

COMPANIES

5226

PROVEN GROWTH AND INCOME VCT PLC

Report & Accounts for the year ended 28 February 2007

THURSDAY



A05	*AWHKASJS*	30/08/2007	268
	COMPANIES HOUSE		
A19	*A9ML4S2U*	13/08/2007	238
	COMPANIES HOUSE		

SHAREHOLDER INFORMATION

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Interim Statements and Interim Management Statements can be found on the Company's website

www.provenvets.com

Dividend history, links to Company announcements and other financial information can be found on Downing's website at www.downing.co.uk by clicking on "VCT Information and Accounts" Shareholders can also check details of their shareholdings using Capita Registrars's website at www.capitaregistrars.com, by clicking on "Shareholders"

Dividends

Dividends are paid by the Registrar on behalf of the Company Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose (form can be downloaded from www.capitaregistrars.com) Queries relating to dividends and requests for Mandate Forms should be directed to the Company's Registrar, Capita Registrars, on 0870 162 3124, or by writing to them at Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0LA

Dividend History (since launch)

Ordinary Shares

Year end (including interim dividends)	Pence per share	Year end (including interim dividends)	Pence per share
2002	1 4	2006	6 5
2003	1 0	2007 First interim	50 0
2004	3 5	Cumulative dividends paid to date	68 9
2005	6 5	2007 Second interim (paid 5 April 2007)	7 0

'C' Shares

2007 First interim (paid 5 April 2007)	2 0
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Share Price

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes

	Ordinary shares "PGO"	'C' shares "PGOC"
TIDM/EPIC code		
Latest share price (7 June 2007)	93 0p per share	83 0p per share

Selling Shares

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker Shareholders who invested in the 'C' share issue should be aware that they need to hold their shares for a minimum period of three years to retain the Income Tax relief they received on investment There may be tax implications in selling your shares, therefore you should contact your independent financial adviser if you have any queries

The Company operates a policy of buying its own shares for cancellation as they become available The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a Stockbroker to sell your shares Downing Management Services Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares Contact details are shown on page 1 of this document

Financial Calendar

26 July 2007	Annual General Meeting
October 2007	Announcement of interim results

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register In the event of a change of address or other amendment, this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder

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COMPANY INFORMATION

Company Number	4125326
Registered Office	39 Earlham Street London WC2H 9LT
Directors	Andrew Davison (Chairman) Nicholas Lewis David Eberly James Stewart Marc Vlessing
Secretary	Grant Whitehouse
Investment Manager	Beringea Limited 39 Earlham Street London WC2H 9LT Tel 020 7845 7820 www.provenvcts.com
Administration Manager	Downing Management Services Limited Kings Scholars House 230 Vauxhall Bridge Road London SW1V 1AU Tel 020 7416 7780 www.downing.co.uk
Auditors	Deloitte & Touche LLP London
VCT status advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar	Capita Registrars Northern House, Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA Tel 0870 162 3124 www.capitaregistrars.com
Solicitor	Howard Kennedy 19 Cavendish Square London W1A 2AW
Bankers	Bank of Scotland West End Office St James's Gate 14-16 Cockspur Street London SW1Y 5BL

INVESTMENT STRATEGY

ProVen Growth & Income VCT plc is a Venture Capital Trust (VCT) established under the legislation introduced in the Finance Act 1995. The Company's principal investment objective is to achieve a total return significantly greater than that available from direct investment in quoted businesses by investing in a portfolio of carefully selected smaller companies with excellent growth prospects while maintaining VCT status.

FINANCIAL HIGHLIGHTS

	2007 pence	2006 pence
Ordinary Shares		
Net asset value (per share)	<u>129.7</u>	<u>134.3</u>
Cumulative paid dividend since launch	<u>68.9</u>	<u>15.4</u>
Total return (net asset value plus paid cumulative distributions)	<u>198.6</u>	<u>149.7</u>
Interim dividend (per share)	50.0	3.0
Second interim dividend (per share) paid on 5 April 2007	<u>7.0</u>	<u>3.5</u>
	<u>57.0</u>	<u>6.5</u>
	2007 pence	2006 pence
'C' Shares		
Net asset value (per share)	<u>97.2</u>	<u>94.9</u>
Cumulative paid dividends since launch	<u>-</u>	<u>-</u>
Total return (net asset value plus paid cumulative dividends)	<u>97.2</u>	<u>94.9</u>
Second interim dividend (per share) paid on 5 April 2007	<u>2.0</u>	<u>-</u>

DIRECTORS

Andrew Davison (64) (Chairman) is currently on the boards of a number of quoted and unquoted companies and is chairman of City of London Investment Group PLC, The Ethical AIM VCT plc, ProVen VCT plc and Pennine AIM VCT 5 plc. He was formerly chairman and chief executive of Business Mortgages Bank plc from 1987 – 1991. He joined County Bank Limited in 1972 and by 1984 had become managing director of NatWest Ventures Limited. He is a former council member of the British Venture Capital Association.

David Eberly (43) is a Senior Managing Director and co-founder of Beringea LLC. David has directed much of Beringea's growth, with particular emphasis on middle-market transactions for privately-held companies and U S /European cross-border transactions. He serves on the Board of Directors of Beringea LLC and Beringea Ltd. In addition, he is the executive officer of Beringea LLC's China subsidiary, Beringea (Shanghai) Investment & Consulting Co Limited. He is a founding shareholder and was a member of the Board of Directors of European Gateway Acquisition Corp. where he coordinated much of the identification and analysis of potential targets for European Gateway's acquisition effort.

Nicholas Lewis (51) is a director of Downing Corporate Finance Limited, which he founded in 1986. Downing specialises in promoting and administering tax-based investments, having raised over £600 million over the last ten years. He is a non-executive director of a number of other venture capital trusts and an executive director of the investment management subsidiaries of the Downing Protected VCTs. He was formerly with NatWest Ventures Limited and, before that, with Apax Partners and Co. Limited.

James Stewart (58) was formerly managing director of Creditanstalt Investment Bank AG's subsidiary in London, where he had previously established Creditanstalt Bankverein's development capital activity. He has been a non-executive director of a number of quoted and unquoted companies and is on the board of Guinness Flight Venture Capital Trust plc. He now works as an independent venture capitalist.

Marc Vlessing (45) started his career as a corporate financier with County NatWest. In 1991, he set up Media Finance, a management consultancy business specialising in the media sector. In 1997 he became Chief Executive of Crescent Entertainment, which ran a group of London theatres and cinemas, subsequently he became Chief Executive of First Call International, the UK's largest independent ticketing business. He is currently Chairman of Eclipse VCT 2 plc and a principal in Pocket, a developer which helps people on low to moderate incomes own their first home.

All the Directors are non-executive and, with the exception of David Eberly, are considered to be independent of the investment manager.

CHAIRMAN'S STATEMENT

I am very pleased to present the Annual Report covering what has been a very successful year for ProVen Growth & Income VCT plc. The Ordinary Share pool's Total Return (Net Asset Value plus dividends paid to date) is now the third highest achieved by any VCT, of which there are now more than 100.

Net Asset Value

At 28 February 2007, the Company's Ordinary Share Net Asset Value ("NAV") stood at 129.7 p per share, an increase of 48.9 p or 36.4% compared to the NAV at 28 February 2006 after adjusting for the dividends of 53.5 p per share which were paid during the year.

The Total Return (NAV plus dividends paid to date) to Ordinary Shareholders that invested at the Company's launch now stands at 198.6 p compared to an original investment net of income tax relief of 80 p per share.

The NAV of the Company's 'C' Shares stood at 97.2 p at 28 February 2007, an increase of 2.3 p or 2.4% compared to the NAV at 28 February 2006.

Board change

Alexander Spiro Jr stepped down from the Board on 25 January 2007 as a result of his changing role within Beringea LLC, the group which provides investment management services to the Company. I wish to thank Alexander for his strong support and perceptive and relevant contribution since joining the Board in May 2003 and wish him well in his future activities.

On the same date, David Eberly joined the Board as a non-executive director representing Beringea. David is a Senior Managing Director and co-founder of Beringea LLC and also sits on the board of Beringea Limited, the Company's investment manager. David has previously been a director of European Gateway Acquisition Corp (1996-1998) and also Williams Controls Inc (2002-2003). I am sure that, with his extensive experience in investment banking, David will be a valuable addition to the Board.

'C' Share issue

The Company's 'C' Share fundraising, launched in November 2005, closed fully subscribed in April 2006 having raised gross proceeds of £25.0 million.

In order that the Ordinary Shareholders and 'C' Shareholders can assess the performance of their respective funds, separate Income Statements, Balance Sheets and Cash flow Statements have been included for each pool, as well as for the Company as a whole.

Venture Capital Investments

Ordinary Share Pool

Although there were relatively few transactions during the year within the Ordinary Share investment portfolio, the exit from the investment in Mergermarket Limited was very successful, producing proceeds of £4.3 million against an original cost of just £317,000. This was not, however, the only profitable investment disposal, with the holding in restaurant chain, Ma Potters, also showing a realised gain against cost of £432,000 (giving a return of capital of 71.6%).

Of the investments still held at the year end, there were a number of adjustments to the valuations, which overall showed a net gain of £1.2 million.

Full details of the investment activities can be found in the Investment Manager's Report on pages 6 to 7.

'C' Share Pool

With the 'C' Share fundraising closing during the year, the task of building the investment portfolio is in its early stages. At the year end, the 'C' Share pool had completed two investments at a cost of £884,000. Both investments have performed ahead of plan and have been revalued upwards by a total of £324,000. Again, further details can be found in the Investment Manager's Report on pages 6 to 7.

Results and Dividends

The total return on ordinary activities for the year was as follows:

	Revenue £'000	Capital £'000	Total £'000
Ordinary Share	40	3,033	3,073
'C' Share	524	149	673
	564	3,182	3,746

As a result of successful disposal of the Mergermarket investment, a special interim dividend of 50.0 p per share was paid on 7 December 2006 to Ordinary Shareholders. A second interim dividend of 7 p per share was also paid to Ordinary Shareholders on 5 April 2007.

An interim dividend of 2.0 p per share was paid to 'C' Shareholders on 5 April 2007.

In view of the dividends paid on 5 April 2007, the Board is not proposing to pay any final dividends for the year to either Ordinary or 'C' Shareholders.

CHAIRMAN'S STATEMENT (continued)

Share buybacks

The Directors are conscious that the Company's share prices are affected by the illiquidity of its shares in the market resulting from the fact that investors purchasing 'second-hand' shares do not benefit from income tax relief on their investment

The Directors continue to monitor the market in the Company's shares and will make share purchases when appropriate. During the period, the Company repurchased 116,413 Ordinary Shares, at an average price of 125 1p per share, for cancellation. No 'C' Shares were repurchased during the year.

Generally, share buybacks are undertaken at a 10% discount to the latest NAV published by the Company. A Special Resolution to allow the Board to continue to purchase shares for cancellation will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at 39 Earlham Street, London WC2H 9LT at 2.45pm on 26 July 2007. Notice of the meeting is at the end of this document. Three items of special business will be proposed at the AGM in respect of share buybacks as mentioned above and authority for the Directors to allot shares.

Outlook

The Board is very pleased with the performance of the Company over the last year and congratulates the Investment Manager on delivering such strong results. The Directors are, however, conscious that, with the disposal proceeds that have been retained in the Company and the majority of the 'C' share issue proceeds, the primary focus must now be on making new investments.

I am pleased to report that several new investments have been made since the year end and the Board is satisfied that the Manager has an adequate level of deal flow from which to source the new investments.

I look forward to updating Shareholders on the progress in making new investments in the newly-introduced interim management statement (which the Company will prepare shortly for the period to 31 May 2007) and in the interim results to 31 August 2007.



Andrew Davison
Chairman

8 June 2007

INVESTMENT MANAGER'S REPORT

Introduction

This review covers the period to 28 February 2007, during which time the Company closed its successful £25 million 'C' Share fundraising

The total return (net asset value plus cumulative dividends) per Ordinary Share increased by 32.7% from 149.7p to 198.6p. This compares favourably with the increase in the total return on the FTSE All Share index of 11.6% over the same period.

The total return per 'C' Share rose by 2.4% from 94.9p to 97.2p. The smaller return is to be expected in the early years of a VCT as most of the monies raised are held either in new investments often valued (in the first year post investment) at cost or in fixed interest and liquidity funds pending investment. This results in a favourable comparison to an index when stock markets are falling but not so in rising markets.

Portfolio Activity

Ordinary Share Pool

The main driver behind the year's performance was the sale of the Company's investment in Mergermarket Limited which completed in September 2006. The sale of the company for over £110 million generated a total return of almost 14 times the VCT's original investment resulting in a special dividend payment of 50 pence per share in December 2006. Shortly before the year end, Ma Potter's, in which the Company had an 11% interest, was acquired by Tragus Group, the owner of the Cafe Rouge and Bella Italia restaurant chains, generating a total return of over 2.5 times the original investment. Following this disposal, the Company paid a further dividend of 7 pence per share in April 2007.

These and other disposals are summarised in the table below.

	Cost	Market Value at 28/02/06*	Proceeds	Realised gain/(loss)	Gain/(loss) against cost
	£'000	£'000	£'000	£'000	£'000
NASDAQ quoted					
Miva Inc (Findwhat.com Inc)	73	51	20	(31)	(53)
AIM quoted					
Pilat Media Global	25	45	81	36	57
Unquoted					
Mergermarket	317	1,892	4,322	2,428	4,005
Ma Potter's Limited	300	562	732	170	432
Liquidation					
Zenith Group	426	-	-	-	(426)
	1,141	2,550	5,155	2,603	4,015

* adjusted for purchases in year

The ordinary share pool was effectively fully invested for much of the year and so new investment activity was relatively quiet with just one follow on investment of £261,000 in Espresso Broadband.

'C' Share Pool

The majority of the funds raised from the C share offer for subscription are in AAA rated pooled liquidity funds. These liquidity funds provide the benefits of high capital security in a diversified collection of money market instruments and competitive rates of return compared to traditional bank deposits. Two investments were made during the year, a qualifying investment of £681,000 in Gyro International Ltd, a brand communications agency, and a non-qualifying investment of £203,000 in ILG Digital Limited, Europe's largest privately owned digital media agency. Both of these companies were already held in the ordinary share pool and demonstrated strong performance in the period prior to investment from the C share pool. A number of further investments initiated during the year were completed after the year end (see below).

Portfolio Valuation

Ordinary Share Pool

At 28 February 2007, the Company's unquoted and quoted ordinary share pool comprised 13 investments with a cost of £4.5 million and a valuation of £6.5 million. In addition, the Company held cash and liquidity funds of £1.9 million.

Espresso Broadband and ILG Digital accounted for 44% by value of the ordinary share pool's investments. Both continue to perform well. Espresso recently acquired 4 Learning (4L), the educational business of Channel 4, giving it access to a large library of educational video content and a platform for entering the secondary schools market where 4L already has a significant presence. ILG continues to perform ahead of expectations and recently won the prestigious Queen's Award for Enterprise. We also have positive expectations for a number of other portfolio companies. On a less positive note we have made provisions against the investments in Stenbottle and JVTv given concerns over development of the businesses.

C Share Pool

The C share pool's investments totalled £24.4 million. The majority of these investments (£23.2 million) were in liquidity funds. The investments in Gyro and ILG Digital were valued at £1.2 million against an initial cost of £0.9 million.

INVESTMENT MANAGER'S REPORT

Post Year End Activity

Ordinary Share Pool

There has been no further investment activity since the year end

C Share Pool

The period since 28 February 2007 has seen the completion of a number of new investments in the C share pool

In April, the Company invested £680,000 in Eagle Rock Entertainment, a leading independent producer, publisher and distributor of music programming for television and DVD, and £300,000 in the heavily oversubscribed AIM placing of Coolabi, an entertainment property and brand management business. In May, an investment of £1 million was made in Optima UK, a company in the database management and online marketing intelligence sector and £325,000 in Dianomi, a company in the online advertising services market

The C share pool is therefore making good progress towards making the necessary investments as required by the VCT regulations

Outlook

Ordinary Share Pool

New and follow on investments in the ordinary share pool are largely dependent on realisations of existing investments. In this regard, the overall performance and positioning of the ordinary share pool gives us grounds to be optimistic. We continue, where possible, to work closely with portfolio companies to seek ways to add value. This has been a key factor in the success of the ordinary share pool to date and will be, we anticipate, for future returns to ordinary shareholders

C Share Pool

We are experiencing a strong flow of potential investment opportunities which, together with the current favourable economic conditions, bodes well for the future development of the C share pool. C shareholders should not expect significant returns in the short term. The investments generally take time to develop and mature and, in the early years, most returns are expected to come from surplus net revenue rather than from portfolio realisations

Beringea Limited

8 June 2007

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments were held at 28 February 2007

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
ORDINARY SHARE POOL				
Top ten venture capital investments (by value)				
Espresso Broadband Limited	784	2,042	310	24.2%
ILG Digital Limited (formerly I-Level Limited)	600	1,633	1,033	19.4%
Gyro International Limited	500	1,023	523	12.2%
Camden Media Limited	488	527	39	6.3%
Ashford Colour Press Limited	550	458	(99)	5.4%
UBC Media plc *	400	206	(98)	2.5%
Pilat Media Global plc *	50	187	92	2.2%
Cardpoint plc *	129	176	12	2.1%
Oasis Healthcare plc *	170	172	115	2.0%
Baby Innovations S A t/a Steribottle	209	39	(170)	0.5%
	<u>3,880</u>	<u>6,463</u>	<u>1,757</u>	<u>76.8%</u>
Other venture capital investments				
Sports Holdings Limited	260	38	1	0.4%
Immedia Broadcasting plc *	171	23	-	0.3%
JVTV Holdings Limited	200	-	(570)	-
	<u>631</u>	<u>61</u>	<u>(569)</u>	<u>0.7%</u>
Total venture capital investments	<u>4,511</u>	<u>6,524</u>	<u>1,188</u>	<u>77.5%</u>
Liquidity funds				
BGI Sterling First Fund		<u>1,400</u>		<u>16.6%</u>
Cash at bank and in hand		<u>500</u>		<u>5.9%</u>
Total Ordinary Share investments		<u>8,424</u>		<u>100.0%</u>
'C' SHARE POOL				
Venture capital investments				
Gyro International Limited	681	901	220	3.7%
ILG Digital Limited (formerly, I-Level Limited)	203	307	104	1.3%
	<u>884</u>	<u>1,208</u>	<u>324</u>	<u>4.9%</u>
Liquidity funds				
JP Morgan		4,000		16.4%
Northern Trust		4,000		16.4%
RBS		4,000		16.4%
Standard Life		4,000		16.4%
SWIP		4,000		16.4%
BGI Sterling First Fund		600		2.4%
		<u>20,600</u>		<u>84.4%</u>
Cash at bank and in hand		<u>2,623</u>		<u>10.7%</u>
Total 'C' Share investments		<u>24,431</u>		<u>100.0%</u>

All venture capital investments are unquoted unless otherwise stated

* Quoted on AIM

All venture capital investments are incorporated in England and Wales with the exception of Baby Innovations S A , which is incorporated in Madeira

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest venture capital investments for both share pools are as follows

Espresso Broadband Limited www.espresso.co.uk	Cost	£784,000	Latest audited accounts	31 July 2006
	Investment Comprises		Turnover	£7.5 million
	Ordinary Shares	£482,000	Loss before tax	(£1.5 million)
	Loan Stock	£302,000	Retained loss	(£1.6 million)
	Valuation method	Revenue multiple	Net liabilities	(£710,000)
	Valuation at 28/02/07	£2,042,000	Market capitalisation	n/a
	Valuation at 28/02/06	£1,470,000	Proportion of equity held	8.5%

Espresso Broadband develops and delivers multimedia education content for schools. Nearly 9,000 primary schools equal to over 50% of UK primary schools, now subscribe to its flagship 'Espresso for Schools' product. The recent acquisition of 4 Learning, the educational business of Channel 4, provides a platform for developing its position in the UK secondary schools market.

ILG Digital Limited (formerly I-Level Limited) www.i-level.com	Cost	£803,000	Latest audited accounts	31 March 2005
	Investment Comprises		Turnover	£31 million
	Ordinary Shares	£803,000	Profit before tax	£821,000
	Valuation method	Earnings multiple	Retained profit	£65,000
	Valuation at 28/02/07	£1,940,000	Net assets	£1.8 million
	Valuation at 28/02/06	£600,000	Market capitalisation	n/a
			Proportion of equity held	5.4%

ILG Digital is Europe's largest privately owned digital media agency and recognised within the media industry as consistently leading the way in this rapidly expanding market. The company provides its clients with the ability to improve the return on its investment in digital assets, providing expertise to increase online traffic, brand awareness, response rates and actual sales revenue.

Gyro International Limited www.gyrointernational.com	Cost	£1,181,000	Latest audited accounts	31 October 2006
	Investment Comprises		Turnover	£25 million
	Ordinary Shares	£354,000	Profit before tax	£1.5 million
	Preferred Shares	£175,000	Retained profit	£961,000
	Loan Stocks	£652,000	Net assets	£5.8 million
	Valuation method	Earnings multiple	Market capitalisation	n/a
	Valuation at 28/02/07	£1,924,000	Proportion of equity held	6.1%
	Valuation at 28/02/06	£500,000		

Gyro is a brand communications agency providing marketing services for information, communications, and technology companies. It is the fifth largest B2B communications agency in the UK and has four additional offices in continental Europe and the USA. The business is taking advantage of a positive media spending market to increase its local and international reach.

Campden Media Limited www.campdenmedia.com	Cost	£488,000	Latest audited accounts	31 December 2005*
	Investment Comprises		Turnover	£5.6 million
	Ordinary Shares	£99,000	Profit before tax	£558,000
	Loan Stock	£389,000	Retained profit	£566,000
	Valuation method	Earnings multiple	Net assets	(£1.5 million)
	Valuation at 28/02/07	£527,000	Market capitalisation	n/a
	Valuation at 28/02/06	£488,000	Proportion of equity held	5.7%

* In respect of accounts for Campden Publishing Limited

Campden Media is a magazine publisher and event organiser in the healthcare and private wealth management sectors. The company publishes a range of titles many of which are endorsed by the relevant professional bodies. The business has a strong and proven management team and operates in sectors which are regarded as more resilient to adverse macro-economic movements.

REVIEW OF INVESTMENTS (continued)

Ashford Colour Press Limited	Cost	£550,000	Latest audited accounts	31 March 2006
	Investment comprises		Turnover	£11 million
	Ordinary Shares	£73 000	Profit before tax	£300 000
	Preferred Shares	£138	Retained profit	£197,000
	Loan Stock	£477,000	Net assets	£2 0 million
	Valuation method	Earnings multiple	Market capitalisation	n/a
	Valuation at 28/02/07	£458 000	Proportion of equity held	12.9%
www ashford-colour-press.co.uk	Valuation at 28/02/06	£557 000		
	Ashford Colour Press Limited is a medium sized printing business based in Hampshire, and specialising in the educational sector. Beringea led the £5 million management buyout of the company in September 2002 in which ProVen Growth & Income VCT plc invested alongside ProVen VCT plc. The business is long established and has a strong operational management team with significant experience in the printing business.			
UBC Media plc	Cost	£400,000	Latest audited accounts	31 March 2006
	Investment comprises		Turnover	£19 million
	Ordinary Shares	£400 000	Loss before tax	(£234,000)
	Valuation method	Bid Price	Retained loss	(£127 000)
	Valuation at 28/02/07	£206 000	Net assets	£5.9 million
	Valuation at 28/02/06	£304,000	Market capitalisation	£26 million
			Proportion of equity held	0.8%
www ubcmedia.com	UBC Media is a leading player in the rapidly emerging digital radio marketplace. In the last three years, UBC has built a strong business in the area of network programmes, supplying to commercial radio Traffic News, Entertainment News and, from this year, main National and International News in a joint venture with Sky News. ProVen Growth & Income VCT first invested in the company in April 2002.			
Pilat Media Global plc	Cost	£50,000	Latest audited accounts	31 December 2006
	Investment Comprises		Turnover	£19 million
	Ordinary Shares	£50,000	Profit before tax	£3.7 million
	Valuation method	Bid Price	Retained profit	£3.6 million
	Valuation at 28/02/07	£187,000	Net assets	£18 million
	Valuation at 28/02/06	£140,000	Market capitalisation	£45 million
			Proportion of equity held	0.4%
www pilatmedia.com	Pilat Media is an AIM listed company supplying business management software to broadcasters worldwide including BSkyB and Five (UK), Discovery Communications (US) and Network Ten (Australia). ProVen Growth & Income VCT first invested in the company in 2002 on admission to AIM, since when the share price has risen by over 300%.			
Cardpoint plc	Cost	£129,000	Latest audited accounts	30 September 2006
	Investment Comprises		Turnover	£98 million
	Ordinary Shares	£129,000	Loss before tax	(£25 million)
	Valuation method	Bid Price	Retained loss	(£25 million)
	Valuation at 28/02/07	£176 000	Net assets	£53 million
	Valuation at 28/02/05	£164,000	Market capitalisation	£106 million
			Proportion of equity held	0.2%
www cardpointplc.com	Cardpoint owns and/or operates a network of automated teller machines (ATMs) and mobile phone top up terminals in the UK and Europe. The machines are situated at motorway service areas, petrol stations, pubs, hospitals, hotels and large retail and leisure outlets. The company has expanded rapidly since it was admitted to AIM in June 2002, acquiring the non-branch ATM network of HBOS plc and rival competitor Moneybox.			

REVIEW OF INVESTMENTS (continued)

Oasis Healthcare plc

Cost	£170,000	Latest audited accounts	31 March 2006
Investment comprises		Turnover	£82 million
Ordinary shares	£170 000	Loss before tax	(£366 000)
Valuation Method	Bid Price	Retained loss	(£73,000)
Valuation at 28/02/07	£172 000	Net assets	£8.9 million
Valuation at 28/02/06	£57 000	Market capitalisation	£34 million
		Proportion of equity held	0.5%

Oasis is a provider of dental care services to private and NHS patients in England and Wales. The company was admitted to AIM in July 2000 and currently has over 120 practices predominantly under the Oasis brand name. The company has performed strongly in recent months and has been the subject of a number of bids from potential acquirers.

www.oasisdentalcare.co.uk

Baby Innovations S A t/a Steribottle

Cost	£209 000	Latest audited accounts	31 December 2005
Investment Comprises		Turnover	£25 000
Ordinary Shares	£170 000	Loss before tax	(£545,000)
Loan Stock	£39 000	Retained loss	(£545 000)
Valuation method	Earnings multiple	Net liabilities	(£4 millions)
Valuation at 28/02/07	£39 000	Market capitalisation	N/a
Valuation at 28/02/06	£209,000	Proportion of equity held	0.9%

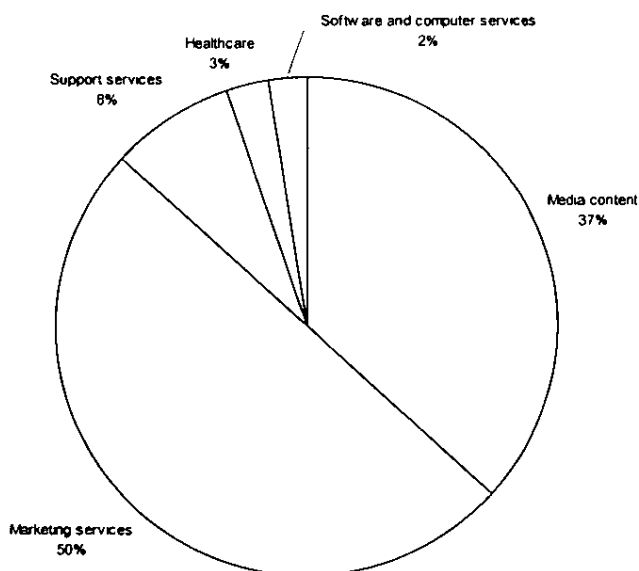
The Steri-bottle is the world's first ready-to-use, disposable, sterile and affordable baby feeding unit. ProVen Growth & Income VCT plc first invested in the company in January 2002, alongside other institutional and private investors, to fund the company's marketing and distribution strategy. The company is currently involved in developing the latest version of the feeding unit.

www.steribottle.com

Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by value at 28 February 2007) is as follows:

Investment portfolio by commercial sector



REPORT OF THE DIRECTORS

The Directors present the Annual Report and Financial Statements of the Company for the year ended 28 February 2007

Principal activity and status

The Directors initially obtained provisional approval for the Company to act as a venture capital trust from HM Revenue and Customs and the Company has continued to meet the standards set out by the Revenue. The Company revoked its status as an investment company in July 2004 upon the payment of a capital distribution, however the Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Section 842 AA of the Income and Corporation Taxes Act 1988.

The Directors consider that the Company was not at any time, up to the date of this report, a close company within the meaning of Section 414 of the Companies Act 1985.

The Company has no employees (other than the Directors).

Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement and the Investment Manager's Report.

Results and distributions

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2007 split as		
Ordinary Shares	3 073	48.5
C Shares	673	2.8
	<u>3,746</u>	

The Directors paid an interim capital distribution of 50.0p per Ordinary share (2006 3.0p per Ordinary share) for the year ended 28 February 2007 on 7 December 2006.

A further distribution of 7p per Ordinary share, split as 1p revenue and 6p capital, together with a 2p dividend per 'C' share was paid on 5 April 2007 to Shareholders on the register at 23 March 2007.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary shares of 1p and 'C' shares of 5p of the Company, at 28 February 2006, 28 February 2007 and the date of this report were as follows:

Director	28 Feb 2007 and Date of this report		28 Feb 2006	
	Ordinary Shares	'C' Shares	Ordinary Shares	'C' Shares
Andrew Davison	5 125	5 150	5 125	
David Eberly	-	-	N/A	N/A
Nicholas Lewis	10 250	10 300	10 250	
Alexander Spiro Jr	N/A	N/A	-	
James Stewart	6 000	-	6 000	
Marc Vlessing	5 125	5 150	5 125	

Alexander Spiro Jr resigned as a director on 25 January 2007 and David Eberly was appointed on the same day.

David Eberly and Nicholas Lewis retire at the forthcoming Annual General Meeting and, being eligible, are offering themselves for re-election. The remainder of the Board feel that Nicholas Lewis has made valuable contributions during the term of his appointment and remains committed to his role. The Board also believes that since his appointment in January, David Eberly has shown commitment to the role. The Board recommends that shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 3 in order to support the decision to re-elect both Directors at the AGM.

Each of the Directors has entered into a consultancy agreement which is terminable by three months' notice on either side. Each Director is required to devote such time to the affairs of the Company as the Board requires.

Share Capital

Pursuant to the Offer for Subscription dated 22 November 2005, the Company issued 22,350,063 'C' shares of 5p each for consideration of £1 per share during the year. Issue costs thereon amounted to £1.2 million.

During the year the Company purchased 116,413 Ordinary shares of 1p each at an average price of 125.1p per share. This represented approximately 1.8% of the called up Ordinary share capital.

Performance incentive fees

Ordinary shares

Beringea Limited ("Beringea") is entitled to performance incentive fees if the Company has returned to investors under the 2001 Ordinary Share offer in aggregate an amount equal to 20p per £1 subscribed for Ordinary Shares and the net asset value per Ordinary Share is at least 100p. Furthermore, for an incentive fee to be payable, the Company must have paid cumulative dividends equal to 4p per Ordinary share per annum for the financial years starting on 1 March 2004.

REPORT OF THE DIRECTORS (continued)

Performance incentive fees (continued)

Beringea is entitled to receive an incentive fee equal to 15% of the cumulative dividends paid from 1 March 2006 up to 4p per Ordinary Share per annum, plus 20% of the cumulative dividends paid from 1 March 2006 in excess of 4p per Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea. The performance fees in respect of the year under review, payable to Beringea Limited, were £604,000.

'C' Shares

No incentive fee will be paid in respect of the 'C' share fund until the Company has returned to investors in aggregate an amount equal to 20p per £1 subscribed for 'C' Shares and the net asset value per 'C' Share is at least 100p. Furthermore, for an incentive fee to be payable, the Company must have paid cumulative dividends equal to 4p per 'C' share per annum for the financial years starting on 1 March 2009. If, in relation to a financial year starting on or after 1 March 2009, the Company has achieved these targets, Beringea is entitled to receive an incentive fee equal to 15% of the cumulative dividends paid from 1 March 2009 up to 4p per 'C' Share per annum, plus 20% of the cumulative dividends paid from 1 March 2009 in excess of 4p per 'C' Share per annum, less the amount of any incentive fee previously paid to Beringea.

Investment management and administration fees

Beringea Limited provides management services to the Company in respect of venture capital investments for a fee of 2.0% per annum (plus VAT) of net assets of the Ordinary Shares and 2.0% per annum (plus VAT) of net asset value of the 'C' Shares. The investment management agreement is for a period of three years from 22 November 2005 and is terminable by either party at any time thereafter by one year's prior written notice.

Downing Management Services Limited provides administration and secretarial services to the Company for an annual fee of £20,000 plus 0.5 per cent of the funds raised under the 'C' Share Offer (subject to a maximum of £32,000 per annum). The agreement is for a minimum period of three years, from 22 November 2005, terminable thereafter by one year's prior written notice.

The annual running costs of the Company, for the year, are also subject to a cap of 3.6% of the Company's net assets.

VCT status advisers

The Company has retained PricewaterhouseCoopers LLP to advise it on compliance with VCT requirements, including evaluation of investment

opportunities, as appropriate, and regular review of the portfolio. Although PricewaterhouseCoopers works closely with the Investment Manager and Administrator, they report directly to the Board.

Creditor payment policy

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. Trade creditors of the Company at the year end amounted to £3,000 (2006: £36,000).

Key performance indicators

At each board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its investment strategy (as shown on page 2). The Board believes the Company's key performance indicators are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see page 2).

In addition, the Board considers the Company's performance in relation to other AIM VCTs. [The Company has also joined the Association of Investment Companies (AIC) and it is hoped that the AIC's monthly performance statistics will provide a further measure of comparative performance.]

Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, liquidity, investment and marketability risks, are summarised within note 20 to the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to shareholders. A breach of section 842AA of the Income and Corporation Taxes Act 1988 could result in the Company being subject to capital gains tax. Serious breaches of other regulations, such as the UKLA Listing rules and the Companies Act 1985 could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly reports from the Managers which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial period.

REPORT OF THE DIRECTORS (continued)

Annual General Meeting

The Annual General Meeting will be held at 39 Earlham Street London WC2H 9LT at 2.45pm on 26 July 2007. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests

As at 28 February 2007, and the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent of the issued ordinary share capital.

Statement of Directors' Responsibilities

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

United Kingdom company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The Directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Statement as to disclosure of information to Auditors

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditors. This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

By order of the Board



Grant Whitehouse
Secretary
39 Earlham Street
London WC2H 9LT

8 June 2007

DIRECTORS' REMUNERATION REPORT

The Board have prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 26 July 2007.

Under the requirements of Schedule 7A, the Company's Auditors are required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditors' Report on page 19.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £100,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.
- The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending Meetings of the Board or of Committees of the Board or General Meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

As the members of the Board are all non-executive and remuneration is calculated as set out above, a remuneration committee has not been established. In the Directors' opinion, there is no requirement for an independent remuneration committee.

Directors' remuneration, as shown in the following table, is set at a level designed to reflect the time commitment and high level responsibility borne by the non-executive directors and should be broadly comparable with those paid by similar companies.

Directors' agreements

Each of the Directors has entered into an agreement whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as a non-executive Director. A three month rolling notice applies.

Directors' remuneration (audited)

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

	2007 Annual fee £	2006 Annual fee £
Andrew Davison	11,250	10,000
David Eberly	1,227	N/A
Nicholas Lewis	10,417	10,000
Alexander Spiro Jr	8,356	-
James Stewart	13,125	10,000
Marc Vlessing	13,125	10,000
	<u>57,500</u>	<u>40,000</u>

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The remuneration levels for the forthcoming year are expected to remain at the following rates:

	Annual fee £
Andrew Davison	17,500
David Eberly	12,500
Nicholas Lewis	12,500
James Stewart	17,500
Marc Vlessing	17,500
	<u>77,500</u>

Insurance cover

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

DIRECTORS' REMUNERATION REPORT (continued)

Performance graph

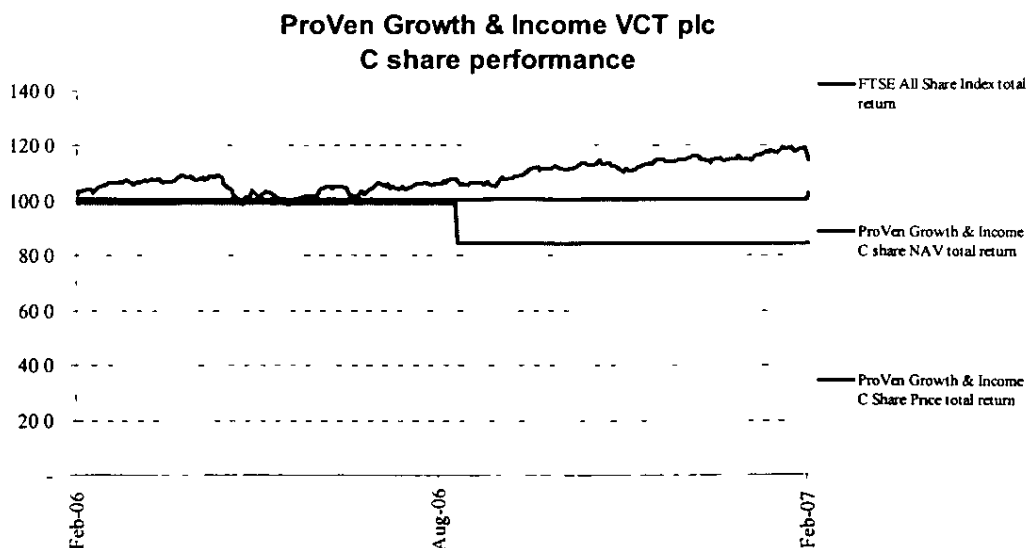
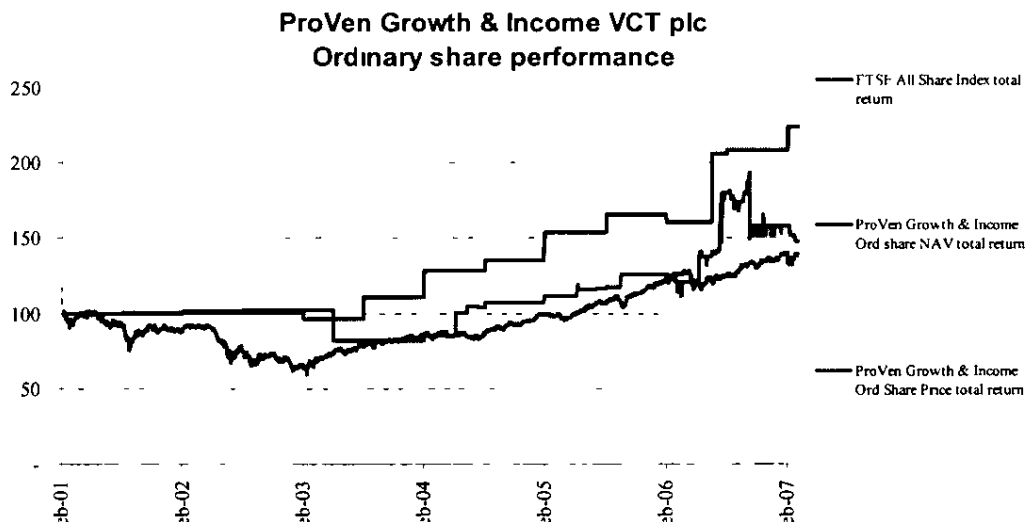
The charts below represent the Company's Ordinary Share and 'C' Share performance over the reporting periods since incorporation, and compares the Company's Net Asset Value total return (Net Asset Value plus dividends and/or capital distributions paid) and the Share Price total return (Share price plus dividends and/or capital distributions) to a rebased FTSE All Share Total Return Index. The FTSE All Share Total Return Index has been chosen as a comparison as it reasonably represents the spread of investments held by the Company and has been rebased to 100 at the relevant launch dates.

By order of the Board



Grant Whitehouse
Secretary

8 June 2007



CORPORATE GOVERNANCE

The Directors support the relevant principles of the new Combined Code issued in July 2003, being the principles of good governance and the code of best practice, as set out in the Combined Code

The Board

The Company has a Board comprising five non-executive directors. The Chairman and senior director is Andrew Davison. James Stewart and Marc Vlessing are considered to be independent directors by the Board. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 3.

Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. In accordance with the Combined Code, two Directors were re-elected during the year. A further two Directors are offering themselves for re-election at the next AGM.

Full Board meetings take place quarterly and the Board meets more regularly to address specific issues including considering recommendations from the investment manager, making all decisions concerning the acquisition or disposal of investments, and reviews, periodically, the terms of engagement of all third party advisers (including the investment manager and administration manager). The Board has a formal schedule of matters specifically reserved for its decision.

All the members of the Board attended each full board meeting held during the period, with the exception of Alexander Spiro Jr, who was unable to attend two board meetings. Satisfactory explanations were received by the Board for the non attendance by Mr Spiro.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

The Board has not appointed a nominations committee or remuneration committee as it considers itself to be small and it comprises wholly non-executive directors. Appointments of new directors and remuneration are dealt with by the full Board. The Board has specific Terms of Reference in order to fulfil its duties in respect of matters relating to remuneration.

The Board reviewed Directors remuneration twice during the year. Details of the specific levels of remuneration to each director are set out in the Directors' Remuneration Report on page 15, and this is subject to shareholder approval.

The Board also considered the nomination of David Eberly as a new non-executive director, and after taking into consideration his experience he was invited to join the Board.

Audit Committee

The Company has an audit committee comprising James Stewart as Chairman, Andrew Davison, Nicholas Lewis and Marc Vlessing. This committee has defined terms of reference and duties. The Committee met once during the year with all members being in attendance.

The Audit Committee is responsible for reviewing the half yearly and annual accounts before they are presented to the Board. They are also responsible for reviewing the terms of appointment of the Auditors, together with their remuneration, as well as reviewing the effectiveness of the Company's internal control and risk management systems.

Any non-audit services provided by the auditors are reviewed and approved by the Committee prior to being undertaken, to ensure that auditor objectivity and independence is safeguarded. The Committee is satisfied with the performance of the auditors and recommends to Shareholders that they be re-appointed as auditors for the forthcoming year.

The Committee reviewed the internal financial controls and recommended that, although still appropriate to the Company, they be updated. They also considered the need for an internal audit function and concluded that this function would not be an appropriate control for a venture capital trust.

As the Company has had no staff, other than directors, there are no procedures in place in respect of C3.4 of the Combined Code.

Relations with shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by shareholders during the course of the year, or to meet with major shareholders if so requested.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Registrars collate proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM.

CORPORATE GOVERNANCE (continued)

Relations with shareholders (continued)

In order to comply with the Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the audit committee and terms and conditions of appointment of non-executive directors are available to Shareholders upon request.

Financial Reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Directors' Report on page 14, and a statement by the auditors about their reporting responsibilities is set out in the Auditors' Report on page 19.

Internal control

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

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and it reviews the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to the following advisers:

<i>Investment Manager</i>	Beringea Limited
<i>Administration</i>	Downing Management Services Limited

Going Concern

The Directors are of the opinion that at the time of approving the financial statements, they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Compliance statement

The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 28 February 2007 with the provisions set out in Section 1 of the Combined Code.

- a) New directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major shareholders so Shareholders are not given the opportunity to meet any new non-executive directors at a specific meeting other than at the annual general meeting (A5-1, A3-3).
- b) The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts (B1-6). The Directors do have consultancy agreements in place.
- c) Due to the size of the Board, a formal performance evaluation of the Board, its committees, the individual directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise (A6, A7-2).
- d) The Company does not have a majority of independent directors as defined by the Combined Code issued in July 2003 as a result of other directorships of companies with the same investment manager. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the Combined Code (A3-2, A3-3). (Consequently the remuneration and audit committees do not comply with B2-1 and C3-1).
- e) Due to the size of the Board, the Company does not have a formal nominations committee or remuneration committee. Relevant matters were dealt with by the full Board (A4-1, B2).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVEN GROWTH AND INCOME VCT PLC

We have audited the financial statements of ProVen Growth and Income VCT plc for the year ended 28 February 2007 which comprise the Income Statement the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and

controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

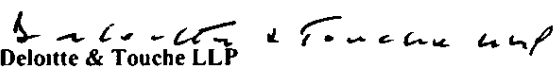
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 28 February 2007 and of its return for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

8 June 2007

INCOME STATEMENT

for the year ended 28 February 2007

Company Position

		Year ended 28 February 2007			Year ended 28 February 2006		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	1,255	-	1,255	233	-	233
Gains on investments	10	-	4,115	4,115	-	1,430	1,430
		1,255	4,115	5,370	233	1,430	1,663
Investment management fees	3	(190)	(569)	(759)	(35)	(106)	(141)
Performance incentive fees	4	-	(604)	(604)	-	-	-
Other expenses	5	(258)	-	(258)	(140)	-	(140)
Return on ordinary activities before tax		807	2,942	3,749	58	1,324	1,382
Tax on ordinary activities	7	(243)	240	(3)	(1)	1	-
Return attributable to equity shareholders		564	3,182	3,746	57	1,325	1,382
Return per Ordinary share	9	0 6p	47 9p	48 5p	0 7p	20 2p	20 9p
Return per 'C' share	9	2 2p	0 6p	2 8p	0 4p	-	0 4p

Split as: Ordinary Shares

	Year ended 28 February 2007			Year ended 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	200	-	200	223	-	223
Gains on investments	-	3,791	3,791	-	1,430	1,430
	200	3,791	3,991	223	1,430	1,653
Investment management fees	(56)	(166)	(222)	(35)	(106)	(141)
Performance incentive fees	-	(604)	(604)	-	-	-
Other expenses	(89)	-	(89)	(140)	-	(140)
Return on ordinary activities before tax	55	3,021	3,076	48	1,324	1,372
Tax on ordinary activities	(15)	12	(3)	-	1	1
Return attributable to equity shareholders	40	3,033	3,073	48	1,325	1,373

INCOME STATEMENT (continued)

for the year ended 28 February 2007

'C' Shares

	Year ended 28 February 2007			Year ended 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	1,055	-	1,055	10	-	10
Gains on investments	-	324	324	-	-	-
	1,055	324	1,379	10	-	10
Investment management fees	(134)	(403)	(537)	-	-	-
Performance incentive fees	-	-	-	-	-	-
Other expenses	(169)	-	(169)	-	-	-
Return on ordinary activities before tax	752	(79)	673	10	-	10
Tax on ordinary activities	(228)	228	-	(1)	-	(1)
Return attributable to equity shareholders	524	149	673	9	-	9

The revenue and capital movements in the year for the Ordinary Shares and 'C' Shares relate to continuing operations

A Statement of Total Recognised Gains and Losses relating to each class of share has not been prepared as all gains and losses are recognised in the relevant Income Statements as shown on page 20 and above

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Notes	Year ended 28 February 2007			Year ended 28 February 2006		
	Ordinary shares £'000	'C' shares £'000	Total £'000	Ordinary shares £'000	'C' shares £'000	Total £'000
Opening shareholders' funds	8,580	2,494	11,074	7,989	-	7,989
Issue of shares	-	22,350	22,350	-	2,630	2,630
Share issue costs	-	(1,229)	(1,229)	-	(145)	(145)
Purchase of own shares	(146)	-	(146)	(353)	-	(353)
Total recognised gains for the year	3,073	673	3,746	1,373	9	1,382
Distributions	(3,373)	-	(3,373)	(429)	-	(429)
Closing shareholders' funds	8,134	24,288	32,422	8,580	2,494	11,074

The accompanying notes are an integral part of this statement

BALANCE SHEET

at 28 February 2007

	Notes	28 February 2007			28 February 2006		
		Ordinary shares £'000	'C' shares £'000	Total £'000	Ordinary shares	'C' shares	Total £'000
Fixed assets							
Investments	10	6,524	1,208	7,732	7,627	-	7,627
Current assets							
Debtors	11	396	86	482	73	50	123
Current investments	12	1,400	20,600	22,000	400	-	400
Cash at bank and in hand		500	2,623	3,123	585	6,604	7,189
		2,296	23,309	25,605	1,058	6,654	7,712
Creditors amounts falling due within one year	13	(686)	(229)	(915)	(105)	(4,160)	(4,265)
Net current assets		1,610	23,080	24,690	953	2,494	3,447
Net assets		8,134	24,288	32,422	8,580	2,494	11,074
Capital and reserves							
Called up share capital	14	63	1,249	1,312	64	131	195
Capital redemption reserve	15	8	-	8	7	-	7
Share premium	15	27	22,357	22,384	27	2,354	2,381
Special reserve	15	4,977	-	4,977	5,457	-	5,457
Capital reserve – realised	15	897	(175)	722	648	-	648
Capital reserve – unrealised	15	2,013	324	2,337	2,236	-	2,236
Revenue reserve	15	149	533	682	141	9	150
Equity shareholder's funds		8,134	24,288	32,422	8,580	2,494	11,074
Net asset value per share	16	129 7p	97 2p		134 3p	94 9p	

The financial statements on pages 20 to 31 were approved and authorised for issue by the Board of Directors on 8 June 2007 and were signed on its behalf by



Andrew Davison
Chairman

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

for year ended 28 February 2007

	Notes	Year ended 28 February 2007			Year ended 28 February 2006		
		Ordinary shares £'000	'C' Shares £'000	Total £'000	Ordinary shares £'000	'C' Shares £'000	Total £'000
Net cash (outflow)/inflow from operating activities	17	<u>(104)</u>	<u>491</u>	<u>387</u>	<u>(104)</u>	<u>9</u>	<u>(95)</u>
Capital expenditure							
Purchase of investments		(261)	(884)	(1,145)	(1,293)	-	(1,293)
Sale of investments		<u>4,799</u>	<u>-</u>	<u>4,799</u>	<u>1,804</u>	<u>-</u>	<u>1,804</u>
Net cash inflow/(outflow) from capital expenditure		<u>4,538</u>	<u>(884)</u>	<u>3,654</u>	<u>511</u>	<u>-</u>	<u>511</u>
Equity dividends paid		<u>(3,373)</u>	<u>-</u>	<u>(3,373)</u>	<u>(429)</u>	<u>-</u>	<u>(429)</u>
Management of liquid resources							
Purchase of current investments held as liquidity funds		(1,000)	(23,600)	(24,600)	-	-	-
Withdrawal from liquidity funds		<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net cash (outflow)/inflow from liquid resources		<u>(1,000)</u>	<u>(20,600)</u>	<u>(21,600)</u>	<u>500</u>	<u>-</u>	<u>500</u>
Net cash inflow/(outflow) before financing		61	(20,993)	(20,932)	478	9	487
Financing							
Proceeds from share issue		-	18,266	18,266	-	6,685	6,685
Share issue costs		-	(1,254)	(1,254)	-	(92)	(92)
Purchase of own shares		<u>(146)</u>	<u>-</u>	<u>(146)</u>	<u>(353)</u>	<u>-</u>	<u>(353)</u>
Net cash (outflow)/ inflow from financing		<u>(146)</u>	<u>17,012</u>	<u>16,866</u>	<u>(353)</u>	<u>6,593</u>	<u>6,240</u>
(Decrease)/ increase in cash	18	<u>(85)</u>	<u>(3,981)</u>	<u>(4,066)</u>	<u>125</u>	<u>6,602</u>	<u>6,727</u>

The accompanying notes are an integral part of the financial statements

NOTES TO THE ACCOUNTS

for year ended 28 February 2007

1 Accounting policies

Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice (UK GAAP) and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' revised December 2005 (SORP)

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments

Presentation of Income Statement

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. The net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 842 Income and Corporation Taxes Act 1988

Investments

All investments are designated as 'fair value through profit or loss' assets and are initially measured at cost. Thereafter the investments are measured at subsequent reporting dates at fair value.

Listed fixed income investments and investments quoted on AIM are measured using bid prices with illiquidity discounts applied where deemed appropriate.

In respect of unquoted instruments, fair value is established by using International Private Equity and Venture Capital Valuation Guidelines. Where no reliable fair value can be estimated for such unquoted equity investments they are carried at cost, subject to any provision for impairment. Where an investee company has gone into receivership or liquidation the investment, although not physically disposed of, is treated as being realised.

Gains and losses arising from changes in fair value are included in the income statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

It is not the Company's policy to exercise either significant or controlling influence over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, normally the ex dividend date.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount, and only where there is reasonable certainty of collection.

Expenses

All expenses are accounted for on accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the investment management fee and finance costs have been allocated 25% to revenue and 75% to capital, in order to reflect the directors' expected long-term view of the nature of the investment returns of the Company.

Taxation

The tax effects of different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a venture capital trust and the continued intention to meet the conditions required to comply with Section 842AA of the Income and Corporation Taxes Act (1988), no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

NOTES TO THE ACCOUNTS (continued)

for year ended 28 February 2007

2 Income

	2007 £'000	2006 £'000
Income from investments		
Loan stock interest	127	103
Dividend income	36	72
Liquidity fund interest	802	38
	<u>965</u>	<u>213</u>
Other income		
Deposit interest	287	20
Other income	3	-
	<u>1,255</u>	<u>233</u>

3 Investment management fees

	2007 £'000	2006 £'000
Investment management fees	<u>759</u>	<u>141</u>

The Company has an agreement with Beringea Limited for the provision of management services in respect of its portfolio of venture capital investments for a period of three years from 22 November 2005 and thereafter which is terminable with one year's prior written notice. The management fee is based upon an annual amount of 2.0% (plus VAT) of net assets. The annual running costs of the Company are subject to a cap at 3.6% of the Company's net assets.

4 Performance incentive fee

	2007 £'000	2006 £'000
Performance incentive fee – Ordinary share pool	<u>604</u>	<u>-</u>

Beringea Limited (Beringea) is entitled to performance incentive fees if the Company has returned to investors under the 2001 Ordinary Share offer in aggregate an amount equal to 20p per £1 subscribed for Ordinary Shares and the net asset value per Ordinary Share is at least 100p. Furthermore, for an incentive fee to be payable, the Company must have paid cumulative dividends equal to 4p per Ordinary share per annum for the financial years starting on 1 March 2004. Beringea is entitled to receive an incentive fee equal to 15% of the cumulative dividends paid from 1 March 2006 up to 4p per Ordinary Share per annum, plus 20% of the cumulative dividends paid from 1 March 2006 in excess of 4p per Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea.

No performance incentive fees were due during the year in respect of the VC Share pool.

5 Other expenses

	2007 £'000	2006 £'000
Administration services	36	9
Directors' remuneration	57	40
Social security costs	1	-
Trail commission	81	21
Auditors' remuneration for audit	13	9
Auditors' remuneration for taxation services	2	3
Auditors' remuneration for non-audit services	2	-
Irrecoverable VAT	-	9
Other expenses	66	49
	<u>258</u>	<u>140</u>

6 Directors' remuneration

Details of remuneration of the Directors (excluding employers' NI) can be found in the Directors' remuneration report on page 15.

The Company had no employees other than the Directors during the year (2006 nil).

NOTES TO THE ACCOUNTS (continued) **for year ended 28 February 2007**

7 Taxation on ordinary activities

	2007	2006
	£'000	£'000
(a) Tax charge for year		
Current year		
UK corporation tax (charged to the revenue account)	240	1
Charged to capital expenses	<u>(240)</u>	<u>(1)</u>
	-	-
Prior year		
Under provision of corporation tax	<u>3</u>	<u>-</u>
Charge for year	<u>3</u>	<u>-</u>
(b) Factors affecting tax charge for the year		
Revenue return on ordinary activities before tax	<u>807</u>	<u>58</u>
Tax charge calculated on operating profit at the applicable rate of 30% (2006 19%)	242	11
Effects of		
UK dividend income	(11)	(14)
Expenses disallowed for tax purposes	24	4
Capital expenses	(352)	(19)
Excess capital management fees carried forward	<u>97</u>	<u>18</u>
	-	-
(c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £518,000 (2006 £197,000). The deferred tax asset has not been recognised due to the fact that it is unlikely the excess management fees will be set off in the foreseeable future.		

8 Dividends

	Year ended 28 February 2007			Year ended 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary dividends paid in year						
2007 First interim dividend	-	3,150	3,150	-	-	-
2006 Second interim dividend	32	191	223	-	-	-
2006 Interim dividend	-	-	-	-	192	192
2005 Final dividend	-	-	-	-	237	237
	<u>32</u>	<u>3,341</u>	<u>3,373</u>	<u>-</u>	<u>429</u>	<u>429</u>
Ordinary dividends paid since year end						
2007 Second interim dividend	63	376	439	-	-	-
2006 Second interim dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>192</u>	<u>224</u>
	<u>63</u>	<u>376</u>	<u>439</u>	<u>32</u>	<u>192</u>	<u>224</u>
C Share dividends paid since year end						
2007 First interim dividend	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS (continued)

for year ended 28 February 2007

9 Return per share

	Ordinary Shares	'C' Shares
Revenue return per share based on Net revenue after taxation (£ 000)	40	524
Weighted average number of ordinary shares in issue	6,338,167	23,533,962
Capital return per share based on Net capital gain for the financial year (£ 000)	3,033	149
Weighted average number of shares in issue	6,338,167	23,533,962

10 Investments

"Fair value through profit or loss" assets

	Investments Quoted on AIM £'000	Investments Traded on NASDAQ £'000	Unlisted Investments £'000	Total £'000
Opening cost at 1 March 2006	944	74	4,373	5,391
Gains/(losses) at 1 March 2006	(255)	(22)	2,513	2,236
Opening fair value at 1 March 2006	689	52	6,886	7,627
Purchases at cost	-	-	1,145	1,145
Sales - proceeds	(81)	(20)	(5,054)	(5,155)
- realised gains/(losses) on sales	37	(32)	2,598	2,603
Gains in the income statement	120	-	1,392	1,512
Closing fair value at 28 February 2007	765	-	6,967	7,732
Closing cost at 28 February 2007	920	-	4,475	5,395
Gains/(losses) at 28 February 2007	(155)	-	2,492	2,337
	765	-	6,967	7,732

Commission costs incurred on the disposal of quoted investments were £423

Beringea Limited also acts as the investment manager for ProVen VCT plc and Global Rights Development Fund L.P., and as an investment adviser to The Global Rights Fund II, L.P. Details of common investments made by these funds and by the Company are summarised below (shown at cost at 28 February 2007). There were no common investments with the Global Rights Development Fund at 28 February 2007.

	ProVen VCT plc £'000	The Global Rights Fund II, L.P. £'000
Ashford Colour Press Limited	1,000	-
Campden Media Limited	975	-
Cardpoint plc	438	975
Espresso Broadband Limited	2,048	-
Gyro International Limited	652	-
ILG Digital Limited	1,345	-
JVTV Holdings Limited	200	-
Oasis Healthcare plc	670	-
Pilat Media Global plc	172	-
Sports Holding Limited	800	1,670
Stenbottle Limited t/a Baby Innovations S.A	604	-
UBC Media plc	1,101	1,002

NOTES TO THE ACCOUNTS (continued)
for year ended 28 February 2007

11 Debtors

	2007 £'000	2006 £'000
Other debtors	361	55
Prepayments and accrued income	121	68
	<u>482</u>	<u>123</u>

12 Current investments

	2007 £'000	2006 £'000
BGI Sterling Liquidity First Fund	2,000	400
JP Morgan Liquidity Funds	4,000	-
Insight Liquidity Fund	4,000	-
Standard Life Investments GBP Liquidity Fund	4,000	-
RBS Liquidity Fund	4,000	-
SWIP Liquidity Fund	4,000	-
	<u>22,000</u>	<u>400</u>

13 Creditors amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	3	36
Unallotted share capital	-	4,134
Corporation tax	3	-
Other taxes and social security	2	-
Accruals and deferred income	907	95
	<u>915</u>	<u>4,265</u>

14 Called up share capital

	2007 £'000	2006 £'000
Authorised		
35,000,000 (2006 35,000,000) Ordinary shares of 1p each	350	350
25,000,000 (2006 25,000,000) 'C' shares of 5p each	1,250	1,250
	<u>1,600</u>	<u>1,600</u>
Allotted, called up and fully paid		
6,271,666 (2006 6,388,079) Ordinary shares of 1p each	63	64
24,979,862 (2006 2,629,799) 'C' shares of 5p each	1,249	131
	<u>1,312</u>	<u>195</u>

Between 1 March 2006 and 5 April 2006, 22,350,063 'C' shares of 5p each were issued at £1 per share pursuant to the offer for subscription by way of a prospectus. The aggregate consideration for the shares was £22,350,000 which excluded share issue costs of £1,229,000.

During the year the Company repurchased 116,413 Ordinary shares of 1p each for an aggregate consideration of £146,000, being an average price of 125 1p per ordinary 1p share and representing 1.8% of the issued share capital. These shares were subsequently cancelled.

NOTES TO THE ACCOUNTS (continued)

for year ended 28 February 2007

15 Reserves

	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
At 1 March 2006	7	2,381	5,457	648	2,236	150	10,879
Issue of new shares	-	21,232	-	-	-	-	21,232
Share issue costs	-	(1,229)	-	-	-	-	(1,229)
Purchase of own shares	1	-	(146)	-	-	-	(145)
Expenses capitalised	-	-	-	(1,173)	-	-	(1,173)
Tax relief on capital expenses	-	-	-	240	-	-	240
Gains on investments	-	-	-	2,603	1,512	-	4,115
Realisation of revaluations from previous years	-	-	-	1,411	(1,411)	-	-
Retained revenue	-	-	-	-	-	564	564
Transfer between reserves	-	-	(334)	334	-	-	-
Distributions paid	-	-	-	(3,341)	-	(32)	(3,373)
At 28 February 2007	8	22,384	4,977	722	2,337	682	31,110

Split between

Ordinary shares

	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
At 1 March 2006	7	27	5,457	648	2,236	141	8,516
Purchase of own shares	1	-	(146)	-	-	-	(145)
Expenses capitalised	-	-	-	(770)	-	-	(770)
Tax relief on capital expenses	-	-	-	12	-	-	12
Gains/(losses) on investments	-	-	-	2,603	1,188	-	3,791
Realisation of revaluations from previous years	-	-	-	1,411	(1,411)	-	-
Retained revenue	-	-	-	-	-	40	40
Transfer between reserves	-	-	(334)	334	-	-	-
Distributions paid	-	-	-	(3,341)	-	(32)	(3,373)
At 28 February 2007	8	27	4,977	897	2,013	149	8,071

'C' Shares

	Capital redemption reserve £'000	Share Premium £'000	Special reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
At 1 March 2006	-	2,354	-	-	-	9	2,363
Issue of new shares	-	21,232	-	-	-	-	21,232
Share issue costs	-	(1,229)	-	-	-	-	(1,229)
Expenses capitalised	-	-	-	(403)	-	-	(403)
Tax relief on capital expenses	-	-	-	228	-	-	228
Gains/(losses) on investments	-	-	-	-	324	-	324
Retained revenue	-	-	-	-	-	524	524
At 28 February 2007	-	22,357	-	(175)	324	533	23,039

The Special Reserve is a distributable reserve that allows the Company to make market purchases of its own shares and to pay distributions. The Ordinary Capital reserve – realised, Ordinary Revenue Reserve and 'C' Revenue Reserve are also distributable reserves.

NOTES TO THE ACCOUNTS (continued)

for year ended 28 February 2007

16 Net asset value per share

	Shares in Issue		2007 Net asset value		2006 Net asset value	
	2007	2006	pence per share	£'000	pence per share	£'000
Ordinary shares	6,271,666	6,388,079	129 7	8,134	134 3	8,580
'C' shares	24,979,862	2,629,799	97 2	24,288	94 9	2,494
				<u>32,422</u>		<u>11,074</u>

17 Cash flow from operating activities and returns on investments

	2007 £'000	2006 £000
Revenue return on ordinary activities before tax	807	58
Expenses charged to capital	(1,173)	(106)
(Increase)/decrease in accrued income and prepayments	(53)	8
Increase/(decrease) in accruals and other creditors	806	(55)
Net cash inflow/(outflow) from operating activities and returns on investments	<u>387</u>	<u>(95)</u>

18 Reconciliation of net cash flow to movement in net funds

	2007 £'000	2006 £'000
Beginning of year	7,189	462
Net cash (outflow)/ inflow for the year	(4,066)	6,727
End of year	<u>3,123</u>	<u>7,189</u>

19 Financial instruments and derivatives

The Company's financial instruments comprise investments in quoted companies, unquoted companies, cash and liquid resources and are all designated as fair value through profit or loss. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations.

The Company has not entered into any derivative transactions.

The main risks arising from the Company's financial instruments are interest rate and investment risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the financial year.

Interest rate risk profile of financial assets and financial liabilities

Financial assets and liabilities

The Company's financial assets and liabilities, other than fixed asset investments, are either floating rate or non-interest bearing. Venture capital investments comprise equity and fixed rate preference shares and loan stock. With the exception of the equity holdings, the investments are fixed rate, with the equity holdings having no interest rate attached to them.

	Average interest rate	Average period until maturity	2007 £'000	2006 £'000
Fixed rate	6.90%	653 days	1,841	1,204
Floating rate	4.75%		24,690	3,836
No interest rate			5,891	6,034
			<u>32,422</u>	<u>11,074</u>

- "Fixed rate assets" bear interest at rates based on predetermined yield targets
- "Floating rate assets" bear interest at rates based predominately on base rate
- "No interest rate assets" includes investments in ordinary shares with no fixed dividend rate

NOTES TO THE ACCOUNTS (continued)

for year ended 28 February 2007

19 Financial instruments and derivatives (continued)

Financial liabilities

The Company has no financial liabilities or guarantees, other than as disclosed within the balance sheet

Currency exposure

As at 28 February 2007, the Company had one overseas investment which trades in Euros and was valued at £39,000 (2006 £210,000) This represented 0.1% of Net Assets (2006 1.9%)

Borrowing facilities

The Company has no committed borrowing facilities as at 28 February 2007

20 Principal financial risks

Interest rate risk

The Company receives interest at a rate agreed with its banker. As the Company must comply with the VCT regulations, increases in interest rates could lead to a potential breach of these regulations. The Company therefore monitors the level of income received from fixed, floating and non interest rate assets to ensure that the regulations are not breached.

Liquidity risk

There is liquidity risk associated with unquoted investments which are not readily realisable. The Board therefore considers exit strategies for these investments throughout the period that they are held by the Company.

Investment risk

As a Venture Capital Trust, it is the Company's specific business to evaluate and control the investment risk in its portfolio of unquoted companies, the results of which are detailed in the Chairman's Statement.

Market risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements.

The AIM quoted investments that the Company holds are, in the main, thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, 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. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts.

The Board considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk reward profile is maintained.

It is not the Company's policy to use derivative instruments to mitigate market risk, as the Board believes that the effectiveness of such instruments does not justify the cost involved.

21 Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end.

22 Controlling party and related party transactions

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

Beringea Limited, of which David Eberly and Alexander Spiro Jr are directors, acted as promoter for the Offer for Subscription dated 22 November 2005 and agreed to underwrite the costs of the Offer in return for a fee of 5.5% of the monies raised, which amounted to £1,229,000 (2006 £145,000). Beringea Limited was also the investment manager during the year. The total fees relating to this service, together with performance incentive fees due in the year under the agreement, amounted to £1,363,000 (2006 £141,000), of which £785,000 (2006 £14,000) was outstanding at the year end.

Nicholas Lewis is a director of Downing Management Services Limited, which provides administration services to the Company. During the year £36,000 (2006 £9,000) was due to Downing Management Services Limited in respect of these services of which £9,000 (2006 £9,000) remained outstanding at the year end.

NOTICE OF THE ANNUAL GENERAL MEETING of ProVen Growth and Income VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen Growth and Income VCT plc will be held at 39 Earlham Street, London WC2H 9LT at 2 45pm on 26 July 2007 for the transaction of the following business

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

- 1 To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 28 February 2007, together with the report of the auditors thereon
- 2 To approve the Directors' Remuneration Report
- 3 To re-appoint Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration
- 4 To re-elect as Director, David Eberly
- 5 To re-elect as Director, Nicholas Lewis, who retires and, being eligible, offers himself for re-election

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

Ordinary Resolution

- 6 That the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to allot shares up to a maximum nominal amount of £6,272 (representing approximately 10% of the ordinary share capital in issue at today's date) and £124,899 (representing approximately 10% of the 'C' share capital in issue at today's date), this authority to expire at the later of the conclusion of the Company's Annual General Meeting next following the passing of this resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the company in general meeting but so that such authority allows the company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority)

Special Resolutions

- 7 To empower the Directors pursuant to Section 95(1) of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in resolution 6 as if Section 89(1) of the Act did not apply to any such allotments and so that
 - (a) reference to allotment in this resolution shall be construed in accordance with Section 94 of the said Act, and
 - (b) the power conferred by this resolution shall enable the company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power,and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution

NOTICE OF THE ANNUAL GENERAL MEETING of ProVen Growth and Income VCT plc

- 8 That, the Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of Ordinary Shares and 'C' Shares provided that
- (i) such authority is limited to the purchase of 14.9 per cent of the issued Ordinary Share capital and 14.9 per cent of the issued 'C' Share capital immediately prior to the passing of this resolution,
 - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 1p and for 'C' Shares is 5p per share, being the nominal amount thereof,
 - (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares or 'C' Shares shall be an amount equal to 5 per cent above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made,
 - (iv) the Company may make a contract to purchase its own Ordinary Shares or 'C' Shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own Ordinary Shares or 'C' Shares in pursuance of any such contract,

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

By order of the Board


Grant Whitehouse
Secretary

Registered Office
39 Earlham Street
London WC2H 9LT

8 June 2007

Notes

- (a) Any member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, vote instead of that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
- (b) To be valid the instrument appointing a proxy and authority under which it is executed must be deposited at Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU not less than 48 hours before the time of the Meeting.
- (c) Completion and return of a form of proxy will not preclude a member of the Company from attending and voting in person.
- (d) Copies of the Directors' consultancy agreements, the Register of Directors' interests in the Ordinary Shares and 'C' Shares of the Company kept in accordance with Section 325 of the Companies Act 1985 will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

FORM OF PROXY

ProVen Growth and Income VCT plc

For use at the Annual General Meeting of the above-named Company to be held on 26 July 2007, at 39 Earlam Street, London, WC2H 9LT at 2.45pm

 L/We^*

(in BLOCK CAPITALS please)

of

being the holder(s)* of Ordinary shares of 1p/ 'C' shares of 5p each* in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or

of

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 39 Earlam Street, London, WC2H 9LT on 26 July 2007 or at any adjournment thereof

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

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

	FOR	AGAINST	WITHHELD
ORDINARY BUSINESS			
1 To receive and adopt the Directors' report and accounts			
2 To approve the Directors' Remuneration Report			
3 To re-appoint the auditors and authorise the Directors to determine their remuneration			
4 To re-elect David Eberly as a Director			
5 To re-elect Nicholas Lewis as a Director			
SPECIAL BUSINESS			
6 To authorise the directors to allot shares pursuant to Section 80 of the Companies Act 1985			
7 To disapply Section 89 of the Companies Act 1985			
6 To authorise the Company to make market purchases of its shares			

Dated this day of 2007

Signature(s)

1

Notes

- 1 If you wish to appoint a proxy of your own choice delete the words "the Chairman of the Meeting" and insert the name and address of the person whom you
wish to appoint in the space provided. A proxy need not be a member of the Company.
- 2 In the case of a corporation, this form must be executed under its common seal or signed on its behalf by its attorney or a duly authorised officer of the
corporation.
- 3 In the case of joint shareholders, any one of them may sign. The vote of the person whose name stands first in the register of members will be accepted to
the exclusion of the votes of the other joint holders.
- 4 If you do not indicate the way you desire your proxy to vote, you will be deemed to have authorised your proxy to vote or abstain from voting at his/ her
discretion.
- 5 To be valid this form of proxy must be completed and deposited (together with any power of attorney or other authority under which it is signed) with
Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU not less than 48 hours before
the time fixed for holding the meeting or adjourned meeting.
- 6 Completion of this form will not preclude you from attending and voting at the meeting if you so wish.
- 7 Any alteration made to the form of proxy must be initialled.

* Delete as appropriate



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Business Reply Service
Licence No RRJU-PLYH-CTJK



ProVen Growth & Income VCT plc
c/o Downing Management Services Limited
Kings Scholars House
230 Vauxhall Bridge Road
London
SW1V 1AU

Second Fold

First fold