on investments	8	–	4,574,928	4,574,928	–	3,730,169	3,730,169
Net gains on realisation of investments	8	–	2,053,151	2,053,151	–	2,713,796	2,713,796
Income	2	2,997,718	–	2,997,718	3,203,322	–	3,203,322
Investment Adviser's fees	3a	(405,687)	(1,217,061)	(1,622,748)	(374,025)	(1,122,076)	(1,496,101)
Investment Advisers' performance fees	3b	–	(667,622)	(667,622)	–	(1,392,454)	(1,392,454)
Other expenses	4	(471,279)	–	(471,279)	(411,517)	–	(411,517)
Profit on ordinary activities before taxation		**2,120,752**	**4,743,396**	**6,864,148**	**2,417,780**	**3,929,435**	**6,347,215**
Tax on profit on ordinary activities	5	(386,360)	386,360	–	(393,153)	393,153	–
Profit on ordinary activities after taxation for the financial year		**1,734,392**	**5,129,756**	**6,864,148**	**2,024,627**	**4,322,588**	**6,347,215**
Basic and diluted earnings per ordinary share	6	**2.58p**	**7.63p**	**10.21p**	**3.55p**	**7.58p**	**11.13p**

All the items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year. The total column is the Income Statement of the Company. There were no other recognised gains and losses in the year. Other than the revaluation movements arising in investments held at fair value through profit and loss, there were no differences between the profit as stated above and historical cost.

The notes on pages 53 - 73 form part of these Financial Statements.

Balance Sheet
as at 30 September 2015
Company number: 4069483

	Notes	as at 30 September 2015 £	as at 30 September 2014 £
Fixed assets			
Investments at fair value	8	60,415,750	39,825,198
Current assets			
Debtors and prepayments	10	1,082,567	1,328,682
Current investments	11, 17	12,666,003	18,914,849
Cash at bank and in hand	17	2,167,809	11,387,997
Total current assets		15,916,379	31,631,528
Creditors: amounts falling due within one year	12	(1,129,833)	(1,959,183)
Net current assets		14,786,546	29,672,345
Creditor: amounts falling due after one year	3b	–	(191,138)
Net assets		**75,202,296**	**69,306,405**
Capital and reserves			
Called up share capital	13	706,930	604,769
Share premium reserve	14	16,977,902	5,662,818
Capital redemption reserve	14	9,288	3,750
Capital reserve – unrealised	14	8,997,633	7,662,673
Special distributable reserve	14	27,147,965	29,576,755
Profit and loss reserve	14	21,362,578	25,795,640
Equity shareholders' funds		**75,202,296**	**69,306,405**
Basic and diluted net asset value per share			
Ordinary Shares	15	**106.38p**	**114.60p**

The notes on pages 53 - 73 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 17 December 2015 and were signed on its behalf by:

Colin Hook
Chairman

Reconciliation of Movements in Shareholders' Funds
For the year ended 30 September 2015

	Notes	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Opening shareholders' funds		69,306,405	60,468,872
Net share capital bought back in the year	14	(527,852)	(596,384)
Net share capital subscribed for in the year	14	11,380,491	8,921,832
Profit for the year		6,864,148	6,347,215
Dividends paid in the year	7	(11,820,896)	(5,835,130)
Closing shareholders' funds		**75,202,296**	**69,306,405**

The notes on pages 53 - 73 form part of these Financial Statements.

Cash Flow Statement
For the year ended 30 September 2015

	Notes	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Operating activities			
Investment income received		3,074,631	3,239,745
Other income		11,119	4,702
Investment Adviser's fees paid		(1,622,748)	(1,496,101)
Investment Advisers' performance fees paid		(1,701,188)	(59,672)
Other cash payments		(375,670)	(431,583)
Net cash(outflow)/inflow from operating activities	16	(613,856)	1,257,091
Investing activities			
Acquisition of investments	8	(26,134,832)	(10,106,043)
Disposal of investments	8	12,247,446	10,759,471
Net cash (outflow)/inflow from investing activities		(13,887,386)	653,428
Equity Dividends			
Payment of equity dividends	7	(11,820,896)	(5,827,327)
Net cash outflow before liquid resource management and financing		(26,322,138)	(3,916,808)
Management of liquid resources			
Decrease in monies held pending investment	17	6,248,846	3,884,352
Financing			
Shares issued as part of the Mobeus VCTs' offer for subscription and dividend investment scheme	13	11,380,491	8,921,832
Purchase of own shares		(527,387)	(596,384)
Net cash inflow from financing		10,853,104	8,325,448
(Decrease)/increase in cash for the year	17	**(9,220,188)**	**8,292,992**

The notes on pages 53 - 73 form part of these Financial Statements.

Notes to the Accounts
For the year ended 30 September 2015

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP") issued by the Association of Investment Companies in January 2009. The Financial Statements are prepared under the historical cost convention except for the measurement of certain financial instruments at fair value, which are in accordance with FRS26.

b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of the profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 274 Income Tax Act 2007.

c) Investments

All investments held by the Company are classified as "fair value through profit and loss", and are valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2012. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.

(ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).

or:-

b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums that will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

Notes to the Accounts
For the year ended 30 September 2015

d) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at their carrying values. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

e) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received.

Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income once redemption is reasonably certain. Until such date interest is accrued daily and included within the valuation of the investment, where appropriate.

f) Capital reserves

(i) *Realised (included within the Profit and Loss Account reserve)*
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 Investment Adviser fee expense, together with the related tax effect to this reserve in accordance with the policies; and
- 100% of performance incentive fees.

(ii) *Revaluation reserve (Unrealised capital 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 realised capital reserves are now shown within the Income Statement for the year.

(iii) *Special distributable reserve*
The cost of share buybacks are charged to this reserve. In addition, any realised losses on the sale of investments, and 75% of the Investment Adviser fee expense, 100% of performance incentive fees and the related tax effect, are transferred from the Profit and Loss reserve to this reserve.

(iv) Share premium reserve
This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under recent Offers for Subscription.

(v) *Capital redemption reserve*
The nominal value of shares bought back and cancelled is held in this reserve, so that the Company's capital is maintained.

g) Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. This liability is established for interim dividends when they are paid, and for final dividends when they are approved by the shareholders, usually at the Company's annual general meeting.

h) Expenses

All expenses are accounted for on an accruals basis.

25% of the Investment Adviser's fees are charged to the revenue column of the Income Statement, while 75% is charged against the capital column of the Income Statement. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

100% of any performance incentive fee payable for the period is charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth. See note 3b for further details.

Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are written off to the capital column of the Income Statement or deducted from the disposal proceeds as appropriate.

i) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised.

Any tax relief obtained in respect of Investment Adviser fees allocated to capital is reflected in the capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

2. Income

	2015 £	2014 £
Income from bank deposits	121,523	162,037
Income from investments		
– from equities	167,656	640,450
– from OEIC funds	29,977	48,387
– from loan stock	2,667,443	2,335,077
– from interest on preference share dividend arrears	-	12,668
	2,865,076	3,036,582
Other income	11,119	4,703
Total income	**2,997,718**	**3,203,322**
Total income comprises		
Revenue dividends received	197,633	688,837
Interest	2,788,966	2,509,782
Other income	11,119	4,703
Total Income	**2,997,718**	**3,203,322**
Income from investments comprises		
Listed UK securities	16,000	16,000
Listed overseas securities	29,977	48,387
Unlisted UK securities	2,819,099	2,972,195
Total Income	**2,865,076**	**3,036,582**

Total loan stock interest due but not recognised in the year was £269,052 (2014: £270,298).

Notes to the Accounts
For the year ended 30 September 2015

3a. Investment Adviser's fees

	Revenue 2015 £	Capital 2015 £	Total 2015 £	Revenue 2014 £	Capital 2014 £	Total 2014 £
Mobeus Equity Partners LLP	**405,687**	**1,217,061**	**1,622,748**	**374,025**	**1,122,076**	**1,496,101**

Under the terms of a revised investment management agreement dated 29 March 2010, Mobeus Equity Partners LLP ("Mobeus") provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2.4% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter. One sixth of this fee is subject to minimum and maximum limits of £150,000 (2014: £150,000) and £170,000 (2014: £170,000) per annum respectively.

The Investment Adviser fees disclosed above are stated after applying a cap on expenses excluding IFA trail commission and exceptional items set at 3.25% of closing net assets at the year-end. In accordance with the investment management agreement any excess expenses are wholly borne by the Investment Adviser. The excess expenses during the year attributable to the Investment Adviser amounted to £nil (2014: £nil).

3b. Investment Advisers' performance fees

Portfolio	Revenue 2015 £	Capital 2015 £	Total 2015 £	Revenue 2014 £	Capital 2014 £	Total 2014 £
Mobeus Equity Partners LLP	–	667,622	667,622	–	1,087,737	38,811
Mobeus Equity Partners LLP – due > 1 year	–	–	–	–	191,138	191,138
Mobeus Equity Partners LLP/Foresight Group LLP	–	–	–	–	(8,061)	(8,061)
Foresight Group LLP	–	–	–	–	121,640	121,640
	–	**667,622**	**667,622**	**–**	**1,392,454**	**1,392,454**

Under a Deed of Termination and Variation relating to Performance Incentive Agreements dated 29 March 2010, the Investment Adviser's Incentive Agreement for the former 'O' Share Fund was continued, while the former 'S' Share Fund's Incentive Agreement was terminated. Under the terms of the pre-merger 'O' Share Fund Incentive Agreement, each of the ongoing Investment Adviser, Mobeus and a former investment adviser, Foresight Group LLP ("Foresight") are entitled to a performance fee equal to 20% of the excess of the value of any realisation of an investment made after 30 June 2007, over the value of that investment in an investment adviser's portfolio at that date ("the Embedded Value"), which value is itself uplifted at the rate of 6% per annum subject to a High Watermark test.

On 30 September 2014, a new incentive fee agreement was signed between the Board and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. The previous agreement remains in force, but only with the former adviser, Foresight, to whom, for the year ended 30 September 2015, £nil (2014: £121,640) is payable. The agreement is due to expire on 10 March 2019. Mobeus waived its right to its portion of the fee, under the previous agreement.

Any payment under the new incentive agreement is now 15% of net realised gains for each year, payable in cash. It is payable only if Cumulative Net Asset Value (NAV) total return per share (being the closing NAV at a year-end plus cumulative dividends paid to that year-end, since 1 October 2013) equals or exceeds a Target Return. The Target Return is the greater of two targets, being:

(i) compound growth of 6% per annum (but 5% per annum for the year ended 30 September 2014 only), before deducting any incentive fee payable (for the year of calculation only) under both this amended agreement and the existing incentive agreement with Foresight Group LLP in Cumulative NAV total return per share; or

(ii) the cumulative percentage change in the Consumer Prices Index since 1 October 2013 to the relevant financial year-end, the resultant figure then being multiplied by (100+A)/100, where A is the number of full twelve month periods (or part thereof) that have passed between 1 October 2013 and the relevant financial year-end.

Both measures of Target Return are applied to the same opening base, being NAV per share as at 30 September 2013 of 113.90 pence. The objective of this Target Return is to enable shareholders to benefit from a cumulative NAV return of at least 6% per annum (5% in the financial year ended 30 September 2014), before any incentive fee is payable. Once a payment has been made, cumulative NAV total return is calculated after deducting past years' incentive fees paid and payable.

Under this amended agreement, any fee payments to Mobeus are subject to an annual cap of an amount equal to 2% of the net assets of the Company as at the immediately preceding year-end. This cap will include any fee payable to Foresight under the old agreement, although any such payment to Foresight is not capped. Any excess over the 2% remains payable to Mobeus in the following year(s), subject to the 2% annual cap in such subsequent year(s) and after any payment in respect of such subsequent year(s).

For the year ended 30 September 2014, £1,152,529 was payable to Mobeus under the amended incentive fee agreement. The 2% cap, referred to above, means that £64,792 of this was not payable until the following year. In addition to this, as a result of the realisation of Focus Pharma Holdings Limited occurring just after the 2014 year-end, an incentive fee of £126,346 was also recognised. These latter two amounts total £191,138 and are now held as a creditor due within one year at 30 September 2015 (2014: creditor falling due after one year).

The Target Return for the year ended 30 September 2015 was a 6% uplift on the previous year's Target Return of 119.60 pence, being 126.77 pence. As Cumulative Total NAV return is 134.17 pence per share, the Target Return has been met and a fee is payable. This fee amounts to £667,622 and has been accrued in these accounts. This, along with £191,138 from the previous year, explained above, is payable following the approval of this Annual Report by shareholders at the AGM.

3c. Offer for subscription fees

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 10 December 2014, Mobeus is entitled to fees of 3.25% of the investment amount received from investors. This amount totalled £1,267,500 across all four VCTs, out of which all the costs associated with the Offer were met, excluding any payments to advisers facilitated under the terms of the Offer.

4. Other expenses

	2015 £	2014 £
Directors' remuneration (including NIC of £11,703 (2014 £10,213))*	129,703	128,213
IFA trail commission	87,786	58,993
Broker's fees	12,000	12,000
Auditors' fees – Audit of company	29,674	29,520
– other services supplied relating to taxation	5,744	5,460
– other services supplied pursuant to legislation	3,149	3,000
– other services (see note a)	4,800	6,000
VCT monitoring fees	10,800	12,000
Registrar's fees	54,601	45,752
Printing	38,251	29,398
Legal and professional fees	4,567	26,830
Directors' insurance	9,661	7,048
Listing and regulatory fees	48,044	45,039
Sundry	3,412	2,264
Running costs	442,192	411,517
Provision against loan interest receivable (note b)	29,087	–
Other expenses	**471,279**	**411,517**

The Directors consider the Auditor was best placed to provide the other services disclosed above. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained.

* - See analysis in Directors' Remuneration table on page 37, which excludes the NIC above.

Note a: Included within this figure are fees of £4,800 (2014: £6,000) payable to the Auditor relating to the review of the Investment Advisers' performance fees calculation.

Note b: Provision against loan interest receivable above relates to an amount of £29,087 (2014: £nil), being a provision made against loan stock interest regarded as collectable in previous years.

Notes to the Accounts
For the year ended 30 September 2015

5. Tax on ordinary activities

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	386,360	(386,360)	-	393,153	(393,153)	–
Total current tax charge/(credit)	**386,360**	**(386,360)**	**-**	**393,153**	**(393,153)**	**–**
Corporation tax is based on a rate of 20.5% (2014: 22%)						
b) Profit on ordinary activities before tax	**2,120,752**	**4,743,396**	**6,864,148**	**2,417,780**	**3,929,435**	**6,347,215**
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 20.5% (2014: 22%)	434,754	972,396	1,407,150	531,911	864,476	1,396,387
Effect of:						
UK dividends	(34,369)	-	(34,369)	(140,899)	-	(140,899)
Unrealised gains not taxable	-	(937,860)	(937,860)	-	(820,637)	(820,637)
Realised gains not taxable	-	(420,896)	(420,896)	-	(597,035)	(597,035)
Disallowable expenses	-	-	-	2,141	-	2,141
Unrelieved expenditure	-	-	-	-	160,043	160,043
Losses brought forward	(14,025)	-	(14,025)	-	-	-
Actual current tax charge	**386,360**	**(386,360)**	**-**	**393,153**	**(393,153)**	**-**

Tax relief relating to Investment Adviser fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a Venture Capital Trust.

There is no potential liability to deferred tax (2014: £nil). There is an unrecognised deferred tax asset of £1,192,000 (2014: £1,326,000).

6. Basic and diluted earnings per share

	2015 £	2014 £
Total earnings after taxation:	6,864,148	6,347,215
Basic and diluted earnings per share (note a)	**10.21p**	**11.13p**
Revenue earnings from ordinary activities after taxation	1,734,392	2,024,627
Basic and diluted revenue earnings per share (note b)	**2.58p**	**3.55p**
Net unrealised capital gains on investments	4,574,928	3,730,169
Net realised capital gains on investments	2,053,151	2,713,796
Capitalised Investment Adviser fees less taxation	(830,701)	(728,923)
Investment Advisers' performance fees	(667,622)	(1,392,454)
Total capital return	5,129,756	4,322,588
Basic and diluted capital earnings per share (note c)	**7.63p**	**7.58p**
Weighted average number of shares in issue in the year	67,212,047	57,022,101

Notes
a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
b) Revenue earnings per share is the revenue profit after taxation divided by the weighted average number of shares in issue.
c) Capital earnings per share is the total capital gain after taxation divided by the weighted average number of shares in issue.

7. Dividends paid and payable

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
Dividends on equity shares						
Ordinary Shares - Second interim - year ended 30 September 2014 - 2.00p (income) and 6.00p (capital) per share paid on 30 October 2014 (2014: nil p)	1,210,445	3,631,337	4,841,782	–	–	–
Ordinary Shares - Final - year ended 30 September 2014: nil p (income) and 4.00p (capital) per share paid on 20 March 2015 (2013 - 1.25p (income); 2.75p (capital))	–	2,778,526	2,778,526	695,725	1,530,655	2,226,380
Ordinary Shares - Interim - year ended 30 September 2015 - 1.00p (income) and 5.00p (capital) per share paid on 30 June 2015 (2014: 1.00p (income) and 5.00p (capital))	701,394	3,506,972	4,208,366	601,458	3,007,292	3,608,750
Previous dividends not claimed within statutory period	(7,778)	–	(7,778)	–	–	–
Total paid in year	**1,904,061**	**9,916,835**	**11,820,896***	**1,297,183**	**4,537,947**	**5,835,130***

*- Of these amounts £1,615,640 (30 September 2014: £727,916) was re-invested in new shares, issued as part of the Company's Dividend Investment Scheme.

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
Amounts paid as second interim distribution to equity holders after the year-end						
Second interim dividend for the year ended 30 September 2015 of nil p per share (2014: 2.00p (income), 6.00p (capital))	–	–	–	1,210,445	3,631,337	4,841,782
Proposed distribution to equity holders at the year-end						
Final dividend for the year ended 30 September 2015 of 1.00p (income) (2014: nil p), 5.00p (capital) (2014: 4.00p) per share	706,930	3,534,650	4,241,580	–	2,778,526	2,778,526

Any proposed final dividend is subject to approval by shareholders at the Annual General Meeting of the Company to be held on 10 February 2016 and has not been included as a liability in these Financial Statements.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 259 of the Income Tax Act 2007 are considered.

	2015 £	2014 £
Revenue available by way of dividends for the year	1,734,392	2,024,627
Interim income dividend for the year – 1.00p (2014: 1.00p)	701,394	601,458
Second interim income dividend for the year – nil p (2014: 2.00p)	–	1,210,445
Proposed final income dividend for the year – 1.00p (2014: nil p)	706,930	–
Total income dividends for the year	**1,408,324**	**1,811,903**

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8. Investments

	2015 £	2014 £
Traded on AIM	2,020,457	2,146,825
Unquoted equity shares	18,105,585	11,128,882
Unquoted preference shares	24,581	48,755
Loan stock	40,265,127	26,500,736
Total	**60,415,750**	**39,825,198**
Brought forward net unrealised gains now realised	3,239,968	4,969,729
Realised gains during the year	2,226,700	2,881,140
Transaction costs	(173,549)	(167,344)
Total realised gains for the year	5,293,119	7,683,525
Unrealised gains for the year	4,574,928	3,730,169
Total gains for the year	**9,868,047**	**11,413,694**

Summary of movement on investments during the year

	Traded on AIM £	Unquoted ordinary shares £	Preference shares £	Qualifying loans £	Total £
Cost at 30 September 2014	1,333,907	12,312,832	52,840	24,533,099	38,232,678
Realised losses on investments still held	(500,000)	(4,516,904)	(787)	(227,462)	(5,245,153)
Unrealised gains/(losses) at 30 September 2014	1,312,918	3,332,954	(3,298)	2,195,099	6,837,673
Valuation at 30 September 2014	**2,146,825**	**11,128,882**	**48,755**	**26,500,736**	**39,825,198**
Purchases at cost	–	8,209,044	614	17,146,487	25,356,145
Sales - proceeds	–	(5,852,876)	(25,492)	(5,763,853)	(11,642,221)
Reclassification at value	–	(276,254)	(135)	276,389	–
Realised gains	–	1,963,971	–	262,729	2,226,700
Unrealised (losses)/gains in the year	(126,368)	2,932,818	839	1,842,639	4,649,928
Valuation at 30 September 2015	**2,020,457**	**18,105,585**	**24,581**	**40,265,127**	**60,415,750**
Cost at 30 September 2015	1,333,907	19,298,676	27,040	36,819,426	57,479,049
Realised losses on investments still held	(500,000)	(4,582,683)	(787)	(227,462)	(5,310,932)
Unrealised gains/(losses) at 30 September 2015	1,186,550	3,389,592	(1,672)	3,673,163	8,247,633
Valuation at 30 September 2015	**2,020,457**	**18,105,585**	**24,581**	**40,265,127**	**60,415,750**

Transaction costs on the purchase and disposal of investments of £173,549 were incurred in the year. These are excluded from realised gains shown above of £2,226,700, but were deducted in arriving at gains on realisation of investments in the Income Statement of £2,053,151.

Unrealised gains above of £4,649,928 differ from that shown in the Income Statement of £4,574,928. The difference of £75,000 is a net reduction for the year in the estimated fair value of contingent consideration held at the balance sheet date of £750,000 (2014: £825,000), included within other debtors in Note 10. This reduction is because consideration of £225,000 was received in the year, against which £150,000 of further deferred consideration has been recognised this year. This £750,000 contingent consideration also explains all of the difference between unrealised gains at 30 September 2015 above of £8,247,633 and that shown on note 14 of £8,997,633.

Reconciliation of cash movements in investment transactions

The difference between disposals in the investments note above of £11,642,221 and the disposals figure per the Cash Flow Statement of £12,247,446 is £605,225. This relates to £778,774 of cash received relating to the restructuring of the investment in Westway Services Holdings (2014) Limited (Westway Services)* less transaction costs of £173,549.

The difference between investment additions above of £25,356,145 and that per the Cash Flow Statement of £26,134,832 is £778,687, being £778,774 invested as cash as part of the Westway Services* restructure less £87 relating to the purchase of shares via the exercising of options in an investee company, which completed in the period.

* - Although the cash movements above of £778,774 relating to the restructuring of the investment in Westway Services are included in the Cash Flow Statement, they have been netted off each other in the movements on investments reported above.

Provisions and write-offs against unlisted investments

The amounts provided below cost at the end of the year or written-off against unlisted investments were as follows:

	Total Provisions at end of year £	Net write-offs in year[1] £
Financial Year		
2015	9,793,793	65,779
2014	7,709,509	(1,876,253)
2013	10,475,290	2,001,476
2012	11,991,733	313,850
2011	11,206,678	1,881,554
2010	11,575,422	2,524,527
2009	10,537,427	300,000

[1]During the year, £337,899 of the cost of certain investments were treated as permanently impaired in the year, whilst £272,120 was written back, on investments now disposed of.

Major movements in investments

EMaC Holdings Limited was realised in the year for net proceeds of £4,908,654, realising a net gain in the year of £1,045,429. Focus Pharma Holdings Limited was realised in the year for net proceeds of £1,049,269, realising a net gain in the year of £25,239. Youngman Group Limited was realised in the year for net proceeds of £1,717,114, realising a net gain in the year of £623,910.

Net unrealised gains of £4,574,928 include valuation uplifts of £1,615,529 relating to Entanet Holdings Limited, and £1,475,694 relating to Tessella Holdings Limited and valuation reductions of £536,009 for Gro-Group Holdings Limited and £427,542 for Turner Topco Limited (trading as ATG Media).

Details of the movements in unrealised gains and losses in the year are disclosed within the Investment Portfolio Summary on pages 20 – 25.

Notes to the Accounts
For the year ended 30 September 2015

9. Significant interests

At 30 September 2015 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Total investment (at value) £	Percentage of investee company's total equity £
Entanet Holdings Limited	4,790,700	14.0%*
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)	3,666,556 [1]	21.2%
Virgin Wines Holding Company Limited	3,462,349	13.7%
Tessella Holdings Limited	3,448,417	7.5%
ASL Technology Holdings Limited	3,196,284	13.3%*
Manufacturing Services Investment Limited	2,708,100	16.7%
Veritek Global Limited	2,494,306	14.6%*
Tharstern Group Limited	2,012,448	16.2%*
CGI Creative Graphics International Limited	1,990,351	8.4%
Leap New Co Limited (trading as Ward Thomas)	1,907,095	7.9%*
Gro-Group Holdings Limited	1,788,187	12.8%*
Fullfield Limited (trading as Motorclean)	1,634,751	13.2%
Westway Services Holdings (2014) Limited	1,561,033	5.7%
Hollydale Management Limited	1,554,000	15.5%
Knighton Management Limited	1,554,000	15.5%
Backhouse Management Limited	1,504,000	15.0%
Barham Consulting Limited	1,504,000	15.0%
Chatfield Services Limited	1,504,000	15.0%
Creasy Marketing Services Limited	1,504,000	15.0%
McGrigor Management Limited	1,504,000	15.0%
Pound FM Consultants Limited	1,504,000	15.0%
Tovey Management Limited	1,504,000	15.0%
Bourn Bioscience Limited	1,220,035	10.9%
Vian Marketing Limited (trading as Tushingham Sails)	1,207,437	9.5%*
Turner Topco Limited (trading as ATG Media)	1,135,058	3.8%*
RDL Corporation Limited	892,907	13.0%*
Blaze Signs Holdings Limited	858,687	12.5%
Aquasium Technology Holdings Limited	799,825	16.7%
Jablite Holdings Limited (formerly Duncary 16 Limited)	727,291	12.1%
The Plastic Surgeon Holdings	618,566	7.6%
Vectair Holdings Limited	235,229	4.6%
Racoon International Holdings Limited	74,999	14.3%*
Lightworks Software Holdings Limited	51,266	9.2%*
Newquay Helicopters (2013) Limited (in liquidation)	42,500	5.0%
Watchgate Limited	–	33.3%
alwaysOn Group Limited (formerly Data Continuity Group Limited)	–	10.3%*
PXP Holdings Limited	–	6.0%
CB Imports Group limited	–	5.8%*
Nexxtdrive Limited/Nexxt E-drive Limited	–	3.9%*
Biomer Technology Limited	–	3.0%*

* The percentage of equity held for these companies may be subject to further dilution of an additional 1% or more if, for example, management of the investee company exercise share options.

[1] – Includes a loan of £788,589 to Media Business Insight Limited.

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represents investments in associated undertakings.

All of the companies on page 62 are incorporated in the United Kingdom.

Mobeus also advises Mobeus Income and Growth VCT plc, Mobeus Income and Growth 2 VCT plc and Mobeus Income and Growth 4 VCT plc who have investments as at 30 September 2015 in the following:

	Mobeus Income & Growth VCT plc* at cost £	Mobeus Income & Growth 2 VCT plc at cost £	Mobeus Income & Growth 4 VCT plc at cost £	Total at cost £	% of equity held by funds managed by Mobeus %
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)	3,282,263	2,009,071	2,722,760	8,014,094	67.5
ASL Technology Holdings Limited	2,942,292	2,092,009	1,933,591	6,967,892	47.5
Entanet Holdings Limited	2,713,077	1,444,090	2,167,662	6,324,829	42.0
Manufacturing Services Investment Limited	2,666,700	1,608,300	2,016,900	6,291,900	50.0
Virgin Wines Holding Company Limited	2,439,351	1,284,333	1,930,812	5,654,496	42.0
Turner Topco Limited (trading as ATG Media)	2,556,578	1,349,925	1,562,600	5,469,103	17.1
Gro-Group Holdings Limited	1,975,007	1,123,088	1,577,977	4,676,072	37.6
Veritek Global Limited (formerly Madacombe Trading Limited)	2,045,276	967,781	1,620,086	4,633,143	44.0
Leap New Co Limited (trading as Ward Thomas)	1,822,636	1,096,426	1,518,325	4,437,387	25.1
CGI Creative Graphics International Limited	2,556,578	731,032	1,060,269	4,347,879	26.9
Fullfield Limited (trading as Motorclean)	1,779,037	1,121,864	1,238,184	4,139,085	46.0
RDL Corporation Limited	1,558,334	1,000,000	1,000,000	3,558,334	45.2
Backhouse Management Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Barham Consulting Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Chatfield Services Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Creasy Marketing Services Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
McGrigor Management Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Pound FM Consultants Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Tovey Management Limited	1,513,500	848,500	1,134,000	3,496,000	50.0
Hollydale Management Limited	1,465,500	885,000	1,095,500	3,446,000	50.0
Knighton Management Limited	1,465,500	885,000	1,095,500	3,446,000	50.0
Tharstern Group Limited	1,376,521	789,815	1,091,886	3,258,222	52.5
PXP Holdings Limited	1,277,722	1,220,579	712,925	3,211,226	32.9
EOTH Limited	1,298,031	817,185	951,471	3,066,687	8.0
Tessella Holdings Limited	1,308,967	706,821	988,911	3,004,699	24.0
Racoon International Holdings Limited	1,213,035	998,140	462,192	2,673,367	47.5
Vian Marketing Limited (trading as Tushingham Sails)	1,188,950	717,038	548,370	2,454,358	31.5
Bourn Bioscience Limited	–	757,101	1,132,521	1,889,622	23.8
Jablite Holdings Limited (formerly Duncary 16 Limited)	731,883	410,310	548,370	1,690,563	40.1
The Plastic Surgeon Holdings Limited	478,580	392,349	458,935	1,329,864	37.5
Blaze Signs Holdings Limited	610,308	437,030	190,631	1,237,969	52.5
CB Imports Group limited	350,000	–	175,000	525,000	23.2
Omega Diagnostics plc	305,030	–	200,028	505,058	6.0
Legion Group plc	150,106	150,106	150,102	450,314	0.0
Lightworks Software Limited	222,584	25,727	9,329	257,640	45.0
Newquay Helicopters (2013) Limited	148,750	85,000	21,250	255,000	34.9
Vectair Holdings Limited	138,574	60,293	24,732	223,599	24.0
Westway Services (2014) Holdings Limited	62,775	–	38,778	101,553	15.6
BG Training Limited (formerly Duncary 8 Limited)	–	–	14,167	14,167	0.0
Watchgate Limited	1,000	–	1,000	2,000	100.0

* - The cost for Mobeus Income & Growth VCT plc includes the original cost of acquiring investments previously owned by Mobeus Income & Growth 3 VCT plc.

Notes to the Accounts
For the year ended 30 September 2015

10. Debtors

	2015 £	2014 £
Amounts due within one year:		
Accrued income	317,416	434,535
Prepayments	15,151	13,911
Other debtors	750,000	880,236
	1,082,567	**1,328,682**

11. Current Investments

	2015 £	2014 £
Monies held pending investment	**12,666,003**	**18,914,849**

This comprises cash of £1,471,708 (2014: £12,796,794) invested in five (four Dublin based and one UK based) OEIC money market funds, subject to immediate access, and £11,194,295 (2014: £6,118,055) in bank deposits at five financial institutions. These sums are regarded as monies held pending investment.

12. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	7,691	503,711
Other creditors	13,954	16,954
Accruals	1,108,188	1,438,518
	1,129,833	**1,959,183**

13. Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 70,693,007 (2014: 60,476,940)	**706,930**	604,769

Under the Offer for Subscription launched on 10 December 2014, a total of 9,043,518 ordinary shares were allotted at effective offer prices ranging from 105.85 pence to 118.51 pence per share, raising net funds of £9,764,850.

Under the terms of the Dividend Investment Scheme, a total of 1,726,349 (2014: 728,753) ordinary shares were allotted during the year for a total consideration of £1,615,641 (2014: £727,916). Net share capital subscribed for the year was therefore £11,380,491.

During the year, the Company purchased 553,800 (2014: 600,938) of its own ordinary shares for cash (representing 0.9% (2014: 1.1%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £527,852 (2014: £596,384). The shares bought back were subsequently cancelled.

14. Movement in share capital and reserves

	Called up Share capital £	Share premium reserve £	Capital redemption reserve £	Capital reserve (unrealised) (non-distributable) £	Special distributable reserve* (note a) £	Profit and loss account* (note b) £
At 30 September 2014	604,769	5,662,818	3,750	7,662,673	29,576,755	25,795,640
Shares bought back (note c)	(5,538)	-	5,538	–	(527,852)	–
Shares issued under Offer for Subscription	90,435	9,716,707	–	–	(42,292)	–
Dividends re-invested into new shares	17,264	1,598,377	–	–	–	–
Dividends paid	–	–	–	–	–	(11,820,896)
Transfer between reserves (note d)	–	–	–	–	(1,858,646)	1,858,646
Other expenses net of taxation	–	–	–	–	–	(1,498,323)
Net unrealised gains on investments	–	–	–	4,574,928	–	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	2,053,151
Realisation of previously unrealised gains	–	–	–	(3,239,968)	–	3,239,968
Revenue return for the year	–	–	–	–	–	1,734,392
At 30 September 2015	**706,930**	**16,977,902**	**9,288**	**8,997,633**	**27,147,965**	**21,362,578**

* - Distributable reserves total £48,510,543 (2014: £55,372,395). The Special distributable reserve has been treated as distributable in determining the amounts available for distribution.

Note a – The Company's special distributable reserve is available to fund buybacks of shares as and when it is considered by the Board to be in the interests of the shareholders, and to absorb any existing and future realised losses and for other corporate purposes. As at 30 September 2015, the Company has a special distributable reserve of £27,147,965, of which £27,147,965 relates to reserves from shares issued on or before 5 April 2014.

Note b –the realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company shown in the Balance Sheet.

Note c – The shareholders authorised the Company to purchase its own shares for cancellation pursuant to section 701 of the Companies Act 2006 at the Annual General Meeting held on 12 February 2015. The authority was limited to a maximum number of 9,065,493 shares (this being approximately 14.99% of the issued share capital at the date of the Notice of the meeting). This authority will, unless previously revoked or renewed, expire on the conclusion of the Annual General Meeting of the Company to be held on 10 February 2016. The minimum price which may be paid for a share is 1 penny per share, the nominal value thereof. The maximum price that may be paid for a share is an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authorities provide that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract. A resolution to renew these authorities will be proposed at the Annual General Meeting to be held on 10 February 2016.

Note d – The transfer of £1,858,646 to the special distributable reserve from the realised capital reserve above is the total of realised losses incurred by the Company this year.

Notes to the Accounts
For the year ended 30 September 2015

15. Net asset value per share

	2015 £	2014 £
Net assets	**75,202,296**	**69,306,405**
Number of shares in issue	**70,693,007**	**60,476,940**
Basic and diluted net asset value per share	**106.38p**	**114.60p**

16. Reconciliation of profit on ordinary activities before taxation to net cash (outflow)/inflow from operating activities

	2015	2014 £
Profit on ordinary activities before taxation	6,864,148	6,347,215
Net unrealised gains on investments	(4,574,928)	(3,730,169)
Net gains on realisation of investments	(2,053,151)	(2,713,796)
Decrease in debtors	171,028	41,689
(Decrease)/increase in creditors and accruals	(1,020,953)	1,312,152
Net cash (outflow)/inflow from operating activities	**(613,856)**	**1,257,091**

17. Analysis of changes in net funds

	Cash £	Liquid resources £	Total £
At beginning of year	11,387,997	18,914,849	30,302,846
Cash flows	(9,220,188)	(6,248,846)	(15,469,034)
At 30 September 2015	**2,167,809**	**12,666,003**	**14,833,812**

18. Financial instruments

The Company's financial instruments in both years comprise:

- Equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

The principal purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2015:

	2015 (Book value) £	2015 (Fair value) £	2014 (Book value) £	2014 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	60,415,750	60,415,750	39,825,198	39,825,198
Current investments	12,666,003	12,666,003	18,914,849	18,914,849
Cash at bank	2,167,809	2,167,809	11,387,997	11,387,997
Other debtors	750,000	750,000	880,236	880,236
Loans and receivables				
Accrued income	317,416	317,416	434,535	434,535
Liabilities at amortised cost or equivalent				
Other creditors	(1,129,833)	(1,129,833)	(2,150,321)	(2,150,321)
Total for financial instruments	75,187,145	75,187,145	69,292,494	69,292,494
Non financial instruments	15,151	15,151	13,911	13,911
Net assets	**75,202,296**	**75,202,296**	**69,306,405**	**69,306,405**

The investment portfolio principally consists of unquoted investments 96.7%; (2014: 94.6%) and AIM quoted stocks 3.3% (2014: 5.4%). The investment portfolio has a 100% (2014:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 80.3% (2014: 57.5%) of net assets at the year-end.

Current investments include money market funds and bank deposits not accessible within 24 hours, discussed under credit risk below, which, including cash at bank, represent 19.7% (2014: 43.7%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are due to liquidity risk, particularly with the investment portfolio, credit risk, particularly of the investment portfolio but also of other assets, the fluctuations in market prices (market price risk) and cash flow interest rate risk, although currency risk is also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding years.

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and are therefore not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers and, as the Company owns minority stakes would require a number of months and the co-operation of other shareholders to achieve a reasonable valuation. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to five years from the year-end.

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds (all accessible on an immediate basis) and bank deposits of £11,194,295, which are accessible at varying points over the next twelve months.

Notes to the Accounts
For the year ended 30 September 2015

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk is:

	2015 £	2014 £
Loan stock investments	40,265,127	26,500,736
Current investments	12,666,003	18,914,849
Accrued income and other debtors	1,067,416	1,314,771
Cash at bank	2,167,809	11,387,997
	56,166,355	**58,118,353**

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them and, where they do, such security ranks beneath any bank debt that an investee company may owe.

The loan stock is held in companies with turnover under £50 million, which may be considered less stable than larger, longer established businesses.

The accrued income and other debtor shown above was all due within two months of the year-end.

The following table shows the maturity of the loan stock investments referred to above. In some cases, the loan maturities are not the contractual ones, but are the best estimate using management's expectations of when it is likely that such loans may be repaid.

Repayable within	2015 £	2014 £
0 to 1 year	2,526,266	1,591,365
1 to 2 years	1,792,106	4,461,314
2 to 3 years	5,732,954	5,617,912
3 to 4 years	14,701,911	6,212,211
4 to 5 years	15,511,890	8,617,934
› 5 years	–	–
Total	**40,265,127**	**26,500,736**

Included within loan stock investments above are loans at a carrying value of £521,657 (2014: £333,333) which are past their repayment date but have been re-negotiated. Loans which are past their repayment date but which have not been renegotiated have a carrying value of £nil (2014: £1,334,581). These loan stock investments are usually made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk above.

An aged analysis of the loan stock investments included above, which are past due but not individually impaired, is set out below. For this purpose, these loans are considered to be past due when any payment due under the loan's contractual terms (such as payment of interest) is received late or missed. The loans in the table below are all considered to be past due only because interest on the loan is outstanding and/or the loan is past its contractual repayment date, and has not been renegotiated. We are required to report in this format and include the full value of the loan.

The figure has fallen, as £1,305,000 of the 2014 figure has been realised, while the interest on £1,844,289 of last year's loans has been recapitalised and is now being paid or is not past due. Against these reduction loans valued at a net £306,427 are now classified as past due.

	0 - 6 months £	6 - 12 months £	over 12 months £	2015 Total £
Loans to investee companies past due	**681,427**	**–**	**537,948**	**1,219,375**

	0 - 6 months	6 - 12 months	over 12 months	2014 Total
Loans to investee companies past due	**750,000**	**–**	**3,312,237**	**4,062,237**

There is a risk of default by the money market funds above, which could suffer defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The OEIC money market funds are all triple A rated funds and, along with bank deposits of £11,194,295 at five well-known financial institutions classified as 'Current investments', credit risk is considered to be relatively low in current circumstances. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the Company's total investment assets. The cash at bank figure of £2,167,809 is held with NatWest Bank plc, so the risk of default is considered to be low.

There could also be a failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery. In respect of any quoted investment transactions that are undertaken, the Company uses brokers with a high credit quality, and these trades usually have a short settlement period. Accordingly, counterparty risk is considered to be relatively low.

Market price risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £60,415,750, at the year-end.

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. As in a number of cases, the unquoted investments are valued by reference to price earnings ratios prevailing in quoted comparable sectors, their valuations are exposed to changes in the price earnings ratios that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's investment objective, as set out at the front of this Annual Report. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Adviser. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Investment Committee meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives. The Company does not use derivative instruments to hedge against market risk

Market price risk sensitivity

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of £ sterling denominated investments in small companies.

Although a small part of these assets are quoted on AIM, nearly all of these assets are unquoted. All of the investments made by the Investment Adviser in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares, preference shares or loan stock) carry a full market risk, even though some of the loan stocks may be secured on assets, but behind any prior ranking bank debt in the investee company.

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 20% movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares, preference shares and loan stocks) held by the Company produces a movement overall of 20%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of initial investment. Similarly, 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
For the year ended 30 September 2015

	2015 Profit and net assets £	2014 Profit and net assets £
If overall share prices increased/(decreased) by 20% (2014: 20%), with all other variables held constant – increase/(decrease)	8,814,330 / (8,814,330)	7,965,040 / (7,965,040)
Increase/(decrease) in earnings, and net asset value, per share (in pence)	12.47p / (12.47)p	13.17p / (13.17)p

The impact of a change of 20% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Cash flow interest rate risk

The Company's fixed and floating rate interest securities, its equity and preference equity investments and net revenue may be affected by interest rate movements. Investments are often in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations.

Due to the short time to maturity of some of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk above.

The interest rate profile of the Company's net assets at 30 September 2015 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	20,126,042	–	–	20,126,042		
Preference shares	–	24,581	–	24,581	0.0%	2.27
Loan stocks	–	30,043,827	10,221,300	40,265,127	6.9%	3.28
Current investments	–	10,691,313	1,974,690	12,666,003	0.9%	0.29
Cash	–	–	2,167,809	2,167,809		
Debtors	1,067,416	–	–	1,067,416		
Creditors	(1,129,833)	–	–	(1,129,833)		
Total for financial instruments	20,063,625	40,759,721	14,363,799	75,187,145		
Other non-financial assets	15,151	–	–	15,151		
Total net assets	**20,078,776**	**40,759,721**	**14,363,799**	**75,202,296**		

The interest rate profile of the Company's financial net assets at 30 September 2014 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	13,275,707	–	–	13,275,707		
Preference shares	–	48,755	–	48,755	2.9%	1.05
Loan stocks	–	25,026,656	1,474,080	26,500,736	8.2%	3.19
Current investments	–	6,118,055	12,796,794	18,914,849	0.5%	0.09
Cash	–	–	11,387,997	11,387,997		
Debtors	1,314,771	–	–	1,314,771		
Creditors	(2,150,321)	–	–	(2,150,321)		
Total for financial instruments	12,440,157	31,193,466	25,658,871	69,292,494		
Other non-financial assets	13,911	–	–	13,911		
Total net assets	**12,454,068**	**31,193,466**	**25,658,871**	**69,306,405**		

Floating rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Cash flow interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not consider it appropriate to assess the impact of interest rate changes in isolation upon the value of the unquoted investment portfolio, as interest rate changes are only one factor affecting the market price movements that are discussed above under market price risk. However, as the Company has a substantial proportion of its assets in money market funds and bank deposits, the table below shows the sensitivity of income earned to changes in interest rates:

	2015 £ Profit and net assets	2014 £ Profit and net assets
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	200,441 / (200,441)	254,215 / (254,215)
Increase/(decrease) in earnings, and net asset value, per share (in pence)	0.28p / (0.28)p	0.42p / (0.42)p

Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Notes to the Accounts
For the year ended 30 September 2015

Fair value hierarchy

The table below sets out fair value measurements using FRS 29 fair value hierarchy.

Financial assets at fair value through profit and loss At 30 September 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	2,020,457	–	18,105,585	20,126,042
Preference shares	–	–	24,581	24,581
Loan stock investments	–	–	40,265,127	40,265,127
Current investments	12,666,003	–	–	12,666,003
Total	**14,686,460**	**–**	**58,395,293**	**73,081,753**

There are currently no financial liabilities at fair value through profit and loss.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:
Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policies in note 1.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below:

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2014	11,128,882	48,755	26,500,736	37,678,373
Purchases	8,209,044	614	17,146,487	25,356,145
Sales	(5,852,876)	(25,492)	(5,763,853)	(11,642,221)
Transfers into Level 3	–	–	–	–
Reclassification at value *	(276,254)	(135)	276,389	–
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				–
– on assets sold	1,963,971	–	262,729	2,226,700
– on assets held at the year end	2,932,818	839	1,842,639	4,776,296
Closing balance at 30 September 2015	**18,105,585**	**24,581**	**40,265,127**	**58,395,293**

* - Two transactions whereby the equity of a company preparing to trade was exchanged for equity and loan stock issued by the eventual acquirer of the target business, as well as two investee company restructures.

As detailed in the accounting policies note, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market. These ratios are correlated to the share prices and so any change in share prices will have a significant effect on the fair value measurements of the investments classified as Level 3 investments.

Level 3 unquoted equity and loan stock investments are valued in accordance with the IPEVCV guidelines as follows:

	30 September 2015 £	30 September 2014 £
Valuation methodology		
Cost (reviewed for impairment)	16,386,600	2,793,600
Asset value supporting security held	–	–
Recent investment price	7,583,378	10,933,751
Earnings multiple	34,425,315	22,926,992
Discounted realisation proceeds	–	1,024,030
	58,395,293	**37,678,373**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2014 and 30 September 2015:

Change in valuation methodology (2014 to 2015)	Carrying value as at 30 September 2015 £	Explanatory note
Recent investment price to earnings multiple	12,598,493	Sufficient time has elapsed since investment to move to a more appropriate basis for determining value
Cost (reviewed for impairment) to recent investment price	74,999	Recent funding round

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the December 2012 IPEVCV guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 September 2015.

FRS 29 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternatives, the value of the unquoted investments would be £3,497k or 5.8% lower. Using the upside alternatives the value would be increased by £4,515k or 7.5%. In arriving at both these figures, a 5-15% change to earnings multiples was applied, in addition, for the upside alternatives, for two companies a higher estimated maintainable earnings figure was used and for the downside alternatives, for one company a lower estimated maintainable earnings figure was used.

19. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as both the current and proposed Investment Policies imply and as is permitted under the Company's Articles of Association, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

20. Segmental analysis

There is only one class of business and the operations of the Company are wholly in the United Kingdom.

21. Post balance sheet events

On 2 October 2015, the existing investments in Tovey Management Limited (£1.50 million) and Knighton Management Limited (£1.55 million), along with additional funds from the Company of £0.26 million, were used to make an investment in Access IS Limited.

On 7 October 2015, a further loan of £0.03 million was advanced to Racoon International Holdings Limited.

On 12 October 2015, Fullfield Limited (trading as Motorclean) repaid loan stock of £0.06 million.

On 23 October 2015, Jablite Holdings Limited repaid loan stock of £0.16 million, including £0.04 million of premium.

On 13 November 2015, the Company received deferred consideration in relation to the previous sale of App-DNA of £0.78 million.

On 30 November 2015, Jablite Holdings Limited repaid loan stock of £0.09 million, including £0.03 million of premium.

On 2 December 2015, the entire holding of Tessella Holdings Limited was realised for net proceeds of £4.04 million.

On 8 December 2015, the Company completed its sale of Westway Services Holdings (2014) Limited for net proceeds of £2.57 million.

Shareholder Information

Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Year and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment, approved by the Board. The February annual general meetings provide a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the Investment Adviser.

Recent changes to the European Commission's Transparency Directive mean that the Company is no longer required to publish quarterly Interim Management Statements. However, the Board intends to continue doing so to keep shareholders informed of the Company's progress.

Shareholders wishing to follow the Company's development can also visit the Company website at www.incomeandgrowthvct.co.uk which contains publicly available information or links to information about the Company's largest investments, the latest NAV and the share price. The London Stock Exchange's website at www.londonstockexchange.com under prices and markets, provides up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Tax Efficient Review at www.taxefficientreview.com provide comparative performance figures for the VCT sector as a whole

Shareholder event

The Investment held a further successful shareholder event on 27 January 2015. The event provided a forum for about 270 Mobeus VCT shareholders to hear presentations from the Investment and to learn more about its investment activity in greater depth from the Chairman of Tessella and Tharstern and the Managing Director of Virgin Wines. The Investment Adviser is holding a similar event on 26 January 2016, again at the Royal Institute of British Architects in Central London for which shareholders should have already received an invitation.

Mobeus website

Shareholders can check the performance of the VCT by visiting the Investment's website at www.mobeusequity.co.uk. This is regularly updated with information on your investment including case studies of portfolio companies. The Company continues to have its own dedicated section of the website which shareholders may prefer to access directly by going to www.incomeandgrowthvct.co.uk. This includes performance tables and details of dividends paid as well as copies of past reports to shareholders and information on fundraisings.

Net asset value per share

The Company's NAV per share as at 30 September 2015 was 106.38 pence per share. The Company announces its unaudited NAV on a quarterly basis.

Financial calendar

30 September 2015	Year-end
Late December 2015	Annual Report for the year ended 30 September 2015 to be circulated to shareholders
15 January 2016	Record date for the final dividend of 6.00 pence in respect of the year ended 30 September 2015
26 January 2016	Shareholder Event
10 February 2016	Annual General Meeting
15 February 2016	Payment date for the final dividend of 6.00 pence in respect of the year ended 30 September 2015
Late May 2016	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 31 March 2016 to shareholders

Dividend

The Directors are proposing a final dividend in respect of the year ended 30 September 2015 of 6.00 pence per share. If approved, the dividend will be paid on 15 February 2016 to shareholders on the Register on 15 January 2016.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Capita Asset Services at the address given on page 76.

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for yourselves and to check whether you have received all dividends payable to you. This is particularly important if you have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact Shareholders if this is the case we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date address and/or email address.

Dividend Investment Scheme

The Scheme is a convenient, easy and cost effective way to build up your shareholding in the Company. Instead of receiving cash dividends, you can elect to receive new shares in the Company. By opting to receive your dividend in this manner, there are three benefits to shareholders:

- The dividend is tax free to you;
- Shareholders are allotted new ordinary shares which will, subject to your particular circumstances, attract VCT tax reliefs applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2014/15 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one other, particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per share).

Shareholders who already participate, or are considering whether to participate, in the Scheme should be aware of the current uncertainties around the Company's future investment activities created by the regulatory changes enacted in the Finance Act 2015, as referred to on pages 4 and 5 of the Chairman's Statement. There is an associated five year holding period required to secure income tax relief when new shares are allotted under the Scheme. Shareholders may wish to defer or suspend their participation until the implications of these changes are clearer. If you are in any doubt about whether to participate in the Scheme or not, you should consult your financial adviser.

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that you obtain the best price, if you wish to sell your shares, you are strongly advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2717 before agreeing a price with your stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

Managing your shareholding online

For details on your individual shareholding and to manage your account on online shareholders may log into or register with the Capita Shareholder Portal at the web address below:
www.capitashareportal.com

You can use the Shareholder Portal to change your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive your dividends.

Nominee accounts

Shareholders may, if they so wish, arrange for their shares to be held via a nominee or depository where they retain the financial rights carried by the Company's shares.

Shareholder Information

Boiler room fraud and unsolicited communications to shareholders

We are aware that from time to time our shareholders have received unsolicited telephone calls and/or mail which purport to come from the Company or to be authorised by it.

The Company is obliged by law to make its share register publicly available on request and, as a result, it is possible that shareholder address information could be used by third parties to obtain telephone numbers and/or send unsolicited mail. However, the Company has the right to challenge such a request when the reason given for the request is not acceptable to us and we will be taking advantage of these provisions as appropriate.

The practice of boiler room fraud has been highlighted by the Financial Conduct Authority ("FCA") and the Institute of Chartered Secretaries and Administrators ("ICSA"), and their advice to shareholders includes the following:

– Ensure you get the correct name of the person and organisation who has approached you.

– Check that they are properly authorised by the FCA before taking anything further by visiting www.fca.org.uk/register and contacting the firm involved using the details on the register.

If you suspect that this may be a boiler room scam or similar approach, report the matter to the FCA either by contacting its consumer helpline on 0800 111 6768 or by visiting www.moneyadviceservice.org.uk. The consumer pages on its website contain comprehensive information in the section on investment scams including a reporting form. An incident can also be reported directly to the FCA by completing an online form which can be found under scams in the consumer section of their website.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme ("FSCS"). The FSCS can be contacted via its website at www.fscs.org.uk.

Details of any share dealing facilities that the company endorses will be included in company mailings.
For further information, shareholders may also contact Mobeus, the Company Secretary, Tel : 020 7024 7600.

Shareholder enquiries:

For enquiries concerning the Company, please contact the Investment Adviser Mobeus Equity Partners LLP, on 020 7024 7600 or by e-mail to vcts@mobeusequity.co.uk.

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars:

Capita Asset Services
The Registry,
34 Beckenham Road Beckenham, Kent BR3 4TU

www.capitashareportal.com

VCT investor line: 0371 664 0324.
Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom are charged at the applicable international rate. Our lines are open from 9am – 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

To contact the Chairman or any member of Board, please contact the Company Secretary, Mobeus Equity Partners LLP in the first instance, on 020 7024 7600 or by e-mail to vcts@mobeusequity.co.uk.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an annual general meeting of The Income & Growth VCT plc ("the Company") will be held at 11.00 am on Wednesday, 10 February 2016 at 33 St James's Square, London SW1Y 4JS for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 and 11 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

1. To receive and adopt the annual report and accounts of the Company for the year ended 30 September 2015 ("Annual Report"), including the auditor's report thereon.

2. To approve the annual remuneration report as set out in the Annual Report.

3. To re-appoint BDO LLP of 55 Baker Street, London W1U 7EU as auditor to the Company until the conclusion of the next annual general meeting of the Company.

4. To authorise the directors to determine the remuneration of BDO LLP as auditor to the Company.

5. To re-elect Colin Hook as a director of the Company.

6. To re-elect Helen Sinclair as a director of the Company.

7. To approve the payment of a final dividend in respect of the year ended 30 September 2015 of 6.00 pence per ordinary share of 1 penny each in the capital of the Company, payable on 15 February 2016 to shareholders on the register on 15 January 2016.

8. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £235,593, provided that the authority conferred by this resolution shall (unless renewed, revoked or varied by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2017 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 and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

9. That, subject to the passing of resolution 8 set out in this notice and in substitution for any existing authorities, the directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 8 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:

    (i) with an aggregate nominal value of up to, but not exceeding, £164,900 in connection with offer(s) for subscription;

    (ii) with an aggregate nominal value of up to, but not exceeding, 5 per cent of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company at a subscription price per share which is less than the net asset value per share; and

    (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, with an aggregate nominal value of up to, but not exceeding, 5 per cent of the issued share capital of the Company from time to time;

    in each case where the proceeds of the allotment may be used in whole or in part to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

10. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to and accordance with section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares provided that:

Notice of the Annual General Meeting

(i) the aggregate number of Shares which may be purchased shall not exceed 10,596,882 or, if lower, such number of Shares (rounded down to the nearest whole Share) as represents 14.99 per cent of the Shares in issue at the date of passing of this resolution;

(ii) the minimum price which may be paid for a Share is 1 penny (the nominal value thereof);

(iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (EC2273/2003);

(iv) the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017; and

(v) the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

11. That the Investment Policy of the Company be amended as set out on page 34 of the Annual Report.

BY ORDER OF THE BOARD

Mobeus Equity Partners LLP
Secretary
Dated: 17 December 2015

Registered Office
30 Haymarket
London SW1Y 4EX

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Mobeus Equity Partners LLP, the Company Secretary at 30 Haymarket, London SW1Y 4EX or by email to: iandg@mobeusequity.co.uk or telephone on 020 7024 7600.

2. Shareholders may appoint a proxy either by completing the hard copy of the proxy form provided with this Annual Report or electronically at www.capitashareportal.com. To register to vote electronically via the Share Portal, you will need to enter your Investor Code which is provided on your proxy form for the meeting. The proxy form, or other instrument appointing a proxy, must be received (a) by post or (during normal business hours only) by hand at the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or (b) online, via the Share Portal at www.capitashareportal.com, in each case so as to be received not later than 11.00 am on Monday, 8 February 2016 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

3. The return of a completed proxy form, other such instrument or any electronic Proxy Instruction (as described in paragraph 2 above will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ("the Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (ie the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your financial adviser or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

7. 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, 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.

8. Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. 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.

10. In order for a proxy appointment or instruction made using the CREST service 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 instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on 8 February 2016. For this purpose, the time of receipt will be taken to be 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. You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com If not already registered for the share portal, you will need your investor code which can be found on your share certificate.

11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Annual General Meeting and the number of votes that may be cast thereat will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting). 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 meeting.

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares

13. Any member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting and the Company is obliged to answer such questions under section 319A of the Act. However, no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website www.incomeandgrowthvct.co.uk in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Notice of the Annual General Meeting

14. Under section 527 of the Act (i) Members representing at least 5% of the total voting rights of all the Members or (ii) at least 100 members who have a relevant right to vote and hold shares in the company on which there has been paid up an average sum, per member, of at least £100 (in accordance with section 525 of the Act) can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act, that the Members propose to raise at the meeting. The Company cannot require the Members requesting the publication to pay its expenses in complying with sections 527 or 528 of the Act. Any statement required to be placed on the Company's website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish on its website under section 527.

15. By attending the meeting, Members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the shares of the Company made at the Meeting.

16. As at 17 December 2015 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 70,693,007 ordinary shares of 1 penny each carrying one vote. Therefore, the total voting rights in the Company as at 17 December 2015 were 70,693,007.

17. The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) and at the place of the meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.

18. A copy of this notice, and other information required by Section 311A of the Act, can be found on the Company's website at www.incomeandgrowthvct.co.uk.

Performance Data at 30 September 2015

Share price at 30 September 2015 **93.50 p[1]**
NAV per share as at 30 September 2015 **106.38 p**

The following table shows, for all investors in The Income & Growth VCT plc, how their investments have performed since they were originally allotted shares in each fundraising.

Shareholders from the original fundraising in 2000/01 should note that the funds were managed by three investment advisers, up until 10 March 2009. At that date, Mobeus became the sole adviser, to this and all subsequent fundraisings.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 30 September 2015. The NAV basis enables shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

The tables show dividends paid in each year. A table showing the amounts paid in respect of each year can be found on the Company's website: www.incomeandgrowthvct.co.uk under Dividends

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share (p)	Total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2014 (NAV basis) %
Funds raised – O Fund[3] (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	**60.62**	73.99	**144.84**	**154.60**	**5.03%**
Funds raised 2007/08 – S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	**70.00**	68.50	**162.00**	**174.88**	**5.92%**
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	**73.36**	68.00	**161.50**	**174.38**	**5.94%**
28 February 2011	107.90	**75.53**	66.00	**159.50**	**172.38**	**6.01%**
22 March 2011	105.80	**74.06**	66.00	**159.50**	**172.38**	**6.01%**
1 April 2011	105.80	**74.06**	64.00	**157.50**	**170.38**	**6.09%**
5 April 2011	105.80	**74.06**	64.00	**157.50**	**170.38**	**6.09%**
10 May 2011	105.80	**74.06**	64.00	**157.50**	**170.38**	**6.09%**
6 July 2011	106.00	**74.20**	64.00	**157.50**	**170.38**	**6.09%**
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	**74.48**	40.00	**133.50**	**146.38**	**7.16%**
4 April 2012	106.40	**74.48**	40.00	**133.50**	**146.38**	**7.16%**
5 April 2012	106.40	**74.48**	40.00	**133.50**	**146.38**	**7.16%**
10 May 2012	106.40	**74.48**	40.00	**133.50**	**146.38**	**7.16%**
10 July 2012	111.60	**78.12**	40.00	**133.50**	**146.38**	**7.16%**
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	**81.20**	40.00	**133.50**	**146.38**	**7.16%**
28 March 2013	112.60	**78.82**	34.00	**127.50**	**140.38**	**7.49%**
4 April 2013	112.60	**78.82**	34.00	**127.50**	**140.38**	**7.49%**
5 April 2013	112.60	**78.82**	34.00	**127.50**	**140.38**	**7.49%**
10 April 2013 Pre RDR[4]	115.30	**80.71**	34.00	**127.50**	**140.38**	**7.49%**
10 April 2013 Post RDR[4]	112.60	**78.82**	34.00	**127.50**	**140.38**	**7.49%**
7 May 2013	112.60	**78.82**	34.00	**127.50**	**140.38**	**7.49%**

[1] - Source: London Stock Exchange (mid-price basis),.

[2] - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 20% up until 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

[3] - Shareholders who invested in 2000/01 received 0.7578 shares in the current share class for each share previously held on 29 March 2010, when the Company's two share classes merged. The net allotment price, NAV, cumulative dividend, total return, share price and percentage return data per share have been adjusted to reflect this merger conversion ratio.

[4] - RDR means the date of implementation of the Retail Distribution Review on 31 December 2012, which affected the level of charges in the allotment price for applications received before and after that date.

Performance Data at 30 September 2015

Allotment date(s)	Allotment price (p)	Net allotment price[1] (p)	Cumulative dividends paid per share (p)	Total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2014 (NAV basis) %
Funds raised 2014						
(launched 28 November 2013)						
9 January 2014	117.82[2]	**82.47**	28.00	**121.50**	**134.38**	**7.85%**
11 February 2014	119.02[2]	**83.31**	28.00	**121.50**	**134.38**	**7.85%**
31 March 2014	115.64[2]	**80.95**	24.00	**117.50**	**130.38**	**8.11%**
3 April 2014	116.17[2]	**81.32**	24.00	**117.50**	**130.38**	**8.11%**
4 April 2014	115.45[2]	**80.82**	24.00	**117.50**	**130.38**	**8.11%**
6 June 2014	121.55[2]	**85.09**	24.00	**117.50**	**130.38**	**8.11%**
Funds raised 2015						
(launched 10 December 2014)						
14 January 2015	108.33[2]	**75.83**	10.00	**103.50**	**116.38**	–
17 February 2015	113.17[2]	**79.22**	10.00	**103.50**	**116.38**	–
10 March 2015	109.88[2]	**76.92**	6.00	**99.50**	**112.38**	–

[1] - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 20% up until 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

[2] - Average effective offer price.

Cumulative dividends paid

Dividend payment date	Funds raised 2000/01 'O' Share Fund (p)	Funds raised 2007/08 'S' Share Fund (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2012/13 (p)	Funds raised 2013/14 (p)	Funds raised 2014/15 (p)
30 June 2015	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00
20 March 2015	3.03[1]	4.00	4.00	4.00	4.00	4.00	4.00
30 October 2014	6.06[1]	8.00	6.00	6.00	6.00	8.00	
03 July 2014	4.55[1]	6.00	6.00	6.00	6.00	6.00	
12 March 2014	3.03[1]	4.00	4.00	4.00	4.00	4.00	
27 June 2013	4.55[1]	6.00	6.00	6.00	6.00		
08 February 2013	4.55[1]	6.00	6.00	6.00	6.00		
15 February 2012	3.02[1]	4.00	400				
27 February 2012	15.16[1]	20.00	20.00				
28 March 2011	1.52[1]	2.00	2.00				
22 February 2011	1.52[1]	2.00	2.00				
29 March 2010 Merger of the 'O' and 'S' Share Funds							
17 March 2010	2.00	0.50					
16 February 2009	4.00						
15 February 2008	2.00						
24 October 2007	2.00						
15 February 2007	3.75						
14 February 2006	3.25						
04 February 2005	1.25						
11 February 2004	1.25						
12 February 2003	1.75						
18 February 2002	1.20						
Total dividends paid	**73.99**	**68.50**	**68.00**	**40.00**	**40.00**	**28.00**	**10.00**

[1] - The dividends paid after the merger, on the former 'O' Share Fund shareholdings have been restated to take account of the merger conversion ratio.

The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to shareholders by date of allotment is shown in the table on page 81 and above .

Timeline of the Company

October 2000	The Company is launched as TriVest VCT plc advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.
April 2001	The Company's first fundraising of its "O Share Fund" is completed.
October 2002	Nova Capital Management succeeds LICA Development Capital as adviser to that section of the portfolio.
April 2004	The team from GLE Development Capital join Matrix Group to form Matrix Private Equity Partners and continue the management of its share of the Company's portfolio.
September 2007	The Company implements a change in its management arrangements with the funds now being jointly managed by Matrix Private Equity Partners and Foresight Group.
October 2007	The Company changes its name to The Income & Growth VCT plc following the change to becoming a dual-managed VCT.
December 2007	The 'S' Share Fund is launched.
March 2009	The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.
March 2010	The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.
November 2011	The Company sells its stake in App-DNA for 32 times cost and pays a special interim capital dividend of 20p per share in the following January.
June 2012	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.
2010-2013	The Company participates in four linked fundraisings with other Mobeus advised VCTs.
December 2014	The Company launches an offer with the other Mobeus advised VCTs to raise up to £10 million for the Company.

Corporate Information

Directors

Colin Hook
Jonathan Cartwright
Helen Sinclair

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Investment Adviser, Company Secretary, Administrator and Promoter

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