Mobeus Income & Growth 4 VCT plc

A Venture Capital Trust

Annual Report & Financial Statements
for year ended 31 December 2019

mobeus
Mobeus Income & Growth 4 VCT plc

Mobeus Income & Growth 4 VCT plc, (the "Company" or the "Fund") is a Venture Capital Trust ("VCT") advised by Mobeus Equity Partners LLP ("Mobeus"), investing primarily in established, unquoted companies.

The Objective of the Company is to provide investors with a regular income stream by way of tax-free dividends and to generate capital growth through portfolio realisations which can be distributed by way of additional tax-free dividends, while continuing at all times to qualify as a VCT.

DIVIDEND POLICY

The Company seeks to pay dividends at least annually out of income and capital as appropriate, and subject to fulfilling certain regulatory requirements.

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Financial Highlights

Results for the year ended 31 December 2019

Net assets: **£50.04 million**

Net asset value ("NAV") per share: **74.90 pence**

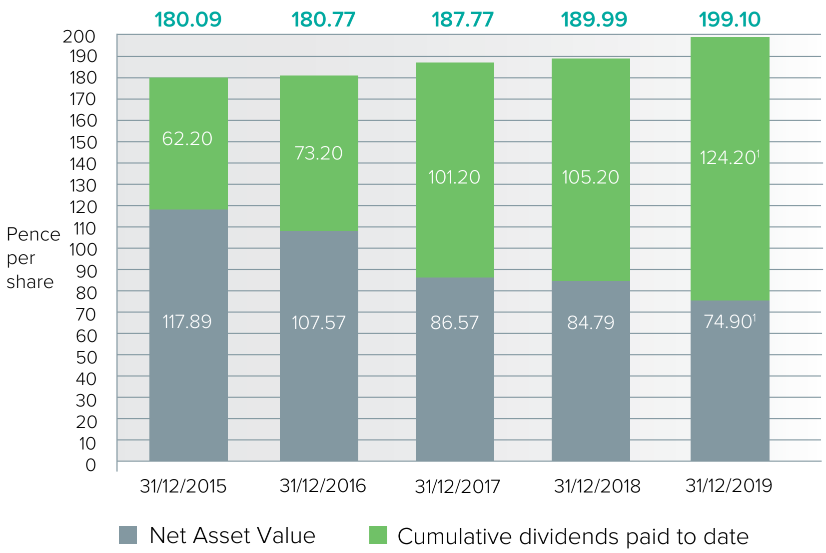
- Net asset value ("NAV") total return per share of 10.7% for the year.
- Share price total return per share of 17.9% for the year.
- Dividends paid and declared in respect of the financial year in review total 19.00 pence per share. Cumulative dividends paid stand at 128.20 pence per share.
- £4.48 million was invested into five new growth capital investments and one existing portfolio company during the year.
- A total of £8.14 million of cash proceeds was received, primarily consisting of £5.90 million from three realisations.

Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of terms on page 78.

Cumulative total return per share (NAV basis)

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

Cumulative total return per share (NAV basis)



[1] These figures exclude the impact of a dividend of 4.00 pence per share paid after the year-end on 10 January 2020. Payment of this dividend will reduce the Company's NAV per share and increase cumulative dividends paid to date by 4.00 pence per share.

The chart above shows the recent past performance of the original funds raised in 1999. The original subscription price was 200 pence per share before the benefit of income tax relief. Subscription prices from subsequent fundraisings and historic performance data from 2008 are shown in the Investor Performance Appendix on the Company's website, www.mig4vct.co.uk, where they can be downloaded by clicking on "table" under "Reviewing the performance of your investment" on the home page.

On 1 July 2006, Mobeus became sole Investment Adviser to the Company. The cumulative total return per share (NAV basis) at this date was 122.51 pence.

Chairman's Statement

I am pleased to present the annual results of Mobeus Income & Growth 4 VCT plc for the year ended 31 December 2019.

Overview

The Company has made significant progress in all areas this year. New investments, realisations of investments and valuations of the existing portfolio can all report positive developments. The Company has made investments into five new companies, provided follow-on funding to one existing portfolio company and has realised its holdings in three portfolio companies, including the Company's first profitable exit of a younger growth capital investment. Furthermore, after the year-end, the Company achieved its most successful exit to date, Auction Technology Group.

At the time of writing there remains significant uncertainty with regard to the lasting effects on the world economy of COVID-19 although it is clear that UK economic growth will reduce this year. Further information is contained within the Outlook on page 4, the Investment Adviser's review on page 10 and Note 18 – Post Balance Sheet Events on pages 71 and 72.

Further details of the investment activity can be found under the 'Investment portfolio' section of my Statement adjacent and in the Investment Adviser's Review on pages 10 to 15.

Mobeus Equity Partners LLP, ("the Investment Adviser"), continues to report an attractive pipeline of further growth capital opportunities. Meanwhile, the former MBO portfolio constructed under the previous rules continues to provide a healthy income yield, although the absolute amount of that yield earned by the Company is declining as these investments are sold. Only growth capital investments are allowed under the 2015 VCT rules, so they are replacing the MBO investments that are no longer permitted. As the growth capital investments are in younger businesses, they are unlikely to deliver the income yields of the more mature MBO businesses.

We are delighted with the strong support from investors for our recent fundraising, which was launched on 25 October 2019 and became fully subscribed in January 2020. The Board appreciates the continued support from existing Shareholders and extends a warm welcome to new Shareholders.

Performance

The Company's NAV total return per share for the year was a commendable 10.7% (2018: 2.6%) (being the closing NAV plus dividends paid in the year, divided by the opening NAV), while the share price total return was 17.9% (2018: 4.6%).

This total NAV return was primarily attributable to strong gains in the value of the portfolio of investee companies, the profitable exit of MBO investments, The Plastic Surgeon and ASL, and growth capital investment, Redline Worldwide. The Company's NAV at 31 December 2019 was 74.90 pence.

After the year-end, the Company realised its holding in Pattern Analytics Limited (trading as Biosite) generating an overall return of 1.5x the original cost. Shortly afterwards, Turner Topco Limited (trading as Auction Technology Group), an MBO portfolio company, was realised generating a very high overall return of 4.5x the original cost. After allowing for tax on the income portion of proceeds, this sale represents the best realisation since the Company's inception, at an uplift in isolation of 2.63 pence over the 31 December 2019 NAV per share of 74.90 pence.

Further information is contained in the Investment Adviser's Review on pages 10 to 15 and the Strategic Report on pages 5 to 9. For more information on the longer-term performance of your investment in the Company, please consult the Investor Performance Index on the Company's website www.mig4vct.co.uk.

Investment portfolio

The portfolio was valued at £38.54 million (2018: £36.30 million) at the year-end representing 109.1% of cost (2018: 98.4%).

During the year, £4.48 million was invested in five new growth capital investments and one existing portfolio company (analysed in the Investment Adviser's Review on pages 10 to 15 and explained within Note 8 to the Financial Statements).

The five new growth capital investments, at a cost of £4.03 million, are:

- **Arkk Consulting**, a regulatory and reporting requirement service provider;
- **Parsley Box**, home delivered, ambient ready meals for the elderly;
- **Active Navigation**, a provider of enterprise-level file analysis software;
- **IPV**, a developer of media asset management software; and
- **Bleach**, an established and trusted brand in the hair colourants market.

In addition, one follow-on growth investment totalling £0.45 million was made into MPB Group, an online marketplace for used camera and video equipment; We expect follow-on investments to continue to be a feature of the growth capital investments as they require further capital to achieve scale.

After the year-end, £0.62 million was invested into Bella & Duke Limited, a premium frozen raw dog food provider.

Shareholders should note that, at the year-end, 38.0% by value of the investment portfolio was held in MBO type investments and 62.0% was held in growth capital investments. £17.77 million has been invested in growth capital investments since the 2015 VCT rule changes.

Cash proceeds totalling £8.14 million for the year were received from portfolio companies that were either sold, repaid loans or settled other capital proceeds. Of this total, £5.90 million was received as cash proceeds from the sales of The Plastic Surgeon, ASL and Redline. Proceeds of £0.39 million was received from the partial realisation of Master Removers, and a further £1.85 million being received as loan repayments and consideration arising from companies sold in a previous year.

For the year under review, the portfolio generated a net gain of £2.31 million on investments realised. Within this, the principal gains were from The Plastic Surgeon, ASL and Redline sales (which were realised at a profit over opening valuations of £0.39 million, £1.08 million and £0.54 million respectively). Redline was the first growth capital investment to be realised profitably.

Further gains of £0.30 million were achieved by the receipt of proceeds relating to Entanet, an investment sold in a previous year, as well as the partial exit from Master Removers Group.

The portfolio also achieved a net increase in unrealised valuations of £3.36 million for the year on investments still held, with positive increases from Auction Technology Group (subsequently realised as noted below), MPB Group and Proactive partially offset by valuation falls at Wetsuit Outlet, Supercarers and Master Removers Group.

After the year-end, the Company realised its holding in Pattern Analytics Limited (trading as Biosite), another of its growth capital investments. The Company received £1.98 million in cash from the sale and generated a return on original cost of 1.5x in the three years that this investment was held. These proceeds were the same as the value of this investment held at the year-end.

Also after the year-end, the Company achieved a substantial gain over cost upon the sale of Auction Technology Group, receiving capital proceeds of £4.18 million compared to a value at the year-end of £3.03 million. This further appreciation in capital value of £1.15 million upon sale reflects the strategic premium paid by the acquirer of the business. The Company also received interest owed on completion of £1.09 million that has not been recognised in these 2019 accounts. Over the 11½ years' life of the investment, total proceeds of £9.03 million have been received, an overall multiple over cost of 4.5x and an IRR of 29%.

These transactions and valuation movements are explained further in the Investment Review on pages 10 to 15.

Dividends

Your Board has declared and paid three interim dividends in respect of the year ended 31 December 2019 of 13.00, 2.00 and 4.00 pence paid on 20 September 2019, 30 December 2019 and 10 January 2020, respectively.

The dividends paid in respect of the year ended 31 December 2019 of 19.00 pence per share (2018: 8.00 pence) has increased cumulative dividends paid since inception to 128.20 pence (2018: 109.20 pence) per share.

The Company's target of paying a dividend of at least 4.00 pence per share in respect of each financial year has been achieved in each of the last nine years, and often exceeded. Whilst the Board still believes this dividend target is attainable, it should be noted that the move of the portfolio to an increased proportion of younger growth capital investments may lead to increased volatility, which could offset the return in any one year.

A chart showing the dividends paid in respect of each of the last five years and cumulative dividends on the same basis is included in the Strategic Report.

A full dividend history is contained in the Performance Overview on the Company's website: www.mig4vct.co.uk

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

Dividend investment scheme

As announced on 14 August 2018, the Board decided to suspend the Company's Dividend Investment Scheme ("the Scheme") and since this date all dividends have been paid in cash.

The Scheme had historically been considered a practical and cost effective way for the Company to retain cash for investment and operating purposes. However, as both current and projected liquidity levels were deemed to be sufficient over the medium-term, the Board considered in August 2018 that the Scheme should be suspended.

Following a further review, the Board believes that it would be beneficial for the Company and for Shareholders for the Scheme to be reinstated as of the close of the Company's Annual General Meeting on 2 June 2020. From this date onwards, all those participants who remain registered on the Scheme will have any of their future dividends automatically reinvested to purchase new shares in the Company at the latest announced per share NAV price.

As part of the Board's consideration in recommencing the Scheme, it has carried out a review of the Scheme terms and conditions ("Scheme Rules"). The Board has decided to amend the Scheme Rules so that any new shares will be issued at the latest published NAV per share, as is current market practice, rather than as previously, at the higher of 70% of NAV per share or the mid-market price per share which, in practice, resulted in shares being issued at an effective discount to NAV of around 10%.

In addition, there are a number of other technical, regulatory and clarificatory changes being made to the Scheme Rules. These changes will apply to new participants from today and from the close of the Company's Annual General Meeting on 2 June 2020 in respect of existing participants.

All existing Scheme participants will be notified of the changes and given the opportunity to remain or withdraw from the Scheme. Any Shareholders not currently participants of the Scheme may visit www.mig4vct.co.uk and sign up to the Scheme or existing members can opt-out.

Fundraising

On 25 October 2019, the Company launched an offer for subscription of £8 million with an over-allotment facility of an additional £5 million, alongside offers from the other Mobeus advised VCTs.

I am pleased to report that the Offer experienced strong demand such that the Company received subscriptions amounting to the full amount sought shortly after the Company's year-end in January 2020. In accordance with the Offer's prospectus, the first allotment under the Offer took place on 8 January 2020, which included all applications received up to 20 December 2019 totalling £10.67 million. The balance of subscriptions of £2.33 million were allotted before the end of the tax year on 2 April 2020.

Share buybacks

On 1 August 2019, the Board changed its share buyback policy objective of maintaining the discount to NAV at which the Company's shares may trade in the market from approximately 10% or less, to approximately 5% or less. This change has in part contributed to the share price total return of 17.9%, and was made to reflect current industry practice.

During the year, the Company made five purchases of its shares, buying back a total of 1,483,865 shares. The buybacks represented 2.2% (2018: 1.7%) of the issued share capital of the Company at the beginning of the year. Further details are included in the Strategic Report on pages 8 and 9. The shares bought back were subsequently cancelled.

Shareholder Communications

This year's annual Shareholder event was held on Tuesday, 4 February 2020 at the National Gallery in central London. Separate daytime and evening sessions included presentations on the Mobeus advised VCTs' investment activity and performance. We have received positive feedback from many of the circa 400 people who attended the event and were pleased to hear that overall they found the day informative and worthwhile.

Environmental, Social and Governance (ESG)

Your Board would like to assure Shareholders that it is taking these issues seriously, and future annual reports will be covering them in more detail. Further reporting and procedural requirements for these increasingly important issues required by current and future regulation should enable the Board to provide concise information and implement further processes, both relevant to the Company and correspondingly useful to stakeholders. These objectives do require that regulations are measured, proportionate and cost-effective to introduce.

Fraud Warning

Boiler Room fraud and unsolicited communications to Shareholders.

We have been made aware of an increase in the number of Shareholders being contacted in connection with sophisticated but fraudulent financial scams which purport to come from the Company or to be authorised by it. This is often by a phone call or an email usually originating from outside of the UK, often claiming or appearing to be from a corporate finance firm offering to buy your VCT shares at an inflated price.

Further information on boiler room scams and fraud advice plus who to contact, can be found first in the answer to a question "What should I do if I receive an unsolicited offer for my shares?" within the VCT Investor area of the Investment Adviser's website in the A Guide to VCTs section: www.mobeus.co.uk/investor-area and secondly, in a link to the FCA's ScamSmart site: www.fca.org.uk/scamsmart

We strongly recommend that you seek financial advice before taking any action if you remain in any doubt. You can also contact the Investment Adviser on 0207 024 7600, or email info@mobeus.co.uk to check whether any claims made by a caller are genuine.

Shareholders are also encouraged to ensure their personal data is always held securely and that data held by the Registrars of the Company is up to date, to avoid cases of identity fraud.

Annual General Meeting

The next Annual General Meeting of the Company will be held at 11:30 am. on Tuesday, 2 June 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU. However, this is subject to Government advice and the impact of COVID-19 to allow physical meetings of two or more people currently prohibited under the Stay at Home Measures. It is likely that these measures will still be in place at the time of the AGM and Shareholders will not be allowed to attend the AGM meeting in person. The Board encourages Shareholders to submit their vote by proxy either by completing and returning the form enclosed or proxy votes may also be submitted electronically via the Link Shareholder Portal www.signalshares.com. Shareholders are also advised to appoint the Chairman of the Meeting as their proxy as another nominated proxy may not be able to attend the meeting.

Any updates will be announced to the London Stock Exchange and on the website: www.mig4vct.co.uk which Shareholders intending to attend should consult. The Notice of the meeting is included on page 75 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 32 to 34 of this Annual Report.

Outlook

The market sectors in which the Company operates have been very active. There has been considerable competition for good propositions, so entry pricing has been an issue in some cases. With regard to the UK generally the arrival of a government with a clear majority and a more focused view on Brexit, and on other important issues, is a clear positive.

On the other hand, the effects of the COVID-19 outbreak and its recent impact on world economies generally and the UK specifically cannot, as at this date, be fully assessed either from a duration or severity point of view. However, it has already proved itself to be an event of major significance for all economic activity. The Board and the Investment Adviser will need to assess the consequences carefully and will be working through these issues as they arise. Further details can be found in the Investment Adviser's Review on pages 10 to 15. I draw Shareholders' attention to the announcement of an unaudited NAV at 24 March 2020 of 64.16 pence per share made on 26 March 2020 (further details are contained in Note 18 on page 72).

While the short-term outlook for the UK economy is unpredictable, your Board considers that your Company is well positioned, with a portfolio still including some relatively mature investments providing an income return and an increasing proportion of younger, growth capital companies seeking to achieve scale. The strong result achieved for the year reflects the growth and valuation increases in both elements of the portfolio, underpinned by three profitable realisations. It is particularly pleasing to report the Company's first profitable realisation of a portfolio company investment made since the VCT rule change in 2015 and a second after the year-end.

Your Board again cautions that investing in growth capital investments in younger businesses involves increased risk and that returns from them may take longer to emerge and may be more volatile. Shareholders should expect these companies to take time to achieve their desired objectives and scale, but there also exists the potential for significant gains in some cases.

The successful fundraising in 2019/20 provides the Company with adequate funds to meet its cash needs (bolstered by the sales of Biosite and Auction Technology Group) and to continue the current investment rate in the short to medium-term. Recent developments are likely to make the next 1-2 years more difficult, but will also provide opportunities that should benefit the longer-term.

The Board

As mentioned in my statement last year, the issue of Board refreshment continues. Graham Paterson was appointed to the Board on 10 May 2019. He also took over the roles of Chairman of the Audit Committee, and of the Nomination and Remuneration Committee. Christopher Burke was appointed to the Board on 26 November 2019. Christopher has enjoyed a very successful career in the technology sector, and his advice will be an important additional asset to the Board as the proportion of the portfolio invested in younger growth capital businesses increases.

I shall be stepping down as Chairman later this year. A recruitment process is progressing well in identifying my successor. I joined the Board of the Company in 2002. At that time the Company was suffering from very poor performance by two of its managers, and as a result was sub scale and unloved by the market. The management arrangements were changed and over the years performance has moved from being fourth quartile to climbing towards first quartile, and the Fund was built up to an economic size. My thanks go to all the Mobeus team, and to all the Company's hard working Directors for putting up with me for so long. I am sure they will deliver good results for Shareholders in the future.

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

Christopher Moore
Chairman

16 April 2020

Company Objective and Business Model

Objective

The Objective of the Company is to provide investors with a regular income stream by way of tax-free dividends and to generate capital growth through portfolio realisations which can be distributed by way of additional tax-free dividends, while continuing at all times to qualify as a VCT.

Summary of Investment Policy

The VCT's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income, to generate capital gain upon sale and to reduce the risk of high exposure to equities. To spread the risk further, investments are made in a number of businesses across different industry sectors.

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

The Company seeks to make investments in accordance with the requirements of VCT regulation. A summary of this is set out below.

The full text of the Company's Investment Policy is available on page 26 of this Strategic Report.

The Company and its Business Model

The Company is a Venture Capital Trust. Its Objective and its Investment Policy are designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC") whilst maximising returns to Shareholders from both income and capital.

Summary of VCT Regulation

To maintain its status as a VCT, the Company must meet a number of conditions, the most important of which are that:

- the Company must hold at least 70%, by VCT tax value[1], of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising. For the Company's accounting periods beginning on or after 1 January 2020, this percentage increased to 80%. From that date, total investments also includes funds raised up to 31 December 2017;
- all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011, are in aggregate required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules);
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity; and
- VCTs are now required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period.

Since 6 April 2019:

- the period for reinvestment of proceeds on disposal of qualifying investments has increased from 6 to 12 months.

To be a VCT qualifying holding, new investments must be in companies:

- which carry on a qualifying trade;
- which have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately following investment from VCTs;
- whose maximum age is generally up to seven years (ten years for knowledge intensive businesses);
- that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (for knowledge intensive companies the annual limit is £10 million and the lifetime limit is £20 million), from VCTs and similar sources of State Aid funding;
- that use the funds received from VCTs for growth and development purposes.

In addition, VCTs may not:

- offer secured loans to investee companies, and any returns on loan capital above 10% must represent no more than a commercial return on the principal; and
- make investments that do not meet the new 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is a genuine risk of loss of capital).

[1] VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 20 to 25.

Strategic Report

Performance and Key Performance Indicators

The Board has identified six key performance indicators that are used in its own assessment of the Company's progress. Some of these are classified as alternative performance measures ("APMs") in line with Financial Reporting Council ("FRC") guidance. See Glossary of Terms for details on page 78. APMs are measures of performance that are in addition to the data reported in the Financial Statements. It is intended that these will provide Shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 31 December 2019, and over the longer-term, through the application of its investment and other principal policies:

1. Annual and cumulative returns per share for the year

The Company's objective is to generate long-term growth in capital and income. To assess this, the Board monitors the growth in total returns per share, both on a NAV basis and a share price basis, adjusted for dividends paid in the year. NAV basis reflects the net assets of the Company and share price basis reflects the price at which a Shareholder could expect to sell their shares. These are the most widely used measures of performance in the VCT sector.

Total returns per share for the year

The Net Asset Value (NAV) and share price total returns per share for the year ended 31 December 2019 were 10.7% and 17.9% respectively, as shown below:

		NAV basis (p)		Share price basis (p)
	Closing NAV per share	74.90	Closing share price (Note 1)	70.00
	Plus: dividend paid in year (Note 2)	19.00	Plus: dividend paid in year (Note 2)	19.00
Total return (p)	**NAV Total return for year**	**93.90**	**Total for year**	**89.00**
	Less: opening NAV per share	(84.79)	Less: opening share price	(75.50)
	Increase in NAV total return for year per share (Note 3)	**+9.11**	**Increase in Share price total return for year per share**	**+13.50**
	% NAV Total return for year	**+10.7%**	% return for year (Note 1)	**+17.9%**

Note 1: Source: Panmure Gordon & Co. (Mid-Market price) at 31 December 2019. The share price has been adjusted for a 4.00 pence dividend paid after the year-end on 10 January 2020, which was ex-div at 31 December 2019. This was to give a more accurate share price return for the year. Also, on 1 August 2019, the discount to prevailing NAV at which the Company's shares trade narrowed from approximately 10% to 5%, the effect of which comprises part of the return for the year.

Note 2: Dividends paid in the year were a final dividend in respect of the year ended 31 December 2018 of 4.00 pence per share paid in May 2019 and two interim dividends in respect of the year ended 31 December 2019 of 13.00 pence and 2.00 pence paid in September 2019 and December 2019 respectively.

Note 3: NAV Total Return per share for the year is comprised of:

Year ended 31 December	2019 (p)	2018 (p)
Gross portfolio capital returns	8.50	1.36
Gross income returns	3.15	3.32
Costs (including tax charge)	(2.58)	(2.47)
Other movements	0.04	0.01
NAV Total Return for the year as above (2019 only)	**9.11**	**2.22**

The contributions from portfolio returns and income are shown before deducting attributable costs. They are explained below under review of financial performance for the year. Costs are referred to in section 6 on page 9.

Review of financial performance for the year

For the year ended 31 December	2019 £m	2018 £m
Capital return	4.92	0.18
Revenue return	1.13	1.33
Total return	**6.05**	**1.51**

The capital profit for the year of £4.92 million (7.37 pence of NAV return for the year per share, net of costs charged to capital) is due to a net increase in the unrealised valuation of portfolio companies as well as realised gains from ASL, Plastic Surgeon and Redline. The increase in capital return from £0.18 million to £4.92 million is principally due both to higher realised gains on disposals in 2019 compared to 2018, as well as higher net unrealised gains in 2019.

The revenue profit for the year of £1.13 million (1.70 pence of NAV return for the year per share, net of costs charged to revenue) is derived from income, primarily loan interest, outweighing revenue expenses. The reason for the reduction over the year is due to a fall in dividends received, a reduction in loan interest as a result of realisations and a rise in other expenses.

Cumulative total returns per share for the year

		NAV basis (p)		Share price basis (p)
Cumulative total return (p)	Closing NAV per share	74.90	Closing share price*	70.00
	Plus: cumulative dividends paid to date	124.20	Plus: cumulative dividends paid to date	124.20
	Closing cumulative total return	**199.10**	**Closing cumulative total return**	**194.20**
	Less: opening cumulative total return	(189.99)	Less: opening cumulative total return	(180.70)
	Increase in cumulative total return for year	**+9.11**	**Increase in cumulative total return for year**	**+13.50**

*Source: Panmure Gordon & Co (mid-market price). The share price has been adjusted for a 4.00 pence dividend paid after the year-end on 10 January 2020 which was ex-div at 31 December 2019.

Taking into account initial income tax relief, founder Shareholders who invested in 1999 have now seen, as at 31 December 2019, an overall gain on net investment cost of 24.4% (2018: 18.7%) since the launch of the Company. This is calculated as closing cumulative total return per share of 199.10 pence, as a percentage of net investment cost of 160.00 pence per share after initial income tax relief of 40.00 pence per share (both figures restated for the 2 for 1 share consolidation in 2006). Original Shareholders who also took advantage of the enhanced buyback offer made in 2013 have now seen an overall gain over net investment cost on this basis of 61.0%.

The Company does not consider it appropriate to set a specific annual and cumulative return per share target for the year. However, Shareholders should note that the Board assesses these returns against the Company's ability to meet its current annual dividend target of 4.00 pence per share.

Both NAV and share price returns for the year are considered to be commendable by the Board reflecting the benefit of strong investment realisations, an uplift in unrealised valuations and in the case of share price return only, the narrowing of the discount to NAV at which the shares trade from 10% to 5%.

Internal rate of return ("IRR")

	Original investment cost (pence per share)	Income tax relief	Cost net of income tax (p)	Internal Rate of Return
With benefit of Income Tax Relief				
2006/7 Shareholders	120.9	30%	84.6	8.3%
1999 Shareholders	200.0	20%	160.0	1.2%
Without benefit of Income Tax Relief				
2006/7 Shareholders	120.9	n/a	n/a	4.4%
1999 Shareholders	200.0	n/a	n/a	0.0%

The table above shows Internal rate of return of Shareholders' investment for those founder Shareholders who invested in 1999 beneath those Shareholders who invested in 2006/7, shortly after the date at which Mobeus took over as sole Investment Adviser.

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

The Board places emphasis on the Company's performance against a peer group of VCTs and has a target of being ranked in the top half of Generalist VCTs. Using the benchmark of NAV total return (assuming dividends are reinvested) on an investment of £100, the VCT is ranked 12th out of 45 (2018: 34th out of 45) over three years, and 20th out of 38 (2018: 17th out of 37) over five years amongst generalist VCTs by the Association of Investment Companies (AIC) (based on statistics prepared by Morningstar) at 31 December 2019. The Board considers performance against its peer group to be more satisfactory, but continues to discuss with the Investment Adviser how to improve it further.

3. Dividend policy

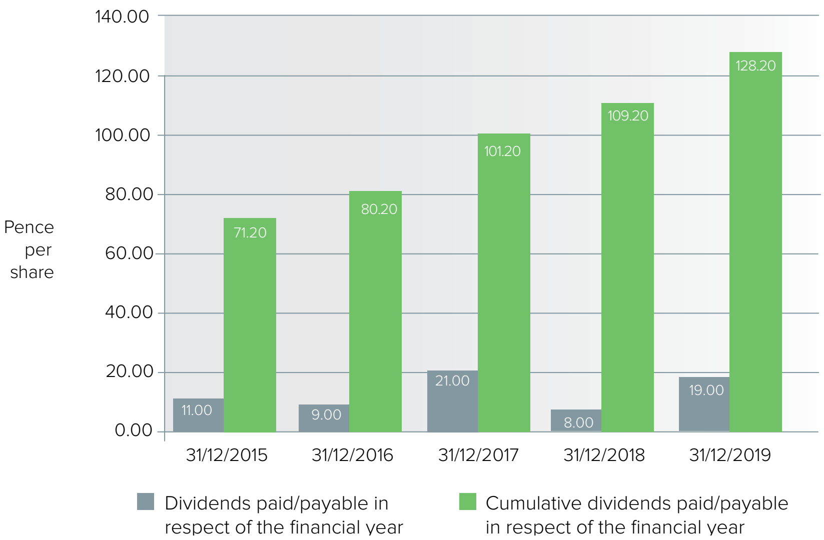
The Company has an annual target dividend of paying not less than 4.00 pence per share in respect of each financial year. It has met or exceeded this target in respect of its last nine financial years. **However, the Board continues to review the sustainability of this target following the changes to the VCT Rules and the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves**. While the Board still believes in the attainment of the dividend target, the gradual move of the portfolio to growth capital investments is likely to result in annual ordinary dividend payments being more volatile and, at least over the medium-term, may be lower than have been paid in the recent past.

During the year, the Company paid a final dividend of 4.00 pence in respect of the year ended 31 December 2018, and two interim dividends of 13.00 and 2.00 pence in respect of the year ended 31 December 2019. At the year-end, cumulative dividends paid to Shareholders since launch total 124.20 pence per share.

After the year-end, an interim dividend of 4.00 pence in respect of the year under review was paid on 10 January 2020. Cumulative dividends paid since launch to date are 128.20p.

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

For details on the capital and revenue breakdown of these dividends for the year, please see Note 7 on page 58.



The third interim dividend of 4.00 pence per share, paid on 10 January 2020, has increased cumulative dividends paid since launch to 128.20 pence.

4. Compliance with VCT legislation

In making their investment in a VCT, Shareholders become eligible for several tax benefits under VCT tax legislation, as long as the Company also complies with VCT tax legislation. To achieve this, the Company must meet a number of tests set by the VCT tax legislation. The principal tests are summarised in the panel entitled 'Summary of VCT Regulation' on page 5. Throughout the year ended 31 December 2019, the Company continued to meet these tests.

5. Management of share price discount to NAV

The Directors of the Company are aware that it can be difficult for investors to sell VCT shares in the market at, or close to, Net Asset Value ("NAV"). The Board aims to provide Shareholders who wish to sell their shares with an opportunity to do so by operating an active policy of buying back shares, thereby seeking, inter alia, to manage the level of discount to NAV at which shares may trade in the market.

The Company previously operated its buyback policy with the objective of maintaining the discount to NAV at which the Company's shares may trade at approximately 10% or less. **During the year in review, the Board announced that, with effect from 1 August 2019, its objective will be to maintain the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less.**

In pursuing this policy, the Board's priority will be to ensure that it is acting prudently and in the interests of remaining Shareholders of the Company. Share buybacks will continue to be entirely at the Board's discretion and will be subject to the Company having sufficient funds and distributable reserves available for such a purpose. They will also continue to be subject to prevailing market conditions, the Listing Rules and any applicable law and regulatory restrictions at the relevant time. Shares bought back in the market will ordinarily be cancelled.

The Board considers that a 5% discount currently represents a fair balance between assisting investors who wish to sell shares and the majority of investors who wish to continue to invest in a portfolio of investments in unquoted shares. This policy also reflects common market practice.

Shareholders granted the Directors authority to buyback up to 10.2 million of the Company's shares, representing 14.99% of the shares in issue at the date of the notice of the meeting, at the AGM held on 10 May 2019. Shares bought back under this authority are cancelled and the Directors do not intend to exercise this authority unless they believe to do so would result in an increase in net assets per share which would be in the interests of Shareholders generally. Continuing Shareholders benefit from the difference between the NAV per share and the price at which the shares are bought back and cancelled. A resolution to renew this authority will be proposed at the forthcoming AGM. The resolution will grant authority for the Company to buyback up to 12.2 million of the Company's own shares, representing 14.99% of the shares in issue, and will normally expire at the AGM to be held in 2021.

During the year ended 31 December 2019, Shareholders holding 1,483,865 shares expressed their desire to sell their holdings. The Company instructed its brokers, Panmure Gordon, to purchase these shares at prices representing discounts of approximately 10% to the previously announced NAV per share up until 30 June 2019, and discounts of approximately 5% thereafter. The Company subsequently purchased these shares at prices of between 68.56 and 75.59 pence per share and cancelled them.

In total, the Company bought back 2.2% of the issued share capital of the Company, at the beginning of the year, as calculated by reference to the issued share capital on 1 January 2019.

6. Costs

Shareholders will be aware there are a number of costs involved in operating a VCT. Although Shareholders do not bear costs in excess of the expense cap of 3.4%, the Board monitors its costs carefully and seeks to maintain an Ongoing Charges Ratio well below 3.4%.

The Board monitors costs using the Ongoing Charges Ratio[1], which is as follows:

	2019	2018
Ongoing charges	2.87%	2.68%
Performance fee	0.00%	0.00%
Ongoing charges plus accrued performance fee	2.87%	2.68%

[1] The Ongoing Charges Ratio has been calculated, using the AIC recommended methodology.

The Ongoing Charges Ratio replaces the Total Expense Ratio reported previously. The Total Expense Ratio still forms the basis of any expense cap that may be borne by the Investment Adviser. For the purpose of calculating this ratio, actual running costs are capped at 3.4% of closing net assets but exclude any irrecoverable VAT and exceptional costs. There was no breach of the expense cap for the year ended 31 December 2019 (31 December 2018: £nil).

The Ongoing Charges Ratio for the year has increased from last year primarily due to a decline in average net assets over the year combined with higher other expenses as explained below.

Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have remained at a similar level compared to 2018 being a total of £1.24 million. Other expenses (all charged to revenue) have increased by £0.07 million to £0.45 million. This was a combination of a rise in professional fees and Directors' fees (including recruitment costs) offset by a fall in listing costs due to the suspension of the dividend investment scheme. Further details of these are contained in the financial statements on pages 55 and 56 of this Annual Report.

Investment Adviser's Review

COVID-19 update after the year-end

After the year-end, the world has been in the midst of a COVID-19 pandemic. Many of the VCTs' portfolio companies are encountering very challenging trading conditions, the full extent and impact of which will emerge only over time. The Investment Adviser has reviewed and evaluated the impact of COVID-19 on each sector exposure and upon the value of the portfolio. The Investment Adviser is fully engaged with the portfolio companies to ensure that all steps are being taken to assist each to trade through this crisis and restore and grow value thereafter. As part of this, Mobeus is reviewing the implications for follow-on investments with the recent fundraising and relatively high liquidity levels providing a solid foundation for such assessments.

Mobeus continually reviews a significant pipeline of investment opportunities. Only the companies with sufficient potential will be taken towards investment. It is expected that the current pace and quantum of new and follow-on investments will continue in the short to medium-term. Nonetheless, the extent of the negative impact of the COVID-19 pandemic upon the UK and world economy cannot yet be fully evaluated. Mobeus is carefully assessing possible consequences, both for each investee company and their implications for new and follow-on investment.

Portfolio review

The portfolio's activity in the year is summarised as follows:

	2019 £m	2018 £m
Opening portfolio value	36.53[1]	31.48
New and further investments	4.48	5.88
Disposal proceeds	(8.14)	(1.77)
Net realised gains/ (losses)	2.31	(0.36)
Valuation movements	3.36	1.07[1]
Portfolio value at 31 December	**38.54**	**36.30**

This has been a year of good progress building the growth capital portfolio with five investments into new growth businesses totalling £4.03 million, and one existing growth portfolio company receiving follow-on funding of £0.45 million, and net cash proceeds received of £8.14 million, primarily from three realisations. This brings the total invested in growth capital investments to £17.77 million since the introduction of the VCT regulations in 2015. The past year's investment and divestment activity has increased the proportion of the portfolio regarded as growth capital investments by value to 62.0% (including AIM and legacy) at the year-end.

After the year-end, £0.62 million was invested in Bella & Duke Limited, a premium frozen raw dog food provider.

Detail of these movements for each investee company are provided in the Investment Portfolio Summary at the end of this Investment Review.

As mentioned in the Chairman's Statement, investing in growth capital investments in younger businesses does involve increased risk. Returns from these companies are expected to take longer to materialise and may be more volatile.

The portfolio's contribution to the overall results of the Company is summarised in the table in the next column as follows:

Investment Portfolio Capital Movement	2019 £m	2018 £m
Increase in the value of unrealised investments	5.30	4.45
Decrease in the value of unrealised investments	(1.94)	(3.38)
Net increase in the value of unrealised investments	**3.36**	**1.07[1]**
Realised gains	2.31	0.47
Realised losses	-	(0.83)
Net realised gains/ (losses) in the year	**2.31**	**(0.36)**
Net investment portfolio capital movement in the year	**5.67**	**0.71**

[1] - These figures in both tables have been adjusted due to £0.23 million of consideration recognised as a debtor at the 2018 year-end but received this year. See Note 8 on page 60 of the Notes to the Financial Statements for further details.

Valuation changes of portfolio investments still held

Within the net valuation increases of £5.30 million, the principal contributors were: Auction Technology Group - £1.77 million, MPB Group - £0.85 million and Proactive Group - £0.84 million. Auction Technology Group, which the Company part realised in 2014, traded well ahead of budget with growth showing in all areas of its business. The sale of this business after the year-end concluded an 11½ year partnership with the Company. MPB Group has grown its revenues substantially. In July, it secured £9.00 million of further investment at a higher valuation, of which the Company contributed £0.45 million of a total of £2.00 million that was provided by the Mobeus VCTs.

A small number of new growth investments (such as Proactive Group) have shown initial uplifts from cost, due in large part to the structure of the Company's investment, but, in some cases, also due to the underlying investee company performance. Proactive Group has made consistent positive progress in all its markets since investment. The principal driver of the value increase over the period however, is the preference structure of the investment which allocates a greater share of economic value to the Company at the current stage of the business' development.

Within total valuation decreases of £(1.94) million, the main reductions were: Wetsuit Outlet - £(0.64) million, Supercarers - £(0.36) million and Master Removers Group - £(0.28) million. Wetsuit Outlet continues to disappoint post investment, although it is anticipated that measures recently implemented to restore margins will soon begin to improve profitability. Supercarers is performing well behind plan and in response is undertaking a restructure of its cost base. Finally, whilst Master Removers Group remains very profitable and cash generative, Brexit uncertainties over the last few months has impacted recent performance.

Realised gains and losses from sales of investments

The Company achieved net realised gains on the sale of investments of £2.31 million over their value at the start of the year mainly comprising three significant and profitable exits.

In May, the Company realised its long held investment in Plastic Surgeon generating a gain in the year of £0.39 million which contributed to a multiple of cost over the life of the investment of 5.6x.

Shortly afterwards, in June, ASL Technology Group was sold generating a gain in the year of £1.08 million and, including all proceeds received since investment, an overall multiple of cost of 2.2x.

In December, the Company realised its first growth capital investment made under the new VCT rules, Redline Worldwide, generating a gain of £0.54 million in the year. Over the period that this investment was held, a multiple of 1.6x cost has been achieved to date with further proceeds potentially payable in due course. £0.06 million of these proceeds were received following the year-end, bringing the multiple on cost achieved to 1.7x.

Finally, the Company achieved a gain of £0.27 million arising from the disposal of Entanet in 2017, increasing the final return on cost to 2.8x, while the partial realisation of Master Removers Group during the year generated a gain of £0.03 million.

After the year-end, in February, the Company exited investments held in Pattern Analytics (trading as Biosite) and Auction Technology Group ("ATG").

Pattern Analytics (trading as Biosite) was realised generating proceeds of £2.07 million over the life of the investment and an overall gain over original cost of 1.5x.

The realisation of ATG has generated proceeds over the life of the investment of £9.03 million compared to an original cost of £2.00 million, a multiple on cost of 4.5x over the 11½ years this investment was held – an exceptional return for Shareholders.

Investment portfolio yield and capital repayments

During the year under review, the Company received the following amounts in interest and dividend income:

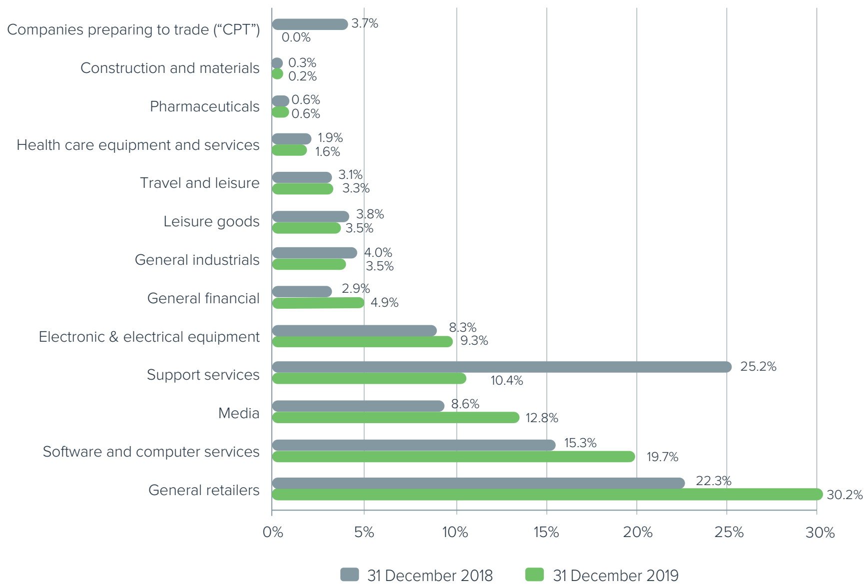
Investment Portfolio Yield	2019 £m	2018 £m
Interest received in the year	1.72	1.84
Dividends received in the year	0.24	0.29
Total portfolio income in the year[1]	**1.96**	**2.13**
Portfolio value at 31 December	**38.54**	**36.30**
Portfolio Income Yield (Income as a % of Portfolio value at 31 December)	**5.1%**	**5.9%**

[1] Total portfolio income in the year is generated solely from investee companies within the portfolio. See Note 3 to the Financial Statements for all income receivable by the Company.

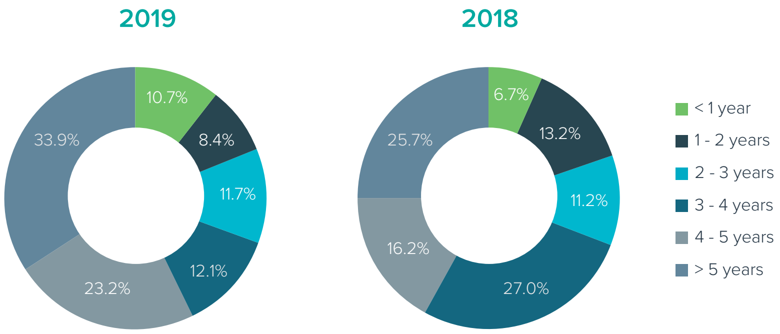
The Company also received loan stock repayments of £1.35 million, at cost.

Investments by market sector

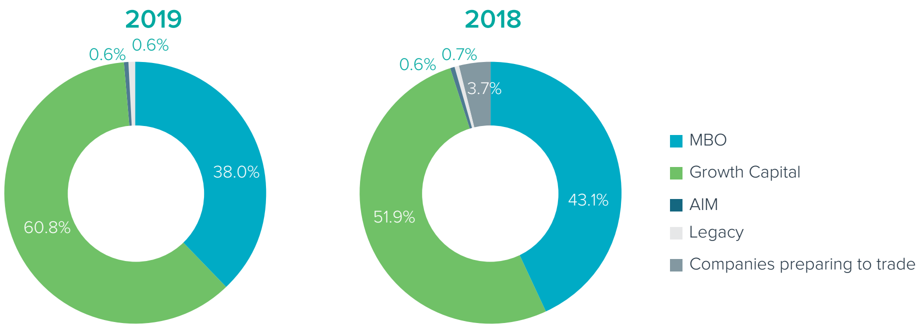
Investments by value remain spread across a number of sectors, primarily in general retailers, software and computer services and media.



Age of the portfolio by value



Type of investment transaction by value



Growth Capital contains all investments made after the 2015 rule change which are young businesses using the Company's investment for growth and development purposes (as defined under VCT legislation). This category contains a small number of growth capital style investments made before the 2015 rule change under the Investment Adviser's MBO strategy.

MBO contains MBO type investments made under the Investment Adviser's previous MBO strategy. This typically includes companies which are more mature compared to those invested under the growth capital strategy.

New investment in the year

A total of £4.03 million was invested into five new investments during the year as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
ParsleyBox	Parsley Box	Home delivered, ambient ready meals for the elderly	May 2019	0.67
Parsley Box is a UK direct to consumer supplier of home delivered, ambient ready meals for the elderly. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and aim to contribute to a more independent and healthier lifestyle. The investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. The company's unaudited accounts for the year ended 31 March 2019 show revenues of £3.08 million and a loss before interest, tax and amortisation of goodwill of £(0.50) million.				
arkksolutions	Arkk Consulting	Regulatory and reporting requirement service provider	May 2019	1.12
Arkk Consulting (trading as Arkk Solutions) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. The investment will build on Arkk's reputation and customer base, to target the cloud-based period end reporting market by building the sales and marketing team. The company's audited accounts for the year ended 31 December 2018 show turnover of £3.36 million and a loss before interest, tax and amortisation of goodwill of £(0.34) million.				
ActiveNavigation	Active Navigation	File analysis software	November 2019	1.10
Data Discovery Solutions, trading as Active Navigation, is a file analysis software solution which makes it easier for companies to clean up network drives, respond to new data protection laws and dispose of redundant and out dated documents. Active Navigation's solution is used by significant blue chip customers, particularly those in highly regulated industries such as energy and professional services, as well as government entities in the USA, Canada, Australia and the UK. Active Navigation will seek to drive continued growth from its file analysis platform with the recruitment of experienced sales and professional services staff. The company's audited accounts for the year ended 30 June 2018 show revenues of £5.02 million and a profit before interest, tax and amortisation of goodwill of £1.45 million.				
ipv Serious About Video	IPV	Media asset software	November 2019	0.62
IPV Limited ("IPV") has developed a media asset management software product called 'Curator', enabling enterprise level customers to receive and search hours of video footage, edit into multiple short clips and broadcast to online video platforms (such as YouTube) and company intranets, in a very short time. IPV's impressive list of blue-chip clients, such as Turner Sports, NASA and Sky, are looking to improve efficiency in managing their video content. The company has built an impressive senior management team of proven operators and is targeting a media asset management market in the US and UK, worth an estimated £1 billion per annum. The investment will be used to build out a sales and marketing team and to fund lead generation for new direct and partner channels as well as supporting the existing partner network. The company's audited accounts for the year ended 31 December 2018 show revenues of £2.25 million and a loss before interest, tax and amortisation of goodwill of £(1.28) million.				
BLEACH LONDON	Bleach	Hair colourants brand	December 2019	0.52
Bleach London Holdings ("Bleach") is an established branded, fast growing business which manufactures a range of haircare and colouring products. Bleach is regarded as a leading authority in the hair colourant market having opened one of the world's first salons focused on colouring and subsequently launched its first range of products in 2013. The investment was part of a wider £5.60 million investment round alongside Burda Principal Investments and angel investors. The funds will be used to drive continued growth in sales through retailers as well as capitalise on its strong social media presence whilst accelerating its growing direct to consumer channel. The company's unaudited accounts for the year ended 31 December 2018 show revenues of £3.75 million and a loss before interest, tax and amortisation of goodwill of £(0.01) million.				

Further investments in existing portfolio companies in the year

The Company made a further investment totalling £0.45 million into one existing portfolio company during the year under review, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	MPB Group	Online marketplace for used camera and video equipment	July 2019	0.45

MPB Group is Europe's leading online marketplace for used camera and video equipment. Based in Brighton, its custom-designed pricing technology enables MPB Group to offer both buy and sell services through the same platform and offers a one-stop shop for all its customers. Having expanded into the US (opening a New York office) and German markets as part of the initial VCT investment round, this follow-on investment, alongside funds provided by two other third-party investors, is to support its continued growth plan. As it has more than doubled its sales over the last two years, this investment will also help drive the company's objective to create a £100m+ turnover internationally diverse and profitable re-commerce business. The company's audited accounts for the year ended 31 March 2019 show turnover of £31.91 million and a loss before interest, tax and amortisation of goodwill of £(1.73) million.

Realisations during the year

The Company realised its investments in ASL, Plastic Surgeon and Redline during the year, generating an aggregated net realised gain for the year of £2.01 million. Net cash proceeds received from the sale of these investments totalled £5.90 million, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
Plastic Surgeon FINE FINISHERS	Plastic Surgeon	Supplier of snagging and finishing services to the property sector	April 2008 to May 2019	£2.56 million 5.6 x cost

The Company sold its remaining investment in Plastic Surgeon to Polygon Group for £1.44 million (realised gain in the year: £0.39 million), including a preference share repayment of £0.06 million in January 2019. Over the eleven years this investment was held, it generated proceeds of £2.56 million compared to an original investment cost of £0.46 million which is a multiple on cost of 5.6x and an IRR of 20.5%.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
ASL MANAGED • DOCUMENT • SOLUTIONS	ASL Technology	Printer and photocopier services	December 2010 to June 2019	£4.22 million 2.2 x cost

The Company sold its investment in ASL Technology for £3.40 million (realised gain in the year: £1.08 million). Over the eight and a half years this investment was held, it generated proceeds of £4.22 million compared to an original investment cost of £1.93 million, which is a multiple on cost of 2.2x and an IRR of 12.6%.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
REDLINE® ASSURED SECURITY	Redline	Provider of security services to the aviation industry and other sectors	February 2016 to December 2019	£1.37 million 1.6 x cost

The Company sold its investment in Redline Worldwide for £1.06 million (realised gain in the year: £0.54 million). Since investment in 2016, the investment has generated proceeds to date of £1.37 million compared to an original investment cost of £0.84 million, which is a multiple on cost to date of 1.6x and an IRR of 16.0%. Further proceeds may be receivable in due course.

There was a partial realisation of Master Removers Group ("MRG") which generated proceeds of £0.39 million and a realised gain of £0.03 million in the year. This occurred following a reorganisation of MRG's share capital resulting in the Company increasing its equity share in MRG from 4.7% to 7.2%.

Realisations after the year-end

After the year-end, the Company realised its investments in Pattern Analytics Limited (trading as Biosite) and Turner Topco Limited (trading as Auction Technology Group), as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
BIOSITE	Biosite	Workforce management and security services	November 2016 to February 2020	£2.07 million 1.5 x cost

The Company sold its investment in Pattern Analytics Limited (trading as Biosite) to ASSA ABLOY for £1.98 million. Since investment in 2016, the investment has generated proceeds of £2.07 million compared to an original investment cost of £1.34 million, which is a multiple on cost of 1.5x and an IRR of 21.0%.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
atgmedia	Auction Technology Group	SaaS based online auction marketplace platform	October 2008 to February 2020	£9.03 million 4.5 x cost

The Company sold its investment in Turner Topco Limited (trading as Auction Technology Group) to TA Associates for £5.27 million (including £1.09 million loan interest due on completion). This investment generated proceeds over the life of the investment of £9.03 million (including proceeds received following a partial realisation from a sale to ECI Partners in June 2014) compared to an original cost of £2.00 million, which is a multiple on cost of 4.5x and an IRR of 29%.

New investments after the year-end

The Company made one new investment after the year-end, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
BELLA & DUKE	Bella & Duke	Premium frozen raw dog food provider	February 2020	0.62

Bella & Duke is a direct to consumer subscription service, providing premium frozen raw dog food to pet owners in the UK. Founded in 2016, the business provides an alternative to standard meal options for dogs by focusing on the well documented health benefits of a raw food diet. This area is a growing niche in the large and established pet food market and is being driven by the premiumisation of dog food. The investment will seek to optimise its production and supply facilities, expand and enhance its team and develop alternative products (such as cat food). The company's unaudited accounts for the year ended 31 March 2019 show revenues of £2.68 million and a loss before interest, tax and amortisation of goodwill of £(0.61) million.

Loan stock repayments and other receipts

The Company also received loan repayments totalling £1.35 million (most notably Hollydale Management Limited (£0.44 million)), and proceeds from an investment realised in a previous year of £0.50 million.

In addition to net realised gains for the year on the three disposals above of £2.01 million, there were also gains on proceeds arising from investments in a previous year of £0.27 million and MRG's realised gain of £0.03 million, to equal the total realised gains for the year of £2.31 million, as shown in both tables on page 5 of this review.

Funds available for investment

Cash and other liquid investments available for investment amounted to £11.56 million at the year-end. Of this amount, £2.63 million is held as cash in bank accounts, and the balance is placed in AAA rated money market funds. The returns on these funds are relatively low, but the Board retains its policy of seeking above all to preserve capital for its uninvested funds. This figure has increased by £19.78 million after the year-end following the receipt of net funds of £12.53 million arising under the allotments of shares under the Company's Offer for Subscription, and the receipt of proceeds from two realisations after the year-end referred to above.

Mobeus Equity Partners LLP
Investment Adviser

16 April 2020

Principal investments in the portfolio at 31 December 2019 by valuation

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost £2,469,000

Valuation £3,571,000

Basis of valuation
Earnings multiple

Equity % held
9.7%

Income receivable in year
£188,543

Business
Provider of data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2018
Turnover	£16,585,000
Operating profit	£659,000
Net liabilities	£(139,000)
Year ended	31 December 2017
Turnover	£14,421,000
Operating profit	£694,000
Net liabilities	£(76,000)

Movements during the year

None.

Turner Topco Limited (trading as Auction Technology Group)

www.antiquestradegazette.com

Cost £1,529,000

Valuation £3,030,000

Basis of valuation
Earnings multiple

Equity % held
3.5%

Income receivable in year
£nil

Business
SaaS based online auction marketplace platform

Location
London

Original transaction
Secondary buyout

Audited financial information

Year ended	30 September 2018
Turnover	£22,205,000
Operating profit	£3,707,000
Net liabilities	£(33,062,000)
Year ended	30 September 2017
Turnover	£21,558,000
Operating profit	£3,110,000
Net liabilities	£(26,028,000)

Movements during the year

Sold in February 2020.

MPB Group Limited

www.mpb.com

Cost £1,481,000

Valuation £2,701,000

Basis of valuation
Revenue multiple

Equity % held
5.3%

Income receivable in year
£20,840

Business
Online marketplace for photographic and video equipment

Location
Brighton

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2019
Turnover	£31,909,000
Operating loss	£(1,733,000)
Net assets	£2,455,000
Year ended	31 March 2018
Turnover	£21,708,000
Operating loss	£(2,004,000)
Net assets	£3,619,000

Movements during the year

Follow on equity investment made in July 2019.

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

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

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£1,931,000
Valuation	£2,476,000

Basis of valuation
Earnings multiple

Equity % held
9.7%

Income receivable in year
£184,340

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2019
Turnover	£42,456,000
Operating profit	£2,011,000
Net assets	£2,763,000
Year ended	30 June 2018
Turnover	£39,888,000
Operating profit	£1,270,000
Net assets	£2,569,000

Movements during the year

None.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost	£951,000
Valuation	£2,149,000

Basis of valuation
Earnings multiple

Equity % held
1.7%

Income receivable in year
£238,215

Business
Branded outdoor equipment and clothing (Rab and Lowe Alpine)

Location
Alfreton, Derbyshire

Original transaction
Growth capital

Audited financial information

Year ended	31 January 2019
Turnover	£60,584,000
Operating profit	£14,096,000
Net assets	£26,302,000
Year ended	31 January 2018
Turnover	£54,161,000
Operating profit	£4,404,000
Net assets	£17,082,000

Movements during the year

None.

Preservica Limited

www.preservica.com

Cost	£1,586,000
Valuation	£2,044,000

Basis of valuation
Revenue multiple

Equity % held
11.0%

Income receivable in year
£40,777

Business
Seller of proprietary digital archiving software

Location
Abingdon, Oxfordshire

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2019
Turnover	£3,583,000
Operating loss	£(2,220,000)
Net assets	£978,000
Year ended	31 March 2018
Turnover	£2,851,000
Operating loss	£(1,930,000)
Net assets	£1,131,000

Movements during the year

None.

Principal investments in the portfolio at 31 December 2019 by valuation

Pattern Analytics Limited (trading as Biosite)

www.biositesystems.com

Cost £1,339,000

Valuation £1,979,000

Basis of valuation
Gross profit multiple

Equity % held
5.6%

Income receivable in year
£69,836

Business
Workforce management and security services for the construction industry

Location
Solihull

Original transaction
Growth capital

Audited financial information

Year ended	31 July 2019
Turnover	£11,645,000
Operating profit	£338,000
Net assets	£1,166,000

Year ended	31 July 2018
Turnover	£9,756,000
Operating loss	£(643,000)
Net assets	£1,775,000

Movements during the year

Sold in February 2020.

Proactive Group Holdings Inc

www.proactiveinvestors.co.uk

Cost £755,000

Valuation £1,900,000

Basis of valuation
Revenue multiple

Equity % held
2.6%

Income receivable in year
£14,628

Business
Provider of media services and investor conferences for companies primarily listed on secondary public markets

Location
London

Original transaction
Growth capital

Financial information (unaudited)

Year ended	30 June 2018
Turnover	£4,753,000
Operating loss	£(332,000)
Net liabilities	£(1,421,000)

Year ended	30 June 2017
Turnover	£3,987,000
Operating loss	£(529,000)
Net liabilities	£(1,721,000)

Movements during the year

None.

Media Business Insight Holdings Limited

www.mb-insight.com

Cost £2,723,000

Valuation £1,894,000

Basis of valuation
Earnings multiple

Equity % held
15.7%

Income receivable in year
£303,316

Business
A publishing and events business focused on the creative production industries

Location
London

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2018
Turnover	£11,420,000
Operating profit	£1,466,000
Net liabilities	£(941,000)

Year ended	31 December 2017
Turnover	£12,292,000
Operating profit	£718,000
Net liabilities	£(197,000)

Movements during the year

None.

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

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

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost	£1,450,000

Valuation	£1,345,000

Basis of valuation
Earnings multiple

Equity % held
6.3%

Income receivable in year
£144,385

Business
Vinyl graphics to global automotive and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Audited financial information

Year ended	28 February 2019
Turnover	£13,940,000
Operating profit	£511,000
Net liabilities	£(2,692,000)

Year ended	28 February 2018
Turnover	£14,880,000
Operating profit	£813,000
Net liabilities	£(1,518,000)

Movements during the year

None.

Investment Portfolio Summary

as at 31 December 2019

Mobeus Equity Partners Portfolio	Ordinary shares Cost at 31 December 2019 £	Ordinary shares Valuation at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Cost at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Valuation at 31 December 2019 £	Total cost at 31 December 2019 £
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	891,576	1,128,524	1,577,437	2,442,532	2,469,013
Turner Topco Limited (trading as Auction Technology Group) SaaS based online auction marketplace platform	4,472	1,505,174	1,524,603	1,524,603	1,529,075
MPB Group Limited Online marketplace for used photographic equipment	1,256,605	2,364,750	224,388	336,582	1,480,993
Virgin Wines Holding Company Limited Online wine retailer	45,915	590,833	1,884,898	1,884,898	1,930,813
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing (Rab and Lowe Alpine)	95,147	1,216,564	856,324	932,228	951,471
Preservica Limited Seller of proprietary digital archiving software	1,132,695	1,590,795	453,078	453,078	1,585,773
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	640,171	1,280,342	698,368	698,368	1,338,539
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	572,540	1,717,621	182,800	182,800	755,340
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	1,089,103	-	1,633,657	1,893,907	2,722,760
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	476,612	-	973,134	1,344,908	1,449,746
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	271,683	440,902	627,391	896,273	899,074
My Tutorweb Limited Digital marketplace connecting school pupils seeking one-to-one online tutoring	1,307,644	1,307,644	-	-	1,307,644
Ibericos Etc. Limited (trading as Tapas Revolution) Spanish restaurant chain	348,269	577,706	696,600	696,600	1,044,869
Arkk Consulting Limited Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	1,118,490	1,142,351	-	-	1,118,490
Tharstern Group Limited MIS & Commercial print software solutions	338,861	27,669	753,025	1,078,760	1,091,886
Data Discovery Solutions Limited (trading as Active Navigation) Provider of global market leading file analysis software for information governance, security and compliance	1,100,500	1,100,500	-	-	1,100,500
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	1,166,551	-	1,166,551	1,015,878	2,333,102
Buster and Punch Holdings Limited Industrial inspired lighting and interiors retailer	373,073	768,320	157,319	157,319	530,392

Green Growth focused portfolio

Blue MBO focused portfolio

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

Total valuation at 31 December 2018 £	Total additional investments £	Total valuation at 31 December 2019 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
3,013,724	-	3,571,056	557,332	-	-	9.7%	9.3%
1,255,082	-	3,029,777	1,774,695	-	-	3.5%	7.9%
1,402,016	448,806	2,701,332	850,510	-	-	5.3%	7.0%
2,372,306	-	2,475,731	103,425	-	-	9.7%	6.4%
1,976,902	-	2,148,792	171,890	-	-	1.7%	5.6%
2,082,403	-	2,043,873	(38,530)	-	-	11.0%	5.3%
1,978,710	-	1,978,710	-	-	-	5.6%	5.1%
1,060,873	-	1,900,421	839,548	-	-	2.6%	4.9%
1,871,714	-	1,893,907	22,193	-	-	15.7%	4.9%
1,439,959	-	1,344,908	(95,051)	-	-	6.3%	3.5%
1,378,902	-	1,337,175	(41,727)	-	-	7.1%	3.5%
1,307,644	-	1,307,644	-	-	-	7.2%	3.4%
1,135,102	-	1,274,306	139,204	-	-	5.8%	3.3%
-	1,118,490	1,142,351	23,861	-	-	7.5%	3.0%
1,070,871	-	1,106,429	35,558	-	-	12.2%	2.9%
-	1,100,500	1,100,500	-	-	-	6.3%	2.9%
1,651,280	-	1,015,878	(635,402)	-	-	6.4%	2.6%
687,347	-	925,639	238,292	-	-	4.5%	2.4%

Investment Portfolio Summary

as at 31 December 2019

Mobeus Equity Partners Portfolio	Ordinary shares Cost at 31 December 2019 £	Ordinary shares Valuation at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Cost at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Valuation at 31 December 2019 £	Total cost at 31 December 2019 £
Rota Geek Limited Workforce management software	437,000	816,619	-	-	437,000
Master Removers Group 2019 Limited (formerly Master Removers Group Limited) (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	348,641	785,346	-	-	348,641
Parsley Box Limited Supplier of home delivered, ambient ready meals for the elderly	668,400	704,359	-	-	668,400
IPV Limited Provider of media asset software	619,487	619,487	-	-	619,487
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	323,577	-	808,944	606,708	1,132,521
Vectair Holdings Limited Designer and distributor of washroom products	24,643	522,050	89	89	24,732
Bleach London Holdings Limited Hair colourants brand	519,672	519,672	-	-	519,672
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	328,950	515,372	-	-	328,950
RDL Corporation Limited Recruitment consultants for the pharmaceutical and IT industries	173,932	-	826,068	293,708	1,000,000
Blaze Signs Holdings Limited Manufacturer and installer of signs	183,005	283,413	7,626	7,626	190,631
Omega Diagnostics Group plc[2] In-vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	200,028	233,345	-	-	200,028
Jablite Holdings Limited Manufacturer of expanded polystyrene products	339,974	44,197	36,109	49,824	376,083
BG Training Limited City-based provider of specialist technical training	-	-	10,625	5,313	10,625
Supercarers Limited Online platform that connects people seeking care home from experienced independent carers	485,730	-	-	-	485,730
BookingTek Limited Software for hotel groups	582,300	-	69,837	-	652,137
Veritek Global Holdings Limited Maintenance of imaging equipment	43,527	-	1,576,559	-	1,620,086
Racoon International Group Limited Supplier of hair extensions, hair care products and training	419,959	-	64,388	-	484,347
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home décor products	175,000	-	-	-	175,000
H Realisations (2018) Limited (formerly Hemmels Limited) (in liquidation) Company specialising in sourcing, selling and servicing of high price classic cars	-	-	23,250	-	23,250

Green Growth focused portfolio

Blue MBO focused portfolio

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

[2] Quoted on AIM.

Total valuation at 31 December 2018 £	Total additional investments £	Total valuation at 31 December 2019 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
685,092	-	816,619	131,527	-	-	3.7%	2.1%
1,426,419	-	785,346	(284,467)	29,709	386,315	7.2%	2.0%
-	668,400	704,359	35,959	-	-	4.9%	1.8%
-	619,487	619,487	-	-	-	5.5%	1.6%
687,046	-	606,708	(80,338)	-	-	7.7%	1.6%
360,155	-	522,139	161,984	-	-	2.1%	1.4%
-	519,672	519,672	-	-	-	3.4%	1.3%
328,950	-	515,372	186,422	-	-	3.2%	1.3%
478,719	-	293,708	(185,011)	-	-	9.1%	0.8%
286,967	-	291,039	4,072	-	-	5.7%	0.8%
208,344	-	233,345	25,001	-	-	1.1%	0.6%
122,422	-	94,021	(28,401)	-	-	9.1%	0.2%
5,313	-	5,313	-	-	-	0.0%	0.0%
364,298	-	-	(364,298)	-	-	4.3%	0.0%
163,034	-	-	(163,034)	-	-	3.5%	0.0%
9,953	-	-	(9,953)	-	-	11.9%	0.0%
-	-	-	-	-	-	8.0%	0.0%
-	-	-	-	-	-	5.8%	0.0%
-	-	-	-	-	-	0.0%	0.0%

Strategic Report

Investment Portfolio Summary

as at 31 December 2019

Strategic Report

Mobeus Equity Partners Portfolio	Ordinary shares Cost at 31 December 2019 £	Ordinary shares Valuation at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Cost at 31 December 2019 £	Other investments[1] (loan stock/preference shares) Valuation at 31 December 2019 £	Total cost at 31 December 2019 £
Disposals in year					
ASL Technology Holdings Limited Printer and photocopier services	-	-	-	-	-
The Plastic Surgeon Holdings Limited Snagging and finishing of domestic and commercial properties	-	-	-	-	-
Redline Worldwide Limited Provider of security services to the aviation industry and other sectors	-	-	-	-	-
Hollydale Management Limited (dissolved) Company seeking to carry on a business in the food sector	-	-	-	-	-
Backhouse Management Limited (dissolved) Company seeking to carry on a business in the motor sector	-	-	-	-	-
Creasy Marketing Services Limited (dissolved) Company seeking to carry on a business in the textile sector	-	-	-	-	-
McGrigor Management Limited (dissolved) Company seeking to carry on a business in the pharmaceutical sector	-	-	-	-	-
Barham Consulting Limited (dissolved) Company seeking to carry on a business in the catering sector	-	-	-	-	-
Proceeds from companies realised in previous years[2]	-	-	-	-	-
Total	**18,103,732**	**21,803,555**	**16,833,068**	**16,502,002**	**34,936,800**
Former Elderstreet Private Equity Portfolio					
Cashfac Limited Provider of virtual banking application software solutions to corporate customers	260,101	232,724	-	-	260,101
Sift Group Limited Developer of business-to-business internet communities	135,391	-	-	-	135,391
Total	**395,492**	**232,724**	**-**	**-**	**395,492**
Total Investment Portfolio	**18,499,224**	**22,036,279**	**16,833,068**	**16,502,002**	**35,332,292**
Total Investment Portfolio split by type					
Growth focused portfolio[5]	14,292,645	17,934,419	5,964,850	5,975,834	20,257,495
MBO focused portfolio[5]	4,206,579	4,101,860	10,868,218	10,526,168	15,074,797
Investment Adviser's Total	**18,499,224**	**22,036,279**	**16,833,068**	**16,502,002**	**35,332,292**

Green Growth focused portfolio

Blue MBO focused portfolio

Notes

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

[2] £501,987 was received in respect of Entanet Holdings Limited, a company realised in 2017.

[3] This figure is less than Unrealised gains/(losses) on investments per Note 8 due to an amount of contingent consideration of £225,894 recognised in the prior year, which has now been received.

[4] Unrealised gains/(losses) in the year of £3,362,520 and Net realised gains/(losses) in year of £2,312,644 total Net investment portfolio gains of £5,675,164 per the Income Statement.

[5] The growth focused portfolio contains all investments made after the change in the VCT regulations in 2015 plus some investments that are growth in nature made before this date. The MBO focused portfolio contains investments made prior to 2015 as part of the previous MBO strategy.

Total valuation at 31 December 2018 £	Total additional investments £	Total valuation at 31 December 2019 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
2,327,966	-	-	-	1,075,172	3,403,138	0.0%	0.0%
1,046,666	-	-	-	388,518	1,435,184	0.0%	0.0%
521,616	-	-	-	543,152	1,064,768	0.0%	0.0%
438,200	-	-	-	-	438,200	0.0%	0.0%
226,800	-	-	-	-	226,800	0.0%	0.0%
226,800	-	-	-	-	226,800	0.0%	0.0%
226,800	-	-	-	-	226,800	0.0%	0.0%
226,800	-	-	-	-	226,800	0.0%	0.0%
-	-	-	-	276,093	501,987	0.0%	0.0%
36,053,195	**4,475,355**	**38,305,557**	**3,375,261**	**2,312,644**	**8,136,792**		**99.4%**
245,465	-	232,724	(12,741)	-	-	2.9%	0.6%
-	-	-	-	-	-	1.3%	0.0%
245,465	**-**	**232,724**	**(12,741)**	**-**	**-**		**0.6%**
36,298,660	**4,475,355**	**38,538,281**	**3,362,520[3,4]**	**2,312,644[4]**	**8,136,792**		**100.0%**
19,291,443	4,475,355	23,910,253	1,021,677	572,861	1,451,083		62.0%
17,007,217	-	14,628,028	2,340,843	1,739,783	6,685,709		38.0%
36,298,660	**4,475,355**	**38,538,281**	**3,362,520[3,4]**	**2,312,644[4]**	**8,136,792**		**100.0%**

Key policies

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

Investment policy

The Investment Policy is designed to meet the Company's Objective:

Investments

The Company invests primarily in a diverse portfolio of UK unquoted companies. Investments are made selectively across a number of sectors, principally in established companies. Investments are usually structured as part loan stock and part equity in order to produce a regular income stream and to generate capital gains from realisations.

There are a number of conditions within the VCT legislation which need to be met by the Company and which may change from time to time. The Company will seek to make investments in accordance with the requirements of prevailing VCT legislation.

Asset allocation and risk diversification policies, including the size and type of investments the Company makes, are determined in part by the requirements of prevailing VCT legislation. No single investment may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment.

Liquidity

The Company's cash and liquid funds are held in a portfolio of readily realisable interest bearing investments, deposit and current accounts, of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

Borrowing

The Company's Articles of Association permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein).

However, the Company has never borrowed and the Board would only consider doing so in exceptional circumstances.

Diversity

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

Other policies

In addition to the Investment Policy, the Diversity Policy and the policies on payment of dividends and share buybacks, which are detailed earlier in this section (see page 8), the Company has adopted a number of further policies relating to:

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

further details of which are set out in the Directors' Report on pages 31 and 32.

Section 172(1) Statement

Under Section 172 of the Companies Act 2006 a Director of a company is required to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, amongst other matters, to the:

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

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our investors. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to an Investment Adviser and then to engage with the Adviser in setting, approving and overseeing the execution of the business strategy and related policies. At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance is undertaken. The Board also review other areas over the course of the financial year including the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility; and governance, compliance and legal matters. This is done through the consideration and discussion of reports which are circulated in advance of Board meetings and through presentations to the Board.

The Company's key stakeholders are its investors, suppliers, regulators and Investee companies. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board engages directly with stakeholder groups through either regular or annual meetings and investor presentations to assist the Directors in understanding the issues to which they must have regard.

During the period we received information to help the Board to understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk and the outcomes of specific pieces of engagement (for example, the Investor event held on 4 February 2020). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.

- In deciding to enter into a fundraising for the 2019/2020 tax year, the Board considered:
  - the impact of dilution of Shareholder's holdings;
  - the ability to adhere to the dividend policy of the Company;
  - the effect on the Net Asset Value and the ability of the Company and its liquidity levels to be able to meet HMRC's VCT investment rules and timelines;
  - the costs involved in issuing a prospectus and charges to investors;
  - the risk to performance; and
  - the equal treatment of investors across the four VCTs that Mobeus advises and those the Company co-invests with.
- The Company's investment operations create employment, aid economic growth and generate wealth, thus benefiting the community and environment.
- The decision to narrow the discount to net asset value at which the Company's shares traded considered the interests of exiting and remaining shareholders.

Principal risks, management and regulatory environment

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly board meeting. Further details of these are contained in the corporate governance section of the Directors' Report on pages 35 to 37. The principal risks identified by the Board are set out below:

Risk	Possible consequence	How the Board manages risk
Loss of approval as a Venture Capital Trust	The Company must comply with section 274 of the Income Tax Act 2007 ("ITA") which allows it to be exempt from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a Venture Capital Trust, qualifying Shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	• *The Company's VCT qualifying status is continually reviewed by the Investment Adviser.* • *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the Company's compliance with the VCT Rules.*
Economic and Political	Events such as an economic recession, Brexit negotiations movement in interest rates and the impact of COVID-19 could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	• *The Board monitors the portfolio as a whole to (1) ensure that the Company invests in a diversified portfolio of companies and (2) ensure that developments in the macro-economic environment such as movements in interest rates are monitored.* • *The Board and Investment Adviser have carried out an analysis of the possible impact of Brexit on the portfolio which will be kept under review.*
Investment	Investment in VCT qualifying earlier stage unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources, may not be profitable at the point of investment and may be dependent for their management on a smaller number of key individuals. This may lead to variable investment returns and the use of more subjective valuation methodologies. Following the introduction of the new VCT Rules in 2015 the Company is no longer permitted to invest in MBOs. The focus of investment has therefore moved to providing growth capital investment to younger companies.	• *The Board regularly reviews the Company's investment strategy.* • *Careful selection and review of the investment portfolio on a regular basis.* • *The Investment Adviser has provided a growing pipeline of compliant investment opportunities following a continuing strengthening of its investment team.* • *The valuation of the investment portfolio and valuation methodologies are reviewed by the Board each quarter.*
Regulatory	The Company is required to comply with the Companies Act, the Listing Rules of the UK Listing Authority and United Kingdom Accounting Standards. Changes to and breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the loss of the Company's status as a VCT. Furthermore, changes to the UK VCT legislation or the State-aid rules could have an adverse effect on the Company's ability to achieve satisfactory investment returns.	• *Regulatory and legislative developments are kept under review by the Company's solicitors and the Board.*
Financial and operating	Failure of the systems at any of the third-party service providers that the Company has contracted with, could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	• *The Board carries out an annual review of the internal controls in place and reviews the risks facing the Company at each quarterly Board meeting and receives reports by exception.* • *It reviews the performance of the service providers annually.*
Market	Movements in the valuations of the Company's investments will, inter alia, be connected to movements in UK Stock Market indices.	• *The Board receives quarterly valuation reports from the Investment Adviser.* • *The Investment Adviser alerts the Board about any adverse movements.*
Asset liquidity	The Company's investments may be difficult to realise.	• *The Board receives reports from the Investment Adviser and reviews the portfolio at each quarterly Board meeting. It carefully monitors investments where a particular risk has been identified.*

The risk profile of the Company has changed as a result of changes to VCT legislation. As the Company is required to focus its new investment activity on growth capital investments in younger companies it is anticipated that investment returns will be more volatile and have a higher risk profile. The Board remains confident that the Investment Adviser has adapted to these changing investment requirements, although the early stage investment process remains largely unproven. The combination of high liquidity levels in the Company and the challenge of new VCT rules may also result in continuing high liquidity which may be a drag on performance. The Board continues to manage excess liquidity through dividend distributions where appropriate. These issues will be monitored by the Board during the year.

Going concern and viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Strategic Report. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified, although the impact of COVID-19 is likely to impose considerable demands upon the liquidity of many of these companies in the near-term. The Board believes the recent fundraising will assist the Company in meeting those needs for liquidity, where justified.

The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. Accordingly, the Board believes that the Company's cash position, bolstered by the recent fundraising and two disposals since the year-end, is adequate to enable the Company to continue as a going concern under any plausible stress scenario. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 15 and 16 on pages 65 to 71. Accordingly, the Directors consider it appropriate to adopt the going concern basis for a period of at least twelve months from the date of approval of the financial statements.

Furthermore, the Directors have considered whether there are any material uncertainties that the Company may face during the twelve months from the date of approval of the financial statements that may impact on its ability to operate as a going concern. In particular, the Directors have continued to consider the impact of changes to VCT legislation. No material uncertainties have been identified by the Board.

Viability Statement

The UK Corporate Governance Code includes a requirement for companies to include a "Viability Statement" in the Annual Report addressed to Shareholders with the intention of providing an improved and broader assessment of long term solvency and liquidity. The Code does not define "long term" but expects the period to be longer than twelve months with individual companies choosing a period appropriate to the nature of their own businesses. The Directors have chosen a period of three years, as explained further below.

The Directors have carried out a robust assessment comprising the emerging and principal risks facing the Company and the disclosure of the principle and emerging risks are these are listed on pages 28 and adjacent. Subsequent to this review they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors believe that a three-year period is appropriate given the frequency with which it is necessary to review and assess the impact of past, current and proposed regulatory changes. The Directors' assessment has been made with reference to the Company's current position and prospects, the Company's present strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as described on page 28 and above. The Board is mindful of the risks contained therein but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period.

The Directors have reached this conclusion after giving careful consideration to the Company's strategy. They believe the Company's current strategy of "providing investors with a regular income stream by way of tax-free dividends and to generate capital growth through portfolio realisations" remains valid. The Board has focused upon the range of future investments that the Company will be permitted to fund under the latest VCT legislation.

In compliance with the VCT Rules, the Board has focused on financing growth capital investment opportunities.

At 31 December 2019, the Company holds 62.0% (£23.91 million) of its portfolio in growth capital investments, £17.77 million of which was invested since the introduction of the VCT rules in 2015.

The Board will continue to monitor returns from growth capital investments on a regular basis and the prospective returns thereon over the next three years. The Board considers that the Company has sufficient liquidity to maintain its present investment rate in the short to medium-term.

Shareholders should be aware that, under the Company's Articles, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in April 2020 (under the Offer for Subscription), this factor has not affected the Board's assumptions for the next three years.

Future Prospects

For a discussion of the Company's future prospects (both short and medium-term), please see the Chairman's Statement on pages 2 to 4 and the Investment Adviser's Review on pages 10 to 15.

Christopher Moore
Chairman

16 April 2020

Board of Directors

Christopher Moore
Independent, Non-Executive Chairman

Date of appointment: 1 April 2002

Experience: Christopher has considerable experience of the venture capital industry. After completing a law degree and qualifying as a chartered accountant with Price Waterhouse, he worked for Robert Fleming Inc., Lazards, Jardine Fleming and then Robert Fleming, latterly as a main board director from 1986 to 1995. During this period, he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international venture capital fund, until the fund's final distribution in 2003. His roles have included acting as senior adviser to the chairman of Lloyds and chairing the successful turnaround of a quoted industrial group. Until May 2010, he was a director of Matrix Income & Growth VCT plc ("MIG") and until September 2010 he was a director of The Income & Growth VCT plc ("I&G"). He was also a director of Matrix Income & Growth 3 VCT plc until it merged with MIG in 2010.

Helen Sinclair
Independent, Non-Executive Director

Date of appointment: 1 February 2003

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc, based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and helped raise Mobeus Income & Growth 2 VCT plc (formerly Matrix e-Ventures VCT plc). She is a non-executive director of Gresham House Strategic plc, North East Finance (Holdco) Limited and is chairman of British Smaller Companies VCT plc. Helen is a director of both I&G and MIG 4 and, as both are advised by Mobeus, is deemed not to be an independent director under the Listing Rules.

Graham Paterson
Independent, Non-Executive Director

Date of appointment: 10 May 2019

Experience: Graham is an investment and financial services professional with over 20 years' experience in the private equity industry. A chartered accountant, Graham was one of the founding partners of SL Capital Partners LLP, (formerly Standard Life Investments (Private Equity) Ltd) where he was a Partner and Board Member until 2010. During his 13 years at SL Capital, he was one of the managers of Standard Life Private Equity Trust plc and was a member of the advisory boards to a number of leading private equity fund managers. In 2013, Graham co-founded TopQ Software Ltd, a technology company which develops software for the private equity industry. TopQ Software was acquired by eVestment Inc (now part of NASDAQ Inc) in 2015, where until early 2018, Graham was a Director of their private markets data and analytics business. Graham is currently a Non-Executive Director of Baillie Gifford US Growth Trust plc, Invesco Perpetual UK Smaller Companies Investment Trust plc and Chairman of Datactics Ltd.

Christopher Burke
Independent, Non-Executive Director

Date of appointment: 26 November 2019

Experience: Christopher has spent over 35 years in the Telecommunications, IT and Technology industries in a very International career. Christopher has held both Senior Technical and General Management responsibilities in a Telecoms Equipment Manufacture (Nortel), Fixed Line Carrier (Energis), Wireless Service Provider company (Vodafone), and a User Equipment Manufacturer (RIM). After graduating from university in 1982 with a Bachelor of Computer Science, Christopher spent 15 years with Bell Northern Research (R&D for Northern Telecom) and Nortel holding a variety of roles in software development, operations and ultimately Sales, working across North America, Europe and Asia. From 1997 to 2000 Christopher was CTO at Energis Communications, forming part of the executive team that led Energis through IPO and into the FTSE 40. From 2001 to 2005, Christopher worked at Vodafone, where he was Vodafone's first Chief Technology Officer (CTO) responsible for Vodafone UK's technology, product architecture, design, procurement, development, support and operations. Christopher's last position in a public company was as Managing Director for Research in Motion (RIM) in Europe, Middle East and Africa (EMEA), departing in 2009. Since 2009, Christopher has spent most of his time co-founding Companies and developing his own Investment Fund/Advisory Business.

For details of the share interest and remuneration of the Directors please see page 43 of the Directors' Remuneration Report. Details of the attendance record of the Directors is reported in the Directors' Remuneration Report also on page 43.

Directors' Report

The Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2019.

The Corporate Governance Statement on pages 35 to 37, including the Report of the Audit Committee on pages 38 and 39, form part of this Directors' Report.

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

The Company is registered in England and Wales as a Public Limited Company (registration number 03707697).

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

To enable capital profits to be distributed by way of dividends, the Company revoked its status as an investment company as defined in section 833 of the Companies Act 2006 ("the Companies Act") on 28 July 2008. The Company does not intend to re-apply for such status.

Information on likely developments in the business are referred to in the Chairman's Statement on pages 2 to 4 and in the Strategic Report on pages 5 to 29.

Share capital

The Company's Ordinary shares of 1.00 penny each ("shares") are listed on the London Stock Exchange ("LSE").

The issued share capital of the Company as at 31 December 2019 was £667,991 (2018: £682,830) and the number of shares in issue at this date was 66,799,129 (2018: 68,282,994).

Buyback of shares

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

The reason the Company makes market purchases of its own shares is to enhance the liquidity of the Company's shares and to seek to manage the level and volatility of the discount to Net Asset Value at which the Company's shares may trade.

At the Annual General Meeting of the Company held on 10 May 2019, Shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to make market purchases of up to 10.2 million of its own shares, representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place through the year under review.

During the year under review, the Company bought back 1,483,865 (2018: 1,166,848) of its own shares at a total cost of £1,071,326 (2018: £874,700) including expenses. These shares represented 2.2% of the issued share capital at the beginning of the year (2018: 1.7%). All shares bought back by the Company were subsequently cancelled.

Substantial interests

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

Dividends

Shareholders have received three interim dividends in respect of 2019, of 13.00 pence per share on 20 September 2019, 2.00 pence per share on 30 December 2019 and 4.00 pence per share on 10 January 2020. Cumulative dividends paid since inception in 1999 are 128.20 pence per share.

On 2 April 2020, the Board has declared an interim dividend of 6.00 pence per share for the year ending 31 December 2020, payable to shareholders on the register on 14 April 2020, on 7 May 2020.

Directors

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

Disclosure of Information to the Auditor

So far as each of the Directors in office at 31 December 2019 are aware, there is no relevant audit information of which the auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Director's indemnity and officers' liability insurance

The Directors have individually entered into Deeds of indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, against any liability arising out of any claim made against him or her in relation to the performance of their duties as Directors of the Company. Copies of each Deed of indemnity entered into by the Company for the Directors are available at the registered office of the Company.

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

Environmental and social responsibility policies

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

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

The Company does not have any employees or officers and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however adopted electronic communications for Shareholders as a means of reducing the volume of paper that the Company uses to produce its reports. It uses

Directors' Report

mixed source paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and half-year reports. The Investment Adviser is conscious of the need to reduce its impact on the environment and has taken a number of initiatives in its offices including recycling and the reduction of its energy consumption.

Human rights policy

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

Anti-bribery policy

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

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

Global greenhouse gas emissions

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

Whistleblowing policy

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

Anti-Tax Evasion

The Company has adopted a zero-tolerance approach towards the criminal facilitation of tax evasion and the corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion in compliance with the Criminal Finances Act 2017. The Company has applied due diligence procedures, taking an appropriate risk-based approach, in respect of persons who perform or will perform services on behalf of the Company, in order to mitigate identified risk.

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in market prices, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Financial Statements on pages 64 to 71 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2019, please see Note 18 to the Accounts on pages 71 and 72.

Articles of Association

The Company may amend its Articles of Association ("the Articles") by special resolution in accordance with section 21 of the Companies Act 2006.

Annual General Meeting

The Notice of the Annual General Meeting (AGM), which will be held at 11.30 am on Tuesday, 2 June 2020 at **The Clubhouse 8 St James's Square, London SW1Y 4JU**, is set out on pages 75 to 77 of this Annual Report. Given the current Stay at Home measures, it is likely that these may still be in place at the time of the AGM and therefore gatherings of two people or more will not be permitted and Shareholders not allowed to attend the AGM meeting in person. **Shareholders are strongly advised to consult the Company's website or RNS Announcements in the week prior to the meeting for an update**. The Board encourages Shareholders to cast your vote by completing and returning the proxy form for the meeting enclosed separately with Shareholders' hard copies of this Annual Report. Proxy votes may also be submitted electronically via the Link Shareholder Portal www.signalshares.com.

To reduce the environmental impact of paper use and wastage, Shareholders are encouraged to submit proxy instructions online.

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

The following is an explanation of the business to be proposed:

Resolution 1 – To receive the Annual Report and Financial Statements

The Directors are required to present the Financial Statements, Directors' report and Auditor's report for the financial year ended 31 December 2019 to the meeting.

Resolution 2 – To approve the Directors' Remuneration Report

Under section 420 of the Companies Act 2006 (the "Act"), the Directors must prepare an annual report detailing the remuneration of the Directors and a statement by the chairman of the Remuneration Committee (together the "Directors' Remuneration Report"). The Act also requires that a resolution be put to Shareholders each year for their approval of that report. The Directors' Remuneration Report can be found on pages 40 to 43 of this Annual Report and Financial Statements. Resolution 2 is an advisory vote only.

Resolution 3 – To approve the Remuneration Policy

Under section 439A of the Act, the Company is required to put the Remuneration Policy to Shareholders for approval every three years and is subject to a binding Shareholder vote. The Directors' Remuneration Policy was previously approved by Shareholders at the AGM held in 2017.

No changes are proposed to the Remuneration Policy which is set out overleaf:

Remuneration Policy

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

Full details of Directors' remuneration can be found in the Directors' Remuneration Report on pages 40 to 43 of this Annual Report.

Resolutions 4 to 7 – To elect and re-elect the Directors

The Company's Articles of Association require that each Director appointed to the Board shall retire and seek election at their first AGM following appointment and every three years thereafter. The Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code.

The Board has previously agreed that each Director will retire and offer themselves for re-election annually after serving on the Board for more than nine years. However, following the publication of the revised UK Corporate Governance Code in July 2018, which applies to the Company from 1 January 2019 onwards, the Board has agreed to follow the recommendation of provision 18, namely that all directors be subject to annual re-election.

Following an evaluation of Christopher Moore's performance, the remaining Directors agree that Christopher continues to carry out his duties effectively and that he remains independent. His substantial experience significantly enhances the effectiveness of the Board and the Directors have no hesitation in recommending his re-election to Shareholders. As mentioned in the Chairman's Statement, Christopher has served as Director of the Board since 2002 and, assuming his re-election at the AGM, the Board has begun the process of identifying and recruiting a successor.

Helen Sinclair – Non-independent non-executive Director – Helen Sinclair is considered to be a non-independent Director by virtue of being a director of both the Company and The Income & Growth VCT plc, both of which are advised by Mobeus. Following an evaluation of Helen's performance, the remaining Directors agree that Helen continues to make a substantial contribution to the Company's long-term sustainable success. Helen's substantial relevant experience and commitment to the role enhances the effectiveness of the Board and the Directors have no hesitation in recommending her re-election to Shareholders.

Graham Paterson – Following a review of his performance, the remaining Directors agree that Graham Paterson continues to carry out his duties effectively and makes a substantial contribution to the Company's long-term sustainable success in his role of chairman of the Audit Committee. The remaining Directors are confident that he is a strong and effective director and have no hesitation in recommending his election to Shareholders.

Chris Burke – Following a review of his performance, the remaining Directors agree that Chris Burke continues to carry out his duties effectively and makes a substantial contribution to the Company's long-term sustainable success. The remaining Directors are confident that he is a strong and effective director and have no hesitation in recommending his election to Shareholders.

While recognising the need to address the succession of the Chairman of the Board, the Directors believe that the Board continues to include an appropriate balance of skills, experience and knowledge. Brief biographical details of the Directors are given on page 30 of this Annual Report.

Resolution 8 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine the remuneration of the auditor.

At each meeting at which the Company's accounts are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of BDO LLP. This resolution also gives authority to the Directors to determine the remuneration of the auditor. For further information, please see the report of the Audit Committee on pages 38 to 39.

Resolution 9 – Authorities for the Directors to allot shares in the Company and Resolution 10 – disapply the pre-emption rights of members

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

Resolution 9 will enable the Directors to allot new shares up to an aggregate nominal value of £284,165 representing one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. It is proposed by Resolution 10 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

(i) with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company*; and

(ii) otherwise than pursuant to (i) above, with an aggregate nominal value of up to 5% of the issued share capital from time to time,

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

**please note that the Dividend Investment Scheme is currently suspended until 2 June 2020.*

The Company will only allot shares at or above NAV per share, which includes in relation to the Dividend Investment Scheme when it recommences. The Directors thus seek to manage any potential dilution of existing shareholdings as a result of the disapplication of Shareholders' pre-emption rights proposed in resolution 10.

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the Annual General Meeting of the Company to be held in 2021. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the Annual General Meeting of the Company held on 10 May 2019, albeit that the Directors have decided not to

Directors' Report

seek authority to disapply pre-emption rights in connection with offer(s) for subscription (used to raise funds for further investment) in order to ensure the authorities remain within the limits set out by The Pre-emption Group. If, in the opinion of the Directors, the Company is required to raise funds before its next Annual General Meeting in 2021, the Directors will convene a separate general meeting to seek the appropriate authorities from Shareholders.

Resolution 11 – Authority to purchase the Company's own shares

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 12,778,924 shares representing approximately 14.99% of the issued share capital of the Company as at the date of the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding the date such shares are contracted to be purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

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

It is the Directors' intention to cancel any shares bought back under this authority. Shareholders should note that the Directors do not intend to exercise this authority unless they believe to do so would result in an increase in net assets per share which would be in the interests of Shareholders generally. This resolution will expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the Company's Annual General Meeting to be held in 2021 except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

Recommendation

The Board recommends that Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 103,722 shares (representing 0.13% of the issued share capital as at the date of publication).

Voting rights of Shareholders

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

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

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

16 April 2020

Corporate Governance Statement

This Corporate Governance Statement forms part of the Director's Report.

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2019 ("the AIC Code") for the financial year ended 31 December 2019. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The AIC Code was endorsed by the Financial Reporting Council (FRC) in February 2019. In adopting the AIC Code, the Company will therefore meet its obligations in relation to the reporting requirements of the Financial Conduct Authority's Listing and Disclosure and Transparency Rules on Corporate Governance.

The AIC Code can be viewed on the AIC's website by going to the following link: www.theaic.co.uk/aic-code-of-corporate-governance-0

Statement of Compliance

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

The Board considers that the Company has complied with the recommendations of the AIC Code and relevant provisions of the UK Code throughout the year under review, except as explained in the following paragraphs. A table providing further explanations of how the Company has complied with the AIC Code during the year is available in the Corporate Governance section of the Company's website: www.mig4vct.co.uk.

As an externally managed VCT, most of the Company's operations are delegated to third parties and the Company has no executive directors, employees or internal operations. The Board has therefore concluded, for the reasons set out in the AIC Guide, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the rate of the chief executive and executive director's remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

Internal control

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

The Company's internal control system aims to ensure the maintenance of proper accounting records, the reliability of the finance information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include regular reviews of signing authorities, quarterly management accounts and the processes by which investments in the portfolio are valued. The Board also provides authorisation of the Investment Policy and regular reviews of the financial results and investment performance.

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

The Board has delegated, contractually to third parties, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation at the service providers in so far as they relate to the affairs of the Company. The Board regularly monitors these controls from a risk perspective and receives reports from the Registrar and Investment Adviser and Administrator when appropriate.

The Board, assisted by the Audit Committee, carries out separate assessments in respect of the Annual and Half-Year Reports and other published financial information. As part of these reviews, the Board appraises all the relevant risks ensuing from the internal control process referred to above. The main aspects of the internal controls which have been in place throughout the year in relation to financial reporting are:

- Internal controls are in place for the preparation and reconciliation of the valuations prepared by the Investment Adviser;
- Independent reviews of the valuations of investments within the portfolio are undertaken quarterly by the Board;
- The information contained in the Half-Year and Annual Reports and other financial reports is reviewed separately by the Audit Committee prior to consideration by the Board; and
- The Board reviews all financial information prior to publication.

The system of internal control and the procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this Report. The Audit Committee and the Board carried out an assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the relevant service providers. The last review took place on 13 March 2020. The Board has identified no significant problems with the Company's internal control mechanisms.

Investment Adviser fees

The fees paid to the Investment Adviser are set out in Note 4 to the Financial Statements on page 55.

In addition, the Investment Adviser received fees totalling £327,776 (2018: £351,713) during the year ended 31 December 2019, being £111,884

Corporate Governance Statement

(2018: £146,450) for arrangement fees, and £215,892, (2018: £205,263) for acting as non-executive directors on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company.

Alternative Investment Fund Manager ("AIFM")

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

The Board and its Committees

The powers of the Directors have been granted by company law, the Company's Articles of Association ("the Articles") and resolutions passed by the Company's members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 2 June 2020.

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

Christopher Moore and Helen Sinclair have both served on the Board for more than nine years and in accordance with the recommendation of the AIC Code of Corporate Governance and the Company's Policy on tenure, have agreed to stand for re-election annually. Graham Paterson was appointed by the Board on 10 May 2019, succeeding Andrew Robson. Chris Burke was appointed by the Board on 26 November 2019. They will both be seeking election from Shareholders at the upcoming Annual General Meeting on 2 June 2020.

The Board is of the view that a term of service in excess of nine years is not in itself prejudicial to a director's ability to carry out their duties effectively and from an independent perspective; the nature of the Company's business is such that individual director's experience and continuity of non-executive board membership can significantly enhance the effectiveness of the Board as a whole.

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

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

Board Committees

The Board has established three Committees, the Nomination and Remuneration Committee, the Investment Committee and the Audit Committee, each with responsibilities for specific areas of its activity. Each of the Committees have written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or by downloading these documents from the Company's website: www.mig4vct.co.uk.

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

Audit Committee

The Audit Committee is chaired by Graham Paterson and comprises of himself, Christopher Moore and Helen Sinclair. A full description of the work of the Audit Committee is set out in the Report of the Audit Committee on pages 38 to 39 of this Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Graham Paterson and comprises himself, Christopher Moore and Helen Sinclair.

In considering nominations, the Committee is responsible for making recommendations to the Board concerning new appointments of Directors to the Board and its committees; the periodic review of the composition of the Board and its committees; and the annual performance review of the Board, the Directors and the Chairman. This includes the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members. During the year under review, the Board appointed both Graham Paterson and Christopher Burke. The Board considered diversity, including gender when conducting the recruitment process for these appointments, and remains committed to doing so for all future appointments.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on pages 40 to 43.

Investment Committee

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

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

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

Financial risk management

The main risks arising from the Company's financial instruments are due to investment risk, liquidity risk, credit risk, fluctuations in market prices (market price risk), cash flow interest rate risk and currency risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Accounts on pages 64 - 67 of this Annual Report.

Investment management and service providers

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

The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on page 6. The Board concluded that the Investment Adviser has performed consistently well over the medium-term and has returned a solid performance in respect of the year under review. The Company's investment portfolio has performed well and the Investment Adviser has been proactive in responding to the changes to VCT regulation.

The Board places significant emphasis on the Company's performance against its peers and further information on this has been included in the Strategic Report on page 8. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the annual Shareholder events as well as the Mobeus fundraisings which had taken place between 2010 and 2020, particularly the recent successful fundraising launched on 25 October 2019 which became fully subscribed by 8 January 2020.

The Board considers that the Investment Adviser continues to exercise independent judgement while producing valuations which reflect fair value.

Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long-term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on terms currently agreed is in the interests of Shareholders and this was formally approved by the Board on 13 March 2020.

The principal terms of the Company's Investment Management Agreement dated 12 November 2010 (as amended and restated on 10 November 2016) and the previous contractual arrangements prior to this date are set out in Note 4 to the Accounts on page 55 of this Annual Report. The Board seeks to ensure that the terms of these Agreements represent an appropriate balance between cost and incentivisation of the Investment Adviser.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

16 April 2020

Report of the Audit Committee

The Audit Committee is chaired by Graham Paterson and comprises of himself, Christopher Moore and Helen Sinclair.

The duties of the Committee are set out in the Terms of Reference which can be found on the website in the Corporate Governance section at: www.mig4vct.co.uk

A summary of the Audit Committee's principal activities for the year to 31 December 2019 is provided below:

Financial statements

The Half-Year and Annual Reports to Shareholders were thoroughly reviewed by the Committee prior to submission to the Board for approval.

Internal control

The Committee has monitored the system of internal of controls throughout the year under review as described in more detail in this Report on page 35. It receives a report by exception on the Company's progress against its internal controls at its annual and half-year results meetings and reviews a schedule of key risks at each meeting. A full review of the internal controls in operation by the Company was undertaken by the Committee on 13 March 2020.

Valuation of investments

The Investment Adviser prepared valuations of the investments in the portfolio at the end of each quarter and these were considered in detail and agreed by the Investment Committee for recommendation to the Board. The Audit Committee continued to monitor the adequacy of the controls over the preparation of these valuations. As part of this process, it focused on ensuring that both the bases of the valuations and any assumptions used were reasonable and in accordance with the IPEV Valuation Guidelines (updated in December 2018). The Committee paid particular attention to the process and methodology for valuing the growth capital investments within the portfolio, to ensure the valuation of each such investment was appropriate and fair. For further details on how all investments are valued, please see Note 8 of the Notes to the Financial Statements on page 59, which discloses the current accounting policy in respect of valuing investments at fair value. The Committee received a report on the valuations from the external auditor as part of both the year-end audit process and the half-year review. These reports were discussed by the Committee with the Auditor and the Investment Adviser before a recommendation to approve the valuations was made to the Board.

The key accounting and reporting issues considered by the Committee in addition to those described above during the year included:

Going concern and long term viability

The Committee monitors the Company's resources at each quarterly board meeting and has satisfied itself that the Company has an adequate level of resources for the foreseeable future. It has assessed the viability of the Company for three years and beyond. Consideration is given to the cash balances and holdings in money market funds, together with the ability of the Company to realise its investments. See page 29 of the Strategic Report for further details.

Recognition of impairment and realised losses

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

Compliance with the VCT tests

The Company engages the services of a VCT Status Adviser (Philip Hare & Associates LLP) to advise on its ongoing compliance with the legislative requirements relating to VCTs. A report on the Company's compliance supported by the tests carried out is produced by the VCT Status Adviser on a bi-annual basis and reviewed by the Committee for recommendation to the Board. The Committee has continued to consider the risk and compliance aspects of changes to the VCT Rules introduced by the Finance Act (No 2) 2015 and the Finance Act (No 2) 2018. As an essential part of this work, the Committee has held ongoing discussions with the Company's VCT Status Adviser throughout the year.

Tax Compliance Services

Following the disengagement of BDO from the provision of Tax Compliance Services in respect of years ending 31 December 2017 onwards tenders were sought from other audit firms for the provision of this work. As a result of the tender process Philip Hare & Associates LLP were appointed, and continued to provide such services during the year under review.

Income from investee companies

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

Key risks faced by the Company

The Board has identified the key risks faced by the Company and established appropriate controls (as disclosed in the Strategic Report on page 28). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal controls (page 35).

Cyber Security

The Board has sought and obtained assurances during the year from both the Investment Adviser and the Registrars and other service providers concerning their cyber security procedures and policies.

Anti-tax evasion policy

In compliance with the Criminal Finance Act 2017 the Company adopted a zero tolerance towards the criminal facilitation of tax evasion. A summary of the policy is available on page 32 of the Annual Report.

Relationship with the external auditor and re-appointment

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

The Committee undertook an audit tender process in 2016 in compliance with the requirements on audit firm rotation under the European Audit Regulation Directive. As a consequence of that process, BDO were reappointed. BDO has been the independent auditor to the Company since 2008.

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

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

This review constituted the Audit Committee's annual assessment of the effectiveness of the external audit process. The Audit Committee concluded that the re-appointment of BDO LLP is in the best interest of the Company and Shareholders and the Board recommends their re-appointment by Shareholders at the forthcoming Annual General Meeting.

Non-audit services

The Board regularly reviews and monitors the external Auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the Auditor to ensure that independence is maintained.

The Committee has reviewed the implications of the Financial Reporting Council's ("FRC") Ethical Reporting Standard 2016 which includes a list of prohibited non-audit services that cannot be provided by the external Auditor.

The Audit Committee has, on the advice of the external Auditor, concluded that it is in the interests of the Company to purchase certain non-audit services, such as tax compliance services, from a separate firm. BDO continue to provide some non-audit services, namely iXBRL tagging and a review of the Half-Year Report. Since 31 December 2018, Philip Hare & Associates LLP has provided tax compliance services.

Subsequent to its review, the Audit Committee was satisfied that the audit independence had been maintained as the fees involved were relatively small compared to those for the audit. Also, with the exception of the half-year report, the work is undertaken by separate teams and none of the services involved undertaking any management role in preparing the information reported in the Financial Statements.

Additional disclosures in the Directors' Report

Disclosures required by certain publicly-traded companies as set out in Part 6 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are contained in the Directors' Report on page 31.

By order of the Board

Graham Paterson
Chairman of the Audit Committee

16 April 2020

Directors' Remuneration Report

Introduction

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

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments and Director's interests on page 43 of this Annual Report and this is explained further in the Auditor's report to Shareholders on pages 45 to 48.

The resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2016 was approved by Shareholders at the Annual General Meeting of the Company held on 8 May 2017. It was agreed that this policy would be subject to Shareholder approval every three years, therefore a resolution to approve Remuneration Policy will be put to Shareholders at the Annual General Meeting of the Company in 2020. Full details of the Remuneration Policy can be found within this report in the next column and on page 42.

The resolution to approve the Directors' Annual Remuneration Report, as set out in the Annual Report for the year ended 31 December 2018, was approved by Shareholders at the Annual General Meeting of the Company held on 10 May 2019. An ordinary resolution will be proposed at the forthcoming Annual General Meeting of the Company to be held on 2 June 2020 for the approval of the Annual Remuneration Report as set out below.

Remuneration statement by the Chairman of the Nomination and Remuneration Committee

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

As set out in the 2017 Directors' Remuneration Report, the Committee recommended an increase in Director's fees and the supplement for members of the Audit Committee with effect from 1 July 2018; the first increase in Directors' remuneration since 2013. The Committee has reviewed the fees paid in the year ended 31 December 2019 and decided not to make any further change to the level of fees paid. As part of this review the Committee considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector.

Graham Paterson
Chairman of the Nomination and Remuneration Committee

16 April 2020

Directors' Remuneration Policy

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

The level of fees paid to each of the Directors is reviewed annually by the Nomination and Remuneration Committee which makes recommendations to the Board.

The Committee has access to independent advice where and when it considers appropriate. However, it was not considered necessary to take any such advice during the year under review.

In addition to the £21,000 paid to Directors (£27,000 paid to Christopher Moore as Chairman) supplements are paid to the Directors in respect of their membership of the Investment (£6,000) and Audit (£5,000) Committees. The Directors may at their discretion pay additional sums in respect of specific tasks carried out by individual Directors on behalf of the Company.

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

Performance-related remuneration

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

Pensions

All the Directors are non-executive and the Company does not provide pension benefits to any of the Directors.

Additional benefits

The Company does not have any schedules in place to pay bonuses or benefits to the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. The Company has not granted any Director any options over the share capital of the Company.

Recruitment remuneration

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

Shareholders' views on remuneration

The Board prioritises the views of Shareholders and encourages an open discussion at general meetings of the Company. It takes Shareholders' views into account, where appropriate, when formulating its remuneration policy.

This policy applied throughout the year ended 31 December 2019 and will continue to apply to the current year ending 31 December 2020.

Directors' terms of appointment

Christopher Moore and Helen Sinclair have agreed to offer themselves for re-election annually as both of these Directors have served on the Board for more than nine years and Helen Sinclair is considered to be a non-independent Director as explained on page 33. Christopher Burke and Graham Paterson, both having been appointed by the Board during the year in review, will be seeking election from Shareholders at the Company's Annual General Meeting on 2 June 2020.

All of the Directors are non-executive and none of the Directors has a service contract with the Company.

All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and responsibilities and the fees pertaining to their appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. New Directors are asked to undertake that they have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment.

Shareholder approval of the Company's remuneration policy

This policy applied throughout the financial year ended 31 December 2019 and will continue to apply to the current financial year ending 31 December 2020 subject to Shareholder's approval.

A resolution to approve the Directors' Remuneration Policy, as set out in the Annual Report for the year ended 31 December 2016, was approved unanimously by Shareholders on a show of hands at the Annual General Meeting held on 8 May 2017. The Company also received proxy votes in favour of the resolution representing 92.25% (including those who appointed the Chairman to vote at his discretion) of the votes received (against 7.75%).

The Board is required to ask Shareholders to approve the Remuneration Policy every three years. The Directors will therefore recommend that Shareholders approve the Policy again at the Annual General Meeting of the Company to be held on 2 June 2020.

Directors' Remuneration Report

Future Policy

The table below illustrates how the Company's Objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director. The Nomination and Remuneration Committee and the Board review the fees paid to Directors annually in accordance with the Remuneration Policy set out below and may decide that an increase in fees is appropriate in respect of subsequent years.

Director Role	Components of Pay Package			Maximum payment for the forthcoming year[1]	Performance conditions
	Director's fees (p.a.)	Annual supplements payable to:			
		Audit Committee Members	Investment Committee Members		
Christopher Moore[2] Chairman	£27,000	£5,000	£6,000	£38,000	None
Christopher Burke	£21,000	n/a	£6,000	£27,000	None
Graham Paterson Chairman, Audit and Nomination & Remuneration Committees	£21,000	£5,000	£6,000	£32,000	None
Helen Sinclair Chairman, Investment Committee	£21,000	£5,000	£6,000	£32,000	None
Total fees	**£90,000**	**£15,000**	**£24,000**	**£129,000**	

[1] The total maximum payment excludes payment to any new director to be appointed.

[2] Christopher Moore will retire in 2020. A successor will be appointed in due course.

Company Objective

To provide investors with an attractive return, by maximising the stream of dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments, while continuing at all times to qualify as a VCT.

Remuneration Policy

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

Annual Remuneration Report

The Directors' Remuneration Policy as set out above applied throughout the year ended 31 December 2019 and will continue to apply to the current year ending 31 December 2020.

A resolution to approve the Annual Remuneration Report was approved on a show of hands at the Annual General Meeting held on 10 May 2019. The Company received proxy votes in favour of the resolution representing 94.70% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 5.30%).

Nomination and Remuneration Committee

The Committee comprises the full Board and is chaired by Graham Paterson. All members of the Committee are considered to be independent of the Investment Adviser, with the exception of Helen Sinclair, under the AIC Code (see page 33 for further details). The Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the Directors and makes recommendations to the Board on the level of Directors' fees. The Committee may, at its discretion, recommend to the Board that individual Directors should be awarded further payments in respect of additional work undertaken on behalf of the Company. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. The Committee met twice during the year under review with full attendance from all its members. The Committee's duties in respect of Nominations to the Board are outlined on page 36 of the Annual Report.

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

	Year ended 31 December 2019 £	31 December 2018 £
Christopher Moore[1]	38,000	35,750
Christopher Burke[3]	2,665	n/a
Graham Paterson[2]	20,636	n/a
Andrew Robson[2]	11,652	30,250
Helen Sinclair	32,000	30,250
Total	**104,953**	**96,250**

[1] £32,250 (2018: £30,375) of Christopher Moore's annual fee was paid to his consultancy business, The Moore Corporation.

[2] Andrew Robson retired as a Director at the conclusion of the AGM on 10 May 2019 and Graham Paterson was appointed in his place.

[3] Chris Burke was appointed as a Director of the Company on 26 November 2019.

Directors' interests in the Company's shares (audited)

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

The Directors, however, believe that it is in the best interests of the Company and its Shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 31 December 2019 were:

	31 December 2019		31 December 2018	
Director	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Christopher Moore	52,529	0.08	52,529	0.08
Christopher Burke	36,331	0.05	0	0
Graham Paterson	0	0	0	0
Andrew Robson[1]	19,288	0.02	19,288	0.03
Helen Sinclair	14,862	0.02	14,862	0.03

[1] Andrew Robson retired during the year.

There have been no further changes to the Directors' share interests between the year-end and the date of this Annual Report.

Relative importance of spend on Directors' fees

	Year to 31 December 2019 £	Year to 31 December 2018 £	Percentage Increase/ (decrease) %
Total directors' fees	104,953	96,250	9.0
Dividends paid/payable in respect of the year	12,775,136	5,465,664	133.7
Share Buybacks	1,071,326	874,700	22.5

Directors' attendance at Board and Committee meetings in 2019

The table below sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2019. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings (4)		Audit Committee Meetings (2)		Nomination & Remuneration Committee Meetings (2)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Christopher Moore	4	4	2	2	2	2
Christopher Burke	1	1	0	0	1	1
Graham Paterson	3	3	1	1	1	1
Andrew Robson	2	2	1	1	1	1
Helen Sinclair	4	4	2	2	2	2

Company performance

The graph below charts the total shareholder return of the Company's shares on a share price basis (assuming all dividends are re-invested and excluding the tax relief available to Shareholders) over the past ten years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long term. The total shareholder returns have each been rebased to 100 pence at 31 January 2010.

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

An explanation of the performance of the Company is given in the Chairman's Statement on pages 2 to 4, the Performance section of the Strategic Report on pages 6 to 9 and in the Investment Adviser's Review and Investment Portfolio Summary on pages 10 to 25.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

16 April 2020

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year and the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements have been prepared in accordance with United Kingdom accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

(a) The Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and the profit of the Company.

(b) The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

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

The names and functions of the Directors are stated on page 36.

For and on behalf of the Board

Christopher Moore
Chairman

16 April 2020

Independent Auditor's Report to the Members of Mobeus Income & Growth 4 VCT plc

Opinion

We have audited the financial statements of Mobeus Income & Growth 4 VCT plc ("the Company") for the year ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

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

Valuation of unquoted investments

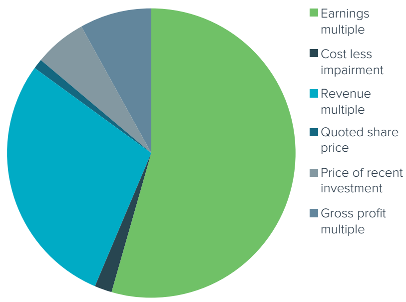
We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.

The Company's accounting policy for assessing the fair value of investments is disclosed on page 59 in Note 8 and disclosures regarding the fair value estimates are given on pages 60 and 61 in Note 8.

Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. A breakdown of the investment portfolio valuation technique is shown below.

Investment Portfolio
by Valuation Method



For all Investments in our sample we:

- Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and FRS 102;
- Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies;

For investments sampled that were valued using less subjective valuation techniques (price of recent investment reviewed for changes in fair value) we:

- Verified the cost or price of recent investments to supporting documentation;
- Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and considering whether or not they were already investors of the investee company;
- Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee Company and the milestones and assumptions set out in the investment proposal; and
- Considered whether the price of recent investment is supported by alternative valuation techniques.

For investments sampled that were valued using more subjective techniques (earnings and revenue multiples) we:

- Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues and earnings used in the valuations;
- Considered the revenue or earnings multiples applied by reference to observable listed Company market data; and
- Challenged the consistency and appropriateness of adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted by obtaining independent multiples and performing sensitivity analysis on the investment valuations.

Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. We also considered the completeness and clarity of disclosures regarding the valuation of investments in the financial statements.

Key observations

Based on the procedures performed we did not identify any indications to suggest that the valuation of the unquoted investment portfolio was materially misstated.

Our application of materiality

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

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

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

Materiality Measure Basis	Purpose	Key considerations	2019 Quantum £	2018 Quantum £
Financial Statement Materiality 2% value of investments	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	The value of investments The level of judgement inherent in the valuation The range of reasonable alternative valuation	770,000	700,000
Performance materiality c.75% of materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	Financial statement materiality Risk and control environment History of prior errors	575,000	530,000

We have set a lower testing threshold for those items impacting revenue return of £134,000 which is based on 10% of revenue return before tax.

In prior year we set a formal specific materiality threshold for those items impacting revenue return of £130,000 which is based on 10% of revenue return before tax.

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £9,000 (2018: £8,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations

How the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

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

Other information

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

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other matters which we are required to address

Following a recommendation of the Audit Committee, we were appointed by The Board of Directors to audit the financial statements for the year ended 31 January 2008 and subsequent financial periods. Following a re-tender we were reappointed as auditors in respect of the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the periods ending 31 January 2008 to 31 December 2019.

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

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

Use of our report

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

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
16 April 2020

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

Financial Statements

Income Statement for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 Revenue £	Capital £	Total £	Year ended 31 December 2018 Revenue £	Capital £	Total £
Net investment portfolio gains	8	-	5,675,164	5,675,164	-	930,576	930,576
Income	3	2,107,357	-	2,107,357	2,263,918	-	2,263,918
Investment Adviser's fees	4a	(309,641)	(928,923)	(1,238,564)	(311,111)	(933,333)	(1,244,444)
Other expenses	4d	(451,261)	-	(451,261)	(378,431)	-	(378,431)
Profit/(loss) on ordinary activities before taxation		1,346,455	4,746,241	6,092,696	1,574,376	(2,757)	1,571,619
Taxation on profit/(loss) on ordinary activities	5	(211,879)	176,496	(35,383)	(243,837)	177,334	(66,503)
Profit for the year and total comprehensive income		**1,134,576**	**4,922,737**	**6,057,313**	**1,330,539**	**174,577**	**1,505,116**
Basic and diluted earnings per ordinary share	6	**1.67p**	**7.28p**	**8.95p**	**1.95p**	**0.25p**	**2.20p**

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the unrealised gains and realised gains/(losses) on investments and the proportion of the Investment Adviser's fee charged to capital.

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the Statement of Recommended Practice ("SORP") issued in November 2014 (updated in October 2019) by the Association of Investment Companies, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

All the items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the year.

The notes on pages 54 to 72 form part of these Financial Statements.

Balance Sheet as at 31 December 2019

Company No. 03707697

	Notes	31 December 2019 £	31 December 2018 £
Fixed assets			
Investments at fair value	8	38,538,281	36,298,660
Current assets			
Debtors and prepayments	10	183,175	529,190
Current investments	11	8,928,456	18,830,389
Cash at bank	11	2,627,511	2,541,058
		11,739,142	21,900,637
Creditors: amounts falling due within one year	12	(242,109)	(303,513)
Net current assets		11,497,033	21,597,124
Net assets		**50,035,314**	**57,895,784**
Capital and reserves			
Called up share capital	13	667,991	682,830
Share premium reserve		-	31,474,977
Capital redemption reserve		8,056	26,257
Revaluation reserve		3,713,586	1,848,472
Special distributable reserve		35,514,889	14,784,518
Realised capital reserve		8,935,662	6,815,730
Revenue reserve		1,195,130	2,263,000
Equity shareholders' funds		**50,035,314**	**57,895,784**
Basic and diluted net asset value per ordinary share	14	**74.90p**	**84.79p**

The notes on pages 54 to 72 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 16 April 2020 and were signed on its behalf by:

Christopher Moore
Chairman

Statement of Changes in Equity for the year ended 31 December 2019

	Notes	Non-distributable reserves Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Distributable reserves Special distributable reserve (note a) £	Realised capital reserve (note b) £	Revenue reserve (note b) £	Total £
At 1 January 2019		**682,830**	**31,474,977**	**26,257**	**1,848,472**	**14,784,518**	**6,815,730**	**2,263,000**	**57,895,784**
Comprehensive income for the year									
Profit for the year		-	-	-	3,362,520	-	1,560,217	1,134,576	6,057,313
Total comprehensive income for the year		**-**	**-**	**-**	**3,362,520**	**-**	**1,560,217**	**1,134,576**	**6,057,313**
Contributions by and distributions to owners									
Shares bought back (note c)	13	(14,839)	-	14,839	-	(1,071,326)	-	-	(1,071,326)
Dividends paid	7	-	-	-	-	(8,953,893)	(1,690,118)	(2,202,446)	(12,846,457)
Total contributions by and distributions to owners		**(14,839)**	**-**	**14,839**	**-**	**(10,025,219)**	**(1,690,118)**	**(2,202,446)**	**(13,917,783)**
Other movements									
Cancellation of Share premium reserve (note d)		-	(31,474,977)	(33,040)	-	31,508,017	-	-	-
Realised losses transferred to special reserve (note a)		-	-	-	-	(752,427)	752,427	-	-
Realisation of previously unrealised appreciation		-	-	-	(1,497,406)	-	1,497,406	-	-
Total other movements		-	(31,474,977)	(33,040)	(1,497,406)	30,755,590	2,249,833	-	-
At 31 December 2019		**667,991**	**-**	**8,056**	**3,713,586**	**35,514,889**	**8,935,662**	**1,195,130**	**50,035,314**

Note a: The Special distributable reserve also provides the Company with a reserve to absorb any existing and future realised losses and, when considered by the Board to be in the interests of Shareholders, to fund share buybacks and for other corporate purposes. The transfer of £752,427 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year. As at 31 December 2019, the Company has a special reserve of £35,514,889, £16,437,335 of which relates to reserves from shares issued on or before 5 April 2014, or that arise from shares issued more than three years ago. Share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which shares were issued.

Note b: The realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company.

Note c: During the year, the Company purchased 1,483,865 of its own shares at the prevailing market price for a total cost of £1,071,326, which were subsequently cancelled. This differs to the figure shown in the Statement of Cash Flows of £1,134,829 by £63,503 which was a creditor from the previous year.

Note d: The cancellation of £31,474,977 from the Share Premium Reserve and £33,040 from the Capital Redemption Reserve (as approved at the General Meeting on 10 May 2019 and by the court order dated 30 July 2019) has increased the Company's special reserve out of which it can fund buybacks of shares as and when it is considered by the Board to be in the interests of the Shareholders, and to absorb any existing and future realised losses, or for other corporate purposes.

Statement of Changes in Equity for the year ended 31 December 2018

	Non-distributable reserves				Distributable reserves			
	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Realised capital reserve £	Revenue reserve £	Total £
At 1 January 2018	**674,751**	**29,895,865**	**14,589**	**517,952**	**20,029,787**	**6,346,235**	**932,461**	**58,411,640**
Comprehensive income for the year								
Profit/(loss) for the year	-	-	-	1,294,148	-	(1,119,571)	1,330,539	1,505,116
Total comprehensive income for the year	**-**	**-**	**-**	**1,294,148**	**-**	**(1,119,571)**	**1,330,539**	**1,505,116**
Contributions by and distributions to owners								
Shares issued via Offer for Subscription	11,862	1,003,505	-	-	(10,787)		-	1,004,580
Dividends re-invested into new shares	7,885	575,607	-	-	-		-	583,492
Shares bought back	(11,668)	-	11,668	-	(874,700)		-	(874,700)
Dividends paid	-	-	-	-	(2,734,344)	-	-	(2,734,344)
Total contributions by and distributions to owners	**8,079**	**1,579,112**	**11,668**	**-**	**(3,619,831)**	**-**	**-**	**(2,020,972)**
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,625,438)	1,625,438	-	-
Realisation of previously unrealised depreciation	-	-	-	36,372	-	(36,372)	-	-
Total other movements	-	-	-	36,372	(1,625,438)	1,589,066	-	-
At 31 December 2018	**682,830**	**31,474,977**	**26,257**	**1,848,472**	**14,784,518**	**6,815,730**	**2,263,000**	**57,895,784**

The composition of each of these reserves is explained below:

Called up share capital - The nominal value of shares originally issued increased for subsequent share issues either via an Offer for Subscription or Dividend Investment Scheme or reduced due to shares bought back by the Company.

Share premium reserve - This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under recent Offers for Subscription and the Company's Dividend Investment scheme.

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

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

In accordance with stating all investments at fair value through profit and loss (as recorded in Note 8), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

Special distributable reserve - This reserve is created from cancellations of the balances upon the Share premium reserve, which are transferred to this reserve from time to time. The cost of share buybacks and any realised losses on the sale or impairment of investments (excluding transaction costs) are charged to this reserve. 75% of the Investment Adviser fee expense, and the related tax effect, that are charged to the realised capital reserve are transferred to this reserve. This reserve will also be charged any facilitation payments to financial advisers, which arose as part of the Offer for Subscription.

Realised capital reserve - The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition and disposal of investments;
- 75% of the Investment Adviser fee expense and 100% of any performance incentive fee payable, together with the related tax effect to this reserve in accordance with the policies; and
- Capital dividends paid.

Revenue reserve - Income and expenses that are revenue in nature (all other expenses and 25% of the Investment Adviser's fee) are accounted for in this reserve together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

The notes on pages 54 to 72 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash flows from operating activities			
Profit for the financial year		6,057,313	1,505,116
Adjustments for:			
Net investment portfolio gains		(5,675,164)	(930,576)
Tax charge for the current year		35,383	66,503
Decrease in debtors		120,121	104,935
Increase/(decrease) in creditors		33,245	(35,677)
Net cash inflow from operations		570,898	710,301
Corporation tax paid		(66,529)	(117,456)
Net cash inflow from operating activities		**504,369**	**592,845**
Cash flows from investing activities			
Sale of investments	8	8,136,792	4,531,646
Purchase of investments	8	(4,475,355)	(5,882,806)
Net cash inflow/(outflow) from investing activities		**3,661,437**	**(1,351,160)**
Cash flows from financing activities			
Shares issued as part of Offer for Subscription	13	-	1,042,499
Issue costs as part of Offer for Subscription		-	(37,919)
Equity dividends paid	7	(12,846,457)	(2,150,852)
Purchase of own shares		(1,134,829)	(1,066,736)
Net cash outflow from financing activities		**(13,981,286)**	**(2,213,008)**
Net decrease in cash and cash equivalents		**(9,815,480)**	**(2,971,323)**
Cash and cash equivalents at start of year		19,371,447	22,342,770
Cash and cash equivalents at end of year		**9,555,967**	**19,371,447**
Cash and cash equivalents comprise:			
Cash at bank and in hand	11	2,627,511	2,541,058
Cash equivalents	11	6,928,456	16,830,389

The notes on pages 54 to 72 form part of these Financial Statements.

Notes to the Accounts for the year ended 31 December 2019

1 Company Information

Mobeus Income & Growth 4 VCT plc is a public limited company incorporated in England, registration number 03707697. The registered office is 30 Haymarket, London, SW1Y 4EX.

2 Basis of preparation

A summary of the principal accounting policies, all of which have been applied consistently throughout the year are set out next to the related disclosure throughout the Notes to the Financial Statements. All accounting policies are included within an outlined box at the top of each relevant Note.

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102"), with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in October 2019) issued by the Association of Investment Companies.

3 Income

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

Interest income on loan stock is accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income or capital as appropriate once redemption is reasonably certain.

When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return, the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 31 December 2019 has been classified as capital and has been included within gains on investments.

	2019 £	2018 £
Income from bank deposits	40,298	34,179
Income from investments		
– from equities	243,975	290,937
– from OEIC funds	106,151	101,193
– from loan stock	1,714,938	1,824,903
– from interest on preference share dividend arrears	1,995	11,061
	2,067,059	2,228,094
Other income	-	1,645
Total income	**2,107,357**	**2,263,918**
Total income comprises		
Dividends	350,126	392,130
Interest	1,757,231	1,870,143
Other income	-	1,645
	2,107,357	**2,263,918**

Total loan stock interest due but not recognised in the year was £422,063 (2018: £638,642).

Financial Statements

4 Investment Adviser's fees and other expenses

All expenses are accounted for on an accruals basis.

a) Investment Adviser's fees

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

100% of any performance incentive fee payable for the year is charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth.

	Revenue 2019 £	Capital 2019 £	Total 2019 £	Revenue 2018 £	Capital 2018 £	Total 2018 £
Mobeus Equity Partners LLP	309,641	928,923	1,238,564	311,111	933,333	1,244,444

Under the terms of a revised investment management agreement dated 12 November 2010 (as amended and restated on 10 November 2016), Mobeus Equity Partners LLP ("Mobeus LLP") provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fixed fee of £115,440 per annum, the latter being subject to indexation, if applicable. In 2013, Mobeus agreed to waive such further increases due to indexation, until otherwise agreed with the Board.

The Investment Adviser fee includes provision for a cap on expenses excluding irrecoverable VAT and exceptional items set at 3.4% of closing net assets at the year-end. In accordance with the investment management agreement, any excess expenses are borne by the Investment Adviser. The excess expenses during the year amounted to £nil (2018: £nil). With effect from 1 April 2018, the Investment Adviser's fee upon the net funds raised from use of the over-allotment facility of £5 million under the 2017/18 offer was reduced from 2% to 1% per annum for one year.

The Company is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses") subject to the cap on total annual expenses referred to above. No such costs have been incurred in the current or previous year.

In line with common practice, Mobeus Equity Partners LLP retain the right to charge arrangement and syndication fees and Directors' or monitoring fees to companies in which the Company invests. The Investment Adviser received fees totalling £327,776 (2018: £351,713) during the year ended 31 December 2019, being £111,884 (2018: £146,450) for arrangement fees, and £215,892 (2018: £205,263) for acting as non-executive directors on a number of investee company boards. These fees attributable to the Company are based upon the investment allocation to the Company which applied at the time of each investment. These figures are not part of these financial statements.

b) Incentive fee agreement

Under the terms of a separate agreement dated 1 November 2006, from the end of the accounting period ending on 31 January 2009 and in each subsequent accounting period throughout the life of the Company, the Investment Adviser will be entitled to receive a performance related incentive fee of 20% of the dividends paid in excess of a "Target Rate" comprising firstly, an annual dividend target of 6% of the net asset value per share at 5 April 2007 (indexed each year for RPI) and secondly a requirement that any cumulative shortfalls below the 6% hurdle must be made up in later years, while any excess is not carried forward, whether a fee is payable for that year or not. Payment of a fee is also conditional upon the average Net Asset Value ("NAV") per share for each such year equalling or exceeding the average Base NAV per share for the same year. The performance fee will be payable annually. No incentive fee is payable to date.

c) Offer for Subscription fees

	2019 £m	2018 £m
Funds raised by the Company	-	1.04
Offer costs payable to Mobeus at 3.25% of funds raised by the Company	**-**	**0.03**

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 6 September 2017, Mobeus was entitled to fees of 3.25% of the investment amount received from investors. This amount (for 2018 only) totalled £0.64 million for the final two allotments which took place between January and March 2018 across all four VCTs, out of which all the costs associated with the allotments were met, excluding any payments to advisers facilitated under the terms of the Offer.

Notes to the Accounts for the year ended 31 December 2019

d) Other expenses

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

	2019 £	2018 £
Directors' remuneration (including NIC of £9,733 (2018: £9,099) (note i)	114,686	105,349
IFA trail commission	60,201	61,863
Broker's fees	12,000	12,000
Auditor's fees – Audit of Company (excluding VAT)	27,932	24,088
– audit related assurance services (excluding VAT) - note ii)	5,638	4,613
– tax compliance services (excluding VAT) note ii)	1,845	1,922
Registrar's fees	47,668	39,252
Printing	48,530	48,085
Legal & professional fees	24,831	10,590
VCT monitoring fees	9,600	9,600
Directors' insurance	7,921	7,631
Listing and regulatory fees	29,230	38,874
Sundry	61,179	14,564
Other expenses	**451,261**	**378,431**

Note i): See analysis in Directors' Remuneration table on page 43, which excludes the NIC above. The key management personnel are the four non-executive directors. The Company has no employees.

Note ii): The audit related assurance services are in relation to the review of the Financial Statements within the Company's Half Year Report. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained. In this regard, while iXBRL services are carried out by the auditor, the majority of compliance tax services are carried out by another firm, so are included within legal and professional fees.

5 Taxation on profit on ordinary activities

The tax expense for the year comprises current tax and is recognised in profit or loss. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

	2019 Revenue £	2019 Capital £	2019 Total £	2018 Revenue £	2018 Capital £	2018 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	211,879	(176,496)	35,383	243,837	(177,334)	66,503
Total current tax charge	**211,879**	**(176,496)**	**35,383**	**243,837**	**(177,334)**	**66,503**
Corporation tax is based on a rate of 19% (2018: 19%)						
b) Profit/(loss) on ordinary activities before tax	1,346,455	4,746,241	6,092,696	1,574,376	(2,757)	1,571,619
Profit/(loss) on ordinary activities multiplied by company rate of corporation tax in the UK of 19% (2018: 19%)	255,826	901,786	1,157,612	299,131	(523)	298,608
Effect of:						
UK dividends not taxable	(46,355)	-	(46,355)	(55,278)	-	(55,278)
Net investment portfolio gains not taxable	-	(1,078,282)	(1,078,282)	-	(176,811)	(176,811)
Overprovision in prior period	-	-	-	(26)	-	(26)
Expenditure not allowable for tax purposes	2,408	-	2,408	10	-	10
Actual tax charge	**211,879**	**(176,496)**	**35,383**	**243,837**	**(177,334)**	**66,503**

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

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

There is no potential liability to deferred tax (2018: £nil). There is no unrecognised deferred tax asset in 2019 (2018: £nil).

6 Basic and diluted earnings per share

	2019 £	2018 £
Total earnings after taxation:	6,057,313	1,505,116
Basic and diluted earnings per share (note a)	**8.95p**	**2.20p**
Net revenue from ordinary activities after taxation	1,134,576	1,330,539
Basic and diluted revenue earnings per share (note b)	**1.67p**	**1.95p**
Net investment portfolio gains	5,675,164	930,576
Capital expenses (net of taxation)	(752,427)	(755,999)
Total capital return	4,922,737	174,577
Basic and diluted capital earnings per share (note c)	**7.28p**	**0.25p**
Weighted average number of shares in issue in the year	67,649,790	68,499,583

Notes:

a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
b) Basic revenue earnings per share is the revenue return after taxation divided by the weighted average number of shares in issue.
c) Basic capital earnings per share is the total capital return after taxation divided by the weighted average number of shares in issue.
d) There are no instruments that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

Notes to the Accounts for the year ended 31 December 2019

7 Dividends paid and payable

Dividends payable are recognised as distributions in the financial statements when the Company's liability to pay them has been established. This liability is established for interim dividends when they are paid, and for final dividends when they are approved by the Shareholders, usually at the Company's Annual General Meeting.

A key judgement in applying the above accounting policy is in determining the amount of minimum income dividend to be paid in respect of a year. The Company's status as a VCT means it has to comply with Section 259 of the Income Tax Act 2007, which requires that no more than 15% of the income from shares and securities in a year can be retained from the revenue available for distribution for the year.

Amounts recognised as distributions to equity shareholders in the year:

Dividend	Type	For year ended 31 December	Pence per share	Date Paid	2019 £	2018 £
Interim	Capital*	2018	4.00p	19/06/2018	-	2,734,344
Final	Income	2018	1.75p	28/05/2019	1,188,375	-
Final	Capital*	2018	2.25p	28/05/2019	1,527,911	-
Interim	Income	2019	1.50p	20/09/2019	1,014,071	-
Interim	Capital	2019	2.50p	20/09/2019	1,690,118	-
Interim	Capital*	2019	9.00p	20/09/2019	6,084,426	-
Interim	Capital*	2019	2.00p	30/12/2019	1,341,556	-
					12,846,457	**2,734,344****

* - Paid out of the Company's special distributable reserve.

** - For the year ended 31 December 2018, £2,734,344 disclosed above differs to that shown in the Statement of Cash Flows of £2,150,852 due to £583,492 of new shares issued as part of the Dividend Investment Scheme. The scheme was suspended on 14 August 2018. The Chairman's Statement on page 3 provides details on the recommencement of the scheme.

Distributions to equity holders after the year-end:

	Type	For year ended 31 December	Pence per share	Date Payable	2019 £	2018 £
Final	Income	2018	1.75p	28/05/2019	-	1,188,375
Final	Capital*	2018	2.25p	28/05/2019	-	1,527,911
Interim	Capital*	2019	4.00p	10/01/2020	2,671,965	-
					2,671,965	**2,716,286**

* - Paid out of the Company's special distributable reserve.

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of the Income Tax Act 2007 are considered.

Recognised income distributions in the financial statements for the year

Dividend	Type	For year ended 31 December	Pence per share	Date payable	2019 £	2018 £
Revenue available for distribution by way of dividends for the year					**1,134,576**	**1,330,539**
Final	Income	2018	1.75p	28/05/2019	-	1,188,375
Interim	Income	2019	1.50p	20/09/2019	1,014,071	-
Total income dividends for the year					**1,014,071**	**1,188,375**

Financial Statements

8 Investments at fair value

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at "fair value through profit and loss" (FVTPL). All investments held by the Company are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines, as updated in December 2018. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Where the terms of the disposal state that consideration may be received at some future date and, subject to the conditionality and materiality of the amount of deferred consideration, an estimate of the fair value, discounted for the true value of money, may be recognised through the Income Statement. In other cases, the proceeds will only be recognised once the right to receive payment is established and there is no reasonable doubt that payment will be received.

Unquoted investments are stated at fair value by the Directors at each measurement date in accordance with appropriate valuation techniques, which are consistent with the IPEV guidelines:-

(i) Each investment is considered as a whole on a 'unit of account' basis, alongside consideration of:-

The price of new investments made, if deemed to be made as part of an orderly transaction, are considered to be at fair value at the date of the transaction. At subsequent measurement dates, the inputs that derived the investment price are reconsidered for any changes in light of more recent events or changes in the market performance of the investee company such that the valuation bases used are the following: -

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

or:-

- where a company's underperformance against plan indicates a diminution in the value of the investment, provision against the price of a new investment is made, as appropriate.

(ii) Premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iii) Where a multiple or the price of recent investment less impairment basis is not appropriate and overriding factors apply, a discounted cash flow, net asset valuation or realisation proceeds basis may be applied.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below the price of recent investment, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

The methods of fair value measurement are classified into hierarchy based on the reliability of the information used to determine the valuation.

- Level 1 – Fair value is measured based on quoted prices in an active market.
- Level 2 – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level 3 – Fair value is measured using valuation techniques using inputs that are not based on observable market data.

Notes to the Accounts for the year ended 31 December 2019

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Unquoted Loan stock £	Total £
Cost at 31 December 2018	200,028	16,903,109	13,382	19,786,223	36,902,742
Unrealised gains at 31 December 2018	8,316	1,048,683	326,001	239,578	1,622,578
Permanent impairment in value of investments as at 31 December 2018	-	(2,139,022)	-	(87,638)	(2,226,660)
Valuation at 31 December 2018	**208,344**	**15,812,770**	**339,383**	**19,938,163**	**36,298,660**
Purchases at cost	-	4,475,355	-	-	4,475,355
Sale proceeds (Note a)	-	(3,749,886)	(328,654)	(4,058,252)	(8,136,792)
Net realised gains in the year	-	2,060,376	-	252,268	2,312,644
Unrealised gains in the year (Note b)	25,001	3,204,319	-	359,094	3,588,414
Valuation at 31 December 2019	**233,345**	**21,802,934**	**10,729**	**16,491,273**	**38,538,281**
Cost at 31 December 2019	200,028	18,299,196	12,871	16,820,197	35,332,292
Unrealised gains/(losses) at 31 December 2019	33,317	3,923,697	(2,142)	(241,286)	3,713,586
Permanent impairment in value of investments at 31 December 2019 (Note c)	-	(419,959)	-	(87,638)	(507,597)
Valuation at 31 December 2019	**233,345**	**21,802,934**	**10,729**	**16,491,273**	**38,538,281**

Details of investment transactions such as disposal proceeds, valuation movements, cost and carrying value at the end of previous year are contained in the Investment Portfolio Summary on pages 20 to 25.

Net realised gains in the year of £2,312,644 and unrealised gains in the year of £3,588,414 equal net investment portfolio gains of £5,910,058. This figure is more than that shown in the Income Statement of £5,675,164. The difference of £225,894 is the estimated fair value of consideration in relation to the sale of Entanet Holdings that was recognised at the previous year-end. The full undiscounted value of £250,994 was subsequently received. A further sum of £250,994 was received on 2 August 2019.

Note a) Disposals of investment portfolio companies during the year were:

Company	Type	Investment cost £	Disposal proceeds £	Valuation at 31 December 2018 £	Realised gain in year £
ASL Technology Holdings Limited	Realisation	1,933,591	3,403,138	2,327,966	1,075,172
The Plastic Surgeon Holdings Limited	Realisation	46,160	1,435,184	1,046,666	388,518
Redline Worldwide Limited	Realisation	838,377	1,064,768	521,616	543,152
Entanet Holdings Limited	Contingent Consideration	-	501,987	-	276,093
Master Removers Group 2019 Limited	Part Realisation	163,214	386,315	356,606	29,709
Backhouse Management Limited	Realisation	589,680	226,800	226,800	-
Barham Consulting Limited	Realisation	589,680	226,800	226,800	-
Creasy Marketing Services Limited	Realisation	589,680	226,800	226,800	-
Hollydale Management Limited	Realisation	701,120	438,200	438,200	-
McGrigor Management Limited	Realisation	589,680	226,800	226,800	-
Newquay Helicopters (2013) Limited	Realisation	4,623	-	-	-
		6,045,805	**8,136,792**	**5,598,254**	**2,312,644**

Note b) The major components of the net increase in unrealised valuations of £3,588,414 in the year were increases of £1,774,695 in Turner Topco Limited (trading as Auction Technology Group), £850,510 in MPB Group Limited, £839,548 in Proactive Group Holdings Inc, £557,332 in Tovey Management Limited (trading as Access IS), and £238,292 in Buster & Punch Holdings Limited. This increase was partly offset by the falls of £635,402 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet), £364,298 in Super Carers Limited, £284,467 in Master Removers Group 2019 Limited, £185,011 in RDL Corporation Limited, and £163,034 in BookingTek Limited.

The increase in unrealised valuations of the loan stock investments above reflects the changes in the entitlement to loan premiums, and/or in the underlying enterprise value of the investee company. The increase does not arise from assessments of credit risk or market risk upon these instruments.

Note c) During the year, permanent impairments of the cost of investments have reduced from £2,226,660 to £507,597 due to the disposal of six investee companies.

Notes to the Accounts for the year ended 31 December 2019

9 Significant interests

At 31 December 2019 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (Ordinary shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity	% of equity held by all funds advised by Mobeus[1,2]
Media Business Insight Holdings Limited[3]	1,089,103	1,633,657	2,722,760	15.7%	67.5%
Tovey Management Limited (trading as Access IS)[4]	891,576	1,577,437	2,469,013	9.7%	43.4%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	1,166,551	1,166,551	2,333,102	6.4%	27.5%
Virgin Wines Holding Company Limited	45,915	1,884,898	1,930,813	9.7%	42.0%
Veritek Global Holdings Limited	43,527	1,576,559	1,620,086	11.9%	50.8%
Preservica Limited	1,132,695	453,078	1,585,773	11.0%	48.4%
Turner Topco Limited (trading as Auction Technology Group)	4,472	1,524,603	1,529,075	3.5%	15.5%
MPB Group Limited	1,256,605	224,388	1,480,993	5.3%	23.6%
CGI Creative Graphics International Limited	476,612	973,134	1,449,746	6.3%	26.9%
Pattern Analytics Limited (trading as Biosite)	640,171	698,368	1,338,539	5.6%	23.9%
My Tutorweb Limited	1,307,644	-	1,307,644	7.2%	30.8%
Bourn Bioscience Limited	323,577	808,944	1,132,521	7.7%	23.8%
Arkk Consulting Limited	1,118,490	-	1,118,490	7.5%	33.6%
Data Discovery Solutions Limited (trading as Active Navigation)	1,100,500	-	1,100,500	6.3%	28.5%
Tharstern Group Limited	338,861	753,025	1,091,886	12.2%	52.5%
Ibericos Etc. Limited (trading as Tapas Revolution)	348,269	696,600	1,044,869	5.8%	25.0%
RDL Corporation Limited	173,932	826,068	1,000,000	9.1%	36.2%
Vian Marketing Limited (trading as Red Paddle Co)	271,683	627,391	899,074	7.1%	31.5%
Proactive Group Holdings Inc	572,540	182,800	755,340	2.6%	11.4%
Parsley Box Limited	668,400	-	668,400	4.9%	22.0%
BookingTek Limited	582,300	69,837	652,137	3.5%	14.9%
IPV Limited	619,487	-	619,487	5.5%	26.6%
Buster and Punch Holdings Limited	373,073	157,319	530,392	4.5%	20.0%
Bleach London Holdings Limited	519,672	-	519,672	3.4%	15.6%
Super Carers Limited	485,730	-	485,730	4.3%	18.7%
Rota Geek Limited	437,000	-	437,000	3.7%	17.1%
Jablite Holdings Limited	339,974	36,109	376,083	9.1%	40.1%
Master Removers Group 2019 Limited	348,641	-	348,641	7.2%	29.1%
Kudos Innovations Limited	328,950	-	328,950	3.2%	14.6%
Blaze Signs Holdings Limited	183,005	7,626	190,631	5.7%	52.5%
CB Imports Group Limited	175,000	-	175,000	5.8%	23.2%

[1] – Mobeus Equity Partners LLP also advises The Income & Growth VCT plc, Mobeus Income & Growth VCT plc and Mobeus Income & Growth 2 VCT plc.

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

[3] – Includes a loan of £674,755 to Media Business Insight Limited.

[4] – Includes a loan of £239,513 to Access IS Limited.

It is considered that, under FRS102 s9.9, "Consolidated and Separate Financial Statements", the above investments are held as part of an investment portfolio and that accordingly, their value to the Company lies in their marketable value as part of that portfolio and as such are not required to be consolidated. Also, the above investments are considered to be associates that are held as part of an investment portfolio and are accounted for in accordance with FRS 14.4B.

All of the above companies are incorporated in the United Kingdom.

10 Debtors

	2019 £	2018 £
Amounts due within one year:		
Accrued income	169,461	281,862
Prepayments	13,714	15,488
Other debtors	-	231,840
	183,175	**529,190**

Note: Other debtors of £231,840 last year included £225,894 of contingent consideration in relation to the sale of Entanet Holdings Limited in August 2017. This was received during the year.

11 Cash at bank and Current Investments

Cash equivalents, for the purposes of the Statement of Cash Flows, comprises bank deposits repayable on up to three months' notice and funds held in OEIC money-market funds. Current asset investments are the same but also include bank deposits that mature after three months. Current asset investments are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values at immediate or up to three months' notice. Cash, for the purposes of the Statement of Cash Flows is cash held with banks in accounts subject to immediate access. Cash at bank in the Balance Sheet is the same.

	2019 £	2018 £
OEIC Money market funds	6,928,456	16,830,389
Cash equivalents per Statement of Cash Flows	6,928,456	16,830,389
Bank deposits that mature after three months	2,000,000	2,000,000
Current asset investments	**8,928,456**	**18,830,389**
Cash at bank	**2,627,511**	**2,541,058**

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	44,061	70,280
Other creditors	13,120	11,328
Corporation tax	35,383	66,529
Accruals	149,545	155,376
	242,109	**303,513**

13 Called up share capital

	2019 £	2018 £
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 66,799,129 (2018: 68,282,994)	**667,991**	**682,830**

During the year, the Company purchased 1,483,865 (2018: 1,166,848) of its own shares for cash (representing 2.2% (2018: 1.7%) of the shares in issue at the start of the year) at the prevailing market price for a total cost of £1,071,326 (2018: £874,700). These shares were subsequently cancelled by the Company. This differs to the figure shown in the Statement of Cash Flows of £1,134,829 by £63,503, which was included in creditors at the previous year-end.

Under the terms of the Dividend Investment Scheme, for the 2018 year, 788,503 shares were allotted during the year for a non-cash consideration of £583,492. The DIS scheme was suspended on 14 August 2018. The Chairman's Statement on page 3 details the reactivation of the scheme.

For the year ended 31 December 2019, there were no allotments made. Under the 2017/18 Offer, during the year ended 31 December 2018, 1,186,253 shares were allotted between January and March 2018, raising net funds of £1,004,580 for the Company at offer prices ranging from 85.54p to 91.07p.

Notes to the Accounts for the year ended 31 December 2019

14 Basic and diluted net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the year, and on 66,799,129 (2018: 68,282,994) Ordinary shares, being the number of Ordinary shares in issue on that date.

There are no instruments that will increase the number of shares in issue in future. Accordingly, the figures currently represent both basic and diluted net asset value per share.

15 Financial instruments

The Company's financial instruments predominantly comprise investments held at fair value through profit and loss, namely equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective.

Other financial instruments are held at amortised cost comprising loans and receivables being cash at bank, current asset investments and short term debtors, and financial liabilities being creditors, all that arise directly from the Company's operations.

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

The accounting policy for determining the fair value of investments is set out in Note 8 to the Financial Statements. The composition of investments held is shown below and in Note 8.

Loans and receivables and other financial liabilities are stated at amortised cost which the Directors consider is equivalent to fair value.

Classification of financial instruments

The Company held the following categories of financial instruments at 31 December 2019:

	2019 (Fair value) £	2018 (Fair value) £
Assets at fair value through profit and loss:		
Investment portfolio	38,538,281	36,298,660
Loans and receivables held at amortised cost		
Accrued income	169,461	281,862
Cash at bank	2,627,511	2,541,058
Current asset investments	8,928,456	18,830,389
Other debtors	-	231,840
Liabilities at amortised cost or equivalent		
Other creditors	(206,726)	(236,984)
Total for financial instruments	50,056,983	57,946,825
Non-financial instruments	(21,669)	(51,041)
Net assets	**50,035,314**	**57,895,784**

There are no differences between book value and fair value disclosed above.

The investment portfolio principally consists of unquoted investments 99.4% (2018: 99.4%). The investment portfolio has a 100% (2018: 100%) concentration of risk towards small UK based, sterling denominated companies, and represents 77.0% (2018: 62.7%) of net assets at the year-end.

Current asset investments are money market funds, and bank deposits which, along with cash are discussed under credit risk below, which represent 23.1% (2018: 36.9%) of net assets at the year-end.

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

Investment risk

The Company's investment portfolio is made up of predominantly UK companies which are not quoted on any recognised stock exchange. The companies held in the portfolio are usually smaller than those companies which are quoted on a stock exchange. They are therefore usually regarded as carrying more risk compared to larger companies, as they are more sensitive to changes in key financial indicators, such as a reduction in its turnover or an increase in costs. The Board is of the view that the Investment Adviser mitigates this risk as the investment in an investee company is held as part of a portfolio of such companies so that the performance of one company does not significantly affect the value of the portfolio as a whole. The Investment Adviser also usually takes a seat on the board of each investee company such that it is able to monitor its progress on a regular basis and contribute to the strategic direction of the company.

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds and bank deposits of £8,928,456 (2018: £18,830,389), which are all accessible at varying points over the next 12 months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

The table below shows a maturity analysis of financial liabilities:

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2019 Total £
Other creditors	**144,182**	**62,544**	-	-	**206,726**

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2018 Total £
Other creditors	**163,670**	**73,314**	-	-	**236,984**

The Company does not have any derivative financial liabilities.

Financial Statements

Notes to the Accounts for the year ended 31 December 2019

Credit risk

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

The Company's maximum exposure to credit risk is:

	2019 £	2018 £
Loan stock investments	16,491,273	19,938,163
Current asset investments	8,928,456	18,830,389
Cash at bank	2,627,511	2,541,058
Accrued income	169,461	281,862
Other debtors	-	231,840
	28,216,701	**41,823,312**

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The loan stock is typically held in companies with turnover under £50 million, which may be considered less stable than larger, longer established businesses. The Investment Adviser undertakes extensive financial and commercial due diligence before recommending an investment to the Board. The Investment Adviser usually takes a seat on the board of each investee company and the Board of the VCT receives regular updates on each company at each quarter end.

The accrued income shown above of £169,461 was all due within six months of the year-end.

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

Repayable within	2019 £	2018 £
0 to 1 year	4,665,062	3,657,747
1 to 2 years	4,615,096	7,422,206
2 to 3 years	5,164,967	4,460,141
3 to 4 years	2,046,148	2,599,423
4 to 5 years	-	1,798,646
Total	**16,491,273**	**19,938,163**

Included within loan stock investments above are loans to four investee companies at a carrying value of £4,767,555 which are past their repayment date but have been renegotiated. Loans to two other companies with a combined £1,371,309 are now past their repayment date but have not yet been renegotiated. The loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk below.

An aged analysis of the value of loan stock investments included above, which are past due but not individually impaired, is set out below. For this purpose, these loans are considered to be past due when any payment due under the loan's contractual terms (such as payment of interest or redemption date) is received late or missed. We are required to report in this format and include the full value of the loan even though in some cases it is only in respect of interest that they are in default.

	0-6 months £	6-12 months £	over 12 months £	2019 Total £
Loans to investee companies past due	**1,684,309**	-	**2,187,615**	**3,871,924**

	0-6 months £	6-12 months £	over 12 months £	2018 Total £
Loans to investee companies past due	-	-	**2,360,386**	**2,360,386**

Credit risk also arises from cash and cash equivalents, deposits with banks and amounts held in liquidity funds. There is a risk of liquidity fund defaults such that there could be defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The five OEIC money market funds holding £6,928,456 are all triple A rated funds and, along with bank deposits of £4,159,987 at six well-known financial institutions, credit risk is considered to be relatively low in current circumstances. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the Company's total investment assets. The Company's current account totalling £467,524 is held with NatWest Bank plc, so the risk of default is considered to be low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of the unquoted portfolio held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies (Investment risk), as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £38,538,281 at the year-end, representing the fair value of the investment portfolio.

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

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's Objective, as set out on page 5 in the Strategic Report. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Adviser. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Investment Committee regularly reviews the investment performance and financial results, as well as compliance with the Company's objectives. The Company does not use derivative instruments to hedge against market risk.

Market price risk sensitivity

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

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 20% (2018: 20%) movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of small, unquoted companies which may have other factors which may influence the extent of the valuation change, e.g. a strong niche brand may limit the valuation fall compared to comparators, or may be more affected by external market factors than larger companies.

For each of the companies in the investment portfolio that are valued on a multiple basis, the calculation below has applied plus and minus 20% to the multiple (such as earnings or revenue) derived from quoted market comparators that are used to value the companies. The companies valued on a multiple basis represent £35.68 million (2018: £33.97 million) of the total investment portfolio of £38.54 million (2018: £36.30 million). The remainder of the portfolio is valued at either price of recent investment or net asset value, as shown overleaf.

The impact of a change of 20% (2018: 20%) has been selected as this is considered reasonable given the level of volatility observed both on a historical basis and market expectations for future movement.

Notes to the Accounts for the year ended 31 December 2019

	2019 Profit and net assets £	2018 Profit and net assets £
If overall share prices rose/fell by 20% (2018: 20%), with all other variables held constant – increase/(decrease)	4,195,660 / (4,618,583)	3,669,559 / (4,046,661)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	6.28p / (6.91p)	5.37p / (5.93p)

Cash flow interest rate risk

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

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

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

The interest rate profile of the Company's financial net assets at 31 December 2019 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	22,036,279	-	-	22,036,279		
Preference shares	-	10,729	-	10,729	-	0.9
Loan stocks	-	16,491,273	-	16,491,273	8.7	1.8
Current investments	-	-	8,928,456	8,928,456	0.8	
Cash	-	-	2,627,511	2,627,511	0.5	
Debtors	169,461	-	-	169,461		
Creditors	(206,726)	-	-	(206,726)		
Total for financial instruments	21,999,014	16,502,002	11,555,967	50,056,983		
Non-financial instruments	(21,669)	-	-	(21,669)		
Net assets	**21,977,345**	**16,502,002**	**11,555,967**	**50,035,314**		

The interest rate profile of the Company's financial net assets at 31 December 2018 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	16,021,114	-	-	16,021,114		
Preference shares	-	339,383	-	339,383	6.3	3.0
Loan stocks	-	19,130,923	807,240	19,938,163	8.8	2.1
Current investments	-	-	18,830,389	18,830,389	0.8	
Cash	-	-	2,541,058	2,541,058	0.5	
Debtors	513,702	-	-	513,702		
Creditors	(236,984)	-	-	(236,984)		
Total for financial instruments	16,297,832	19,470,306	22,178,687	57,946,825		
Non-financial instruments	(51,041)	-	-	(51,041)		
Net assets	**16,246,791**	**19,470,306**	**22,178,687**	**57,895,784**		

Note: Weighted average interest rates above are derived by calculating the expected annual income that would be earned on each asset (but only for those sums that are currently regarded as collectible and would therefore be recognised), divided by the values for each asset class at the balance sheet date.

Variable rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares have been excluded from the interest rate risk profile as they do not yield interest and have no maturity date. Their inclusion would distort the weighted average period information above.

Cash flow interest rate sensitivity

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

	2019 Profit and net assets £	2018 Profit and net assets £
If interest rates rose/fell by 1%, with all other variables held constant – increase/ (decrease)	93,603 / (93,603)	179,647 / (179,647)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.14p / (0.14)p	0.26p / (0.26)p

Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk, although a number of investee companies do trade overseas, so do face some exposure to currency risk in their operations.

Fair value hierarchy

The table overleaf sets out fair value measurements using FRS102 s11.27 fair value hierarchy. The Company has one class of financial assets, being at fair value through profit and loss.

Notes to the Accounts for the year ended 31 December 2019

Financial assets at fair value through profit and loss At 31 December 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	233,345	-	21,802,934	22,036,279
Preference shares	-	-	10,729	10,729
Loan stock investments	-	-	16,491,273	16,491,273
Total	**233,345**	**-**	**38,304,936**	**38,538,281**

Financial assets at fair value through profit and loss At 31 December 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	208,344	-	15,812,770	16,021,114
Preference shares	-	-	339,383	339,383
Loan stock investments	-	-	19,938,163	19,938,163
Total	**208,344**	**-**	**36,090,316**	**36,298,660**

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets

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

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

The valuation techniques used by the Company are explained in the accounting policies in Note 8 to these Financial Statements.

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 January 2019	15,812,770	339,383	19,938,163	36,090,316
Purchases	4,475,355	-	-	4,475,355
Sales	(3,749,886)	(328,654)	(4,058,252)	(8,136,792)
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				
- on assets sold or impaired	2,060,376	-	252,268	2,312,644
- on assets held at the year-end	3,204,319	-	359,094	3,563,413
Closing balance at 31 December 2019	**21,802,934**	**10,729**	**16,491,273**	**38,304,936**

As detailed in the accounting policy for Note 8, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a price-earnings ratio taken from a comparable sector on the quoted market which is then appropriately adjusted for points of difference. Thus any change in share prices can have a significant effect on the value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

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

	2019 £	2018 £
Valuation methodology		
Multiple of earnings, revenues or gross margin, as appropriate	35,359,235	33,760,899
Recent investment price	2,239,659	1,674,350
Net asset value	606,708	122,422
Recent investment price (reviewed for impairment)	94,021	527,332
Discounted realisation proceeds	5,313	5,313
	38,304,936	**36,090,316**

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2018 and 31 December 2019:

Change in valuation methodology	Carrying value as at 31 December 2019 £	Explanatory note
Recent investment price to multiple basis	515,372	Sufficient time has elapsed since investment to move to a more appropriate basis for determining value
Earnings multiple to net asset value	606,708	Multiple basis no longer appropriate
Net asset value to recent investment price (reviewed for impairment)	94,021	More appropriate basis for determining fair value

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the December 2018 IPEV guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 December 2019.

16 Management of capital

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

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

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

17 Segmental analysis

The operations of the Company are wholly in the United Kingdom, from one class of business.

18 Post balance sheet events

On 8 January 2020, 14,967,956 new Ordinary Shares were allotted under the Company's Offer for Subscription for applications received and accepted up to and including 20 December 2019, raising net funds of £10.30 million.

On 7 February 2020, Pattern Analytics Limited (trading as Biosite) was sold by the Company realising £1.98 million of proceeds.

On 13 February 2020, cash proceeds of £5.27 million were received upon the sale of Turner Topco Limited (trading as Auction Technology Group) by the Company.

Notes to the Accounts for the year ended 31 December 2019

On 28 February 2020, a new investment of £0.62 million was made into Bella & Duke Limited, a provider of premium frozen raw dog food to pet owners in the UK.

On 2 April 2020, the Board has declared an interim dividend of 6.00 pence per share for the year ending 31 December 2020, payable to shareholders on the register on 14 April 2020, on 7 May 2020.

On 2 April 2020, a further 3,482,579 new Ordinary Shares were allotted under the Company's Offer for Subscription raising further net funds of £2.23 million. Following this allotment, the Offer for Subscription was closed. In total, net funds raised from the Offer are £12.53 million.

COVID-19 Impact

Since the Balance sheet date, the scale of the COVID-19 pandemic began to affect the UK and most other world economies significantly. In line with countries whose infection rates took hold earlier, the UK Government has now prohibited most non-essential movement of people, goods and services. This has severely affected UK trade and business but it remains too early to predict when these restrictions may be eased and thus what the eventual impact of these restrictions will be.

The VCT Board and Investment Adviser have nonetheless evaluated the extent of the impact on the Company, its portfolio of investee companies and their future to date. On 26 March 2020, the Company announced an unaudited net asset value ("NAV") based upon an evaluation of available information held as at 24 March 2020, which is shown below:

	31 December 2019	24 March 2020	%
NAV per share	70.90p[1]	64.16p	(9.5)%

[1] The NAV per share at 31 December 2019 has been reduced from that reported on the Balance sheet by a dividend of 4.00 pence per share paid on 10 January 2020.

Due to the rapidly evolving nature of the impact of COVID-19, there will be further information that emerges, while the impact of known information evaluated at 24 March 2020 may have since changed. Both known and as yet unknown information may affect the portfolio companies further in ways that cannot be predicted with any certainty by the Board or the Investment Adviser. As a result, any further movements in NAV per share from that reported above may occur but the Board is unaware of any matter that will have caused NAV per share to have changed significantly since 24 March 2020.

Shareholder Information

Communication with Shareholders

We aim to communicate regularly with our Shareholders. The Annual General Meeting provides a useful platform for the Board to meet Shareholders and exchange views. Your Board welcomes your attendance at general meetings if practicable and circumstances allow, to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts. The Investment Adviser holds an annual shareholder event, the most recent of which was held on 4 February 2020.

Shareholders wishing to follow the Company's progress can visit its website at www.mig4vct.co.uk. The website includes up-to-date details on fund performance and dividends as well as publicly available information on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at: www.londonstockexchange.com where Shareholders can obtain details of the share price and latest NAV announcements, etc.

Mobeus website

Shareholders can check the performance of the VCT by visiting the Investment Adviser's website at www.mobeus.co.uk. This is regularly updated with information on your investment including case studies of portfolio companies.

The website includes relevant Shareholder literature, including previous Annual and Half Year Reports and the Company's Key Information Document ("KID") - Investors should note that the process for compiling the KID are prescribed by EU law and the Company has no discretion over the format or content of the document. The illustrated performance returns in the KID cannot be guaranteed and may not reflect figures for the Company derived using other methods. Accordingly, the Board recommends that investors also take account of information from other sources, including the Annual Reports.

Annual General Meeting

The Company's next Annual General Meeting will be held at **11.30 am on Tuesday, 2 June 2020 at, The Clubhouse, 8 St James's Square, London SW1Y 4JU**. Shareholders should note that the impact of COVID-19 and the Stay at Home Measures currently in place could mean that they are not physically allowed to attend the AGM on 2 June 2020. If this is the case, the Company will make an RNS announcement advising of any changes, which will also be added to the Company's website: www.mig4vct.co.uk to which Shareholders should refer. A copy of the notice of the meeting can be found on pages 75 to 77. Shareholders are encouraged to submit their votes by proxy rather than attend the meeting in person, and to appoint the Chairman of the Meeting as their proxy. A proxy form for the meeting is included with Shareholders' copies of this Annual Report or is available electronically at www.signalshares.com.

Dividends

Shareholders who wish to have dividends paid directly into their bank account, rather than sent by cheque to their registered address, can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Asset Services, at the address given on page 79.

Shareholders are encouraged to ensure that the Registrar maintains up-to-date details for their account and to check whether they have received all dividend payments. This is particularly important if a shareholder has recently changed address or changed their bank. We are aware that a number of dividends remain unclaimed by Shareholders and whilst we will endeavour to contact them if this is the case, we cannot guarantee that we will be able to do so if the Registrar does not have an up-to-date postal or email address.

Dividend Investment Scheme

As explained in the Chairman's Statement on page 3, the Dividend Investment Scheme which is currently suspended, will be recommenced with effect from the close of the Company's AGM on 2 June 2020. Please note that the Scheme terms and conditions are being amended as explained in the Chairman's Statement effective from today in respect of new participants and from the close of the Company's AGM on 2 June 2020 in respect of existing participants. Those Shareholders who wish to participate, or to amend their existing participation, in the Scheme, can do so by visiting www.mig4vct.co.uk. Please note that Shareholders' elections to participate or amendments to participation in the Scheme require 15 days to become effective.

Selling your shares

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

Common Reporting Standard ("CRS") and Foreign Account Tax Compliance Act ("FATCA")

Tax legislation was introduced with effect from 1st January 2016 under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares. As an affected entity, the Company has to provide information annually to HMRC relating to a number of non-UK based certificated Shareholders who are deemed to be resident for tax purposes in any of the 90 plus countries who have joined CRS. All new Shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC's policy on FATCA now means that, as a result of the restricted secondary market in VCT shares, the Company's shares are not considered to be "regularly traded". The Company is therefore also an affected entity for the purposes of this legislation and so has to provide information annually to HMRC relating to Shareholders who are resident for tax purposes in the United States.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders:

https://www.gov.uk/government/publications/exchange-of-information-account-holders.

Managing your shareholding online

For details on your individual shareholding and to manage your account, online Shareholders may log into or register with the Link Asset Services Shareholder Portal at: www.signalshares.com. You can use the Shareholder Portal to change and update your preferences including changing your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive communications from the Company.

Shareholder enquiries

For enquiries concerning the investment portfolio or the Company in general, please contact the Investment Adviser, Mobeus Equity Partners LLP. To contact the Chairman or any member of the Board, please contact the Company Secretary, also Mobeus Equity Partners LLP, in the first instance at vcts@mobeus.co.uk.

The Registrars, Link Asset Services, may be contacted via their Shareholder Portal, by post or telephone for queries relating to your shareholding including dividend payments, dividend mandate forms, change of address, etc.

Full contact details for each of Mobeus and Link Asset Services are included under Corporate Information on page 79 of this Annual Report.

Fraud Warning

Boiler Room fraud and unsolicited communications to Shareholders.

We have been made aware of an increase in the number of Shareholders being contacted in connection with sophisticated but fraudulent financial scams which purport to come from the Company or to be authorised by it. This is often by a phone call or an email usually originating from outside of the UK, often claiming or appearing to be from a corporate finance firm offering to buy your VCT shares at an inflated price.

Further information on boiler room scams and fraud advice plus who to contact, can be found first in the answer to a question "What should I do if I receive an unsolicited offer for my shares?" within the VCT Investor area of the Investment Adviser's website in the A Guide to VCTs section: www.mobeus.co.uk/investor-area and secondly, in a link to the FCA's ScamSmart site: www.fca.org.uk/scamsmart

We strongly recommend that you seek financial advice before taking any action if you remain in any doubt. You can also contact the Investment Adviser on 0207 024 7600, or email info@mobeus.co.uk to check whether any claims made by a caller are genuine.

Shareholders are also encouraged to ensure their personal data is always held securely and that data held by the Registrars of the Company is up to date, to avoid cases of identity fraud.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Mobeus Income & Growth 4 VCT plc ("the Company") will be held at 11.30 am on Tuesday, 2 June 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions. An explanation of the business to be proposed is included in the Directors' Report on pages 31 to 34 of this document:

1. To receive and adopt the annual report and financial statements of the Company for the year ended 31 December 2019 ("Annual Report"), together with the auditor's report thereon.

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

3. To approve the remuneration policy as set out in the Annual Report.

4. To re-elect Christopher Moore as a director of the Company.

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

6. To elect Graham Paterson as a director of the Company.

7. To elect Christopher Burke as a director of the Company.

8. To re-appoint BDO LLP of 150 Aldersgate Street, London, EC1A 4AB as auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.

9. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot Ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £284,165, provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

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

    (i) With an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company; and

    (ii) otherwise than pursuant to (i) above, with an aggregate nominal value of up to 5% of the issued share capital from time to time,

    in each case where the proceeds of the allotment may be used, in whole or in part, to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2021, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

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

    (i) the aggregate number of Shares which may be purchased shall not exceed 12,778,924 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing of this resolution;

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

Notice of the Annual General Meeting

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

(iv) the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2021; and

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

BY ORDER OF THE BOARD

Registered Office
30 Haymarket
London
SW1Y 4EX

Mobeus Equity Partners LLP
Company Secretary
Dated: 16 April 2020

Notes:

1. **As it may not be possible for you to attend the meeting due to Government restrictions, you are encouraged to lodge your proxy form and appoint the Chairman of the meeting as your proxy as any other appointed proxy may also not be allowed to attend the meeting.**
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the meeting (and the number of votes they may cast thereat) will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Link Asset Services to request additional copies of the proxy form, on +44 (0) 371 664 0324. Telephone lines are open between 9.00 am and 5.30 pm Monday to Friday excluding public holidays in England and Wales. During this challenging time, extra pressure is being put on telephone services and it may just take a little longer to get through than normal. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons Link Asset Services will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment adviser or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
8. To be valid, it should be lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarilly certified or office copy thereof, at the offices of the Company's registrar, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 11.30 am on 31 May 2020 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
9. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST [LINK], PXS (This is all you need to write on the envelope, no other address details are required).
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting

service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 am on 31 May 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. You may submit your proxy electronically using the Share Portal at www.signalshares.com if not already registered for the share portal, you will need your investor code which can be found on your share certificate.

14. As at 15 April 2020 (being the last business day prior to the publication of this notice), the Company's issued share capital consisted of 85,249,664 Ordinary shares of 1p, carrying one vote each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 15 April 2020 were 85,249,664.

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

16. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

17. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.

18. At the meeting, Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.mig4vct.co.uk in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

19. Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, www.mig4vct.co.uk.

20. To further reduce the impact on the environment and waste, we recommend the quicker and more secure method of voting online via our Registrar's website (www.signalshares.com). Shareholders may, however, request a paper proxy form if they wish from our Registrar at the appropriate time.

Glossary of terms

Alternative performance measure ("APM")

A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the Company's financial reporting framework. These APMs tend to be industry specific terms which help Shareholders to understand and assess the Company's progress. A number of terms contained within this Glossary have been identified as APMs.

Cumulative dividends paid (APM)

The total amount of dividend distributions by the Company over the time period specified. A list of all dividends paid since launch of the Company is shown on the Company's website www.mig4vct.co.uk. Dividends paid in the year and dividends paid in respect of the year are shown in Note 7.

Cumulative total return (APM)

Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (Share price basis), plus cumulative dividends paid since launch in 1999.

Internal Rate of Return ("IRR")

The internal rate of return is the annual discount rate that equates the original investment cost with the value of subsequent cash flows (such as receipts/dividends or further investment) and the latest valuation/exit proceeds or net asset value. Generally speaking, the higher an investment's IRR, the more successful it is.

Net asset value or NAV

The value of the VCT's total assets less its total liabilities. It is equal to the total equity Shareholders' funds.

Net asset value per share or NAV per share

The net asset value per share is calculated as total equity Shareholders' funds divided by the number of Ordinary shares in issue at the year-end.

NAV Total Return (APM)

This measure combines two types of returns received by Shareholders. Firstly, as income in the form of dividends and secondly, as capital movements (net asset value) of the value of the Fund.

It is a performance measure that adjusts for dividends that have been paid in a period or year. This allows Shareholders to assess the returns they have received both in terms of the performance of the Company but also including dividends they have received from the Company which no longer form part of the Company's assets.

It is calculated as the percentage return achieved after taking the closing NAV per share and adding dividends paid in the year and dividing the total by the opening NAV per share. The Directors feel that this is the most meaningful method for Shareholders to assess the performance of the Company.

To aid comparison with the wider Investment Trust market, the Annual Report also contains a Total Return performance measure which assumes dividends are reinvested. This assumes that dividends paid are reinvested at the date of payment at a price equivalent to the latest announced NAV at the ex-div date. Where this is referred to it will be specified in the notes.

Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, shows Shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future. This is calculated by dividing the Investment Adviser's fees of £1,238,564 and other expenses of £451,261 (per Notes 4a and 4d on pages 55 and 56), the latter being reduced by IFA trail commision and one-off professional fees, by the average net assets throughout the year of £54,799,558.

Realised gains/(losses) in the year

This is the profit or loss that arises following the full or partial disposal of a holding in a portfolio company. It is calculated by deducting the value of the holding as at the previous year-end from the proceeds received in respect of such disposal.

Share price Total Return (APM)

As NAV Total Return, but the Company's mid-market share price is used in place of NAV. This measure more reflects the actual return a Shareholder will have earned, were they to sell their shares at the period's end date. It includes the impact of any discounts or premiums at which the share price trades compared to the underlying net asset values of the Company. If the shares trade at a discount, the returns could be less than the NAV Total Return, but if trading at a premium, returns could be higher than the NAV Total Return.

Corporate Information

Directors (Non-executive)
Christopher Moore (Chairman)
Christopher Burke
Graham Paterson
Helen Sinclair

Secretary
Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX

Company's Registered Office and Head Office
30 Haymarket
London
SW1Y 4EX

Company Registration Number
03707697
LEI No: 213800IFNJ65R8AQW943

Investment Adviser, Promoter and Administrator
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Solicitors
Shakespeare Martineau LLP
No 1 Colmore Square
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EC4M 9AF

Receiving Agent
The City Partnership (UK) Limited
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21 Thistle Street
Edinburgh
EH2 1DF

Registrars
Link Asset Services
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