

Mobius Income  
& Growth VCT plc  
**A Venture Capital Trust**

Annual Report & Financial Statements  
for year ended 31 December 2020



**Mobeus Income & Growth VCT plc** (“the Company”) is a Venture Capital Trust (“VCT”) listed on the London Stock Exchange. Its investment portfolio is advised by Mobeus Equity Partners LLP (“Mobeus”)

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## Financial Highlights

For the year ended 31 December 2020

Net assets: **£84.69 million**  
Net asset value (“NAV”) per share: **67.03 pence**

- Net asset value (“NAV”) total return<sup>1</sup> per share was 19.3%<sup>2</sup>.
- Share price total return<sup>1</sup> per share was 13.7%.
- Dividends declared and paid in respect of the financial year totalled 11.00 pence per share. Cumulative dividends paid since inception in 2004 stand at 139.80 pence per share.
- £5.43 million was invested into three new growth capital investments and four existing portfolio companies during the year.
- £10.47 million of unrealised gains were achieved in the year from strong portfolio performance.
- The Company realised investments totalling £20.80 million of cash proceeds and generated net realised gains in the year of £4.34 million.

<sup>1</sup> Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of terms on page 84.

<sup>2</sup> Further details on the NAV total return are shown in the Performance section of the Strategic Report on page 24.

## Performance Summary

**Cumulative NAV Total return<sup>1</sup> performance over the last 3, 5 and 10 years is 37%, 36% and 92% respectively.**

**The table below shows the recent cumulative performance since launch as at the end of each of the last five years.**

Reporting date as at	Net assets (£m)	NAV per share (p)	Share price <sup>2</sup> (p)	Cumulative dividends paid per share (p)	Cumulative total return per share to Shareholders		Dividends paid and proposed in respect of each year (p)
					(NAV basis) (p)	(Share price basis) (p)	
31 December 2020	84.69	67.03	57.50	139.80	206.83	197.30	11.00
31 December 2019	71.89	68.78	63.75 <sup>3</sup>	124.80	193.58	188.55	10.00
31 December 2018	75.08	70.25	62.00	113.80	184.05	175.80	7.00
31 December 2017	69.90	71.75	63.00	108.80	180.55	171.80	16.00
31 December 2016	63.15	83.53	74.75	89.80	173.33	164.55	14.50

<sup>1</sup> Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms on page 84.

<sup>2</sup> Source: Panmure Gordon & Co (mid-market price). The Share price derives from the last published NAV at 30 September, adjusted for any dividends paid in the following quarter, resulting in an adjusted NAV of 60.69 pence per share at 31 December 2020. Applying a c.5% discount to this figure, which is the basis on which the Company was willing to repurchase shares at that date, gives the share price of 57.50 pence per share.

<sup>3</sup> The share price at 31 December 2019 has been adjusted for a 4.00 pence dividend paid after the year-end on 8 January 2020 which was ex-div at 31 December 2019.

**Detailed performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT Shareholders are shown in a table on pages 80 to 81 of this Annual Report.**

### YOUR PRIVACY

We are committed to protecting and respecting your privacy. To understand how we collect, use and otherwise process personal data relating to you, or that you provide to us, please read our privacy notice, which can be found at [www.migvct.co.uk](http://www.migvct.co.uk).

I am pleased to present the annual results of Mobeus Income & Growth VCT plc for the year ended 31 December 2020.

## Overview

This year has been a very good one for Shareholder returns overall, despite the unprecedented and significant challenges resulting from the COVID-19 outbreak. Your Company's NAV total return per share for the year was 19.3%, a very pleasing result.

Before the pandemic, the Company's year began with a successful fundraising ensuring the Company continues to be well-funded. The good performance achieved in 2019 initially continued with strong portfolio progress as well as two well-timed and profitable realisations in February.

In March, substantial uncertainty and instability resulted from the COVID-19 pandemic and the UK Government's lockdown measures. A significant decline in consumer and business confidence followed with public markets falling sharply. The impact was an immediate reduction in portfolio values at the March quarter end - the low point of the year. These adjustments were only partly market related and mainly in response to the Investment Adviser's assessment of COVID-19's potential impact on investee companies and specific market segments.

However, greater clarity emerged as the year progressed and, for most of the investee companies, the environment was less volatile and uncertain than was initially assumed in March.

Over time, favourable trading conditions emerged for a number of the technology-related companies in the portfolio, and also those companies operating with direct to consumer business models. The valuation of the portfolio subsequently recovered strongly and progressed further during the latter half of the year.

Whilst the current lockdown and potential for further restrictions may impact the portfolio going forward, your Board is pleased with how well so many portfolio companies have been able to take advantage of the opportunities that have arisen and with the overall performance achieved.

Despite restrictions imposed on the ability of entrepreneurs to fund-raise due to COVID-19, the Company has remained an active investor during the year. Investments were made into three

new portfolio companies, four existing portfolio companies and profitable realisations were achieved of five portfolio companies. One of these exits, Auction Technology Group, generated the Company's highest absolute profit in its history.

Details on this investment activity and the portfolio valuation movements are discussed in the Investment Portfolio section of my Statement as well as in the Investment Adviser's Review on pages 5 to 12.

The Investment Adviser continues to report a healthy pipeline of investment opportunities along with strong trading performance by most of the portfolio companies.

## Performance

The Company's NAV total return per share for the year was 19.3% (being the closing NAV of 67.03 pence plus 15.00 pence of dividends paid in the year, made up of 4.00 pence declared for 2019 and 11.00 pence declared for 2020, divided by the opening NAV of 68.78 pence) (2019: 13.6%). The share price total return for the year was 13.7% (2019: 20.5%), compared to the NAV return of 19.3%. The difference arises because the share price relates to the latest NAV at 30 September 2020. This is explained more fully in the Strategic Report on page 24 under Performance.

The positive NAV total return for the year was primarily due to:

- Substantial net unrealised gains in portfolio valuations;
- Significant realised gains on disposals; and
- A strong revenue return.

The Board believes that the Company's performance has demonstrated both strong resilience and further progress during this volatile year. The valuations at the year-end reflect that many of the investee companies have become beneficiaries of consumer behaviour changes as lockdown accelerated the shift to online business. The Adviser believes many of these changes have become structural.

The Company's revenue return increased to £3.47 million during the year (2019: £1.74 million). This was mainly due to significant investment income received on the disposal of Auction Technology Group as well as higher dividend income, but partially offset by deferral of loan interest payments to support portfolio companies impacted by COVID-19.

## Dividends

A further interim dividend for the year to 31 December 2019 of 4.00 pence per share was paid on 8 January 2020. Dividends declared and paid in respect of the year ended 31 December 2020 total 11.00 pence (2019: 10.00 pence) per share, comprising 6.00 pence per share paid on 7 May 2020 and 5.00 pence per share paid on 17 December 2020.

The cumulative dividends paid since inception in 2004 are 139.80 pence (2019: 128.80 pence) per share.

The Company's ongoing target of paying a dividend of at least 4.00 pence per share in respect of each financial year has been achieved and often exceeded. Whilst the Board still believes this dividend target is attainable, it should be noted that the continued movement of the portfolio to a larger share of younger growth capital investments could lead to increased volatility, which may affect the return in any given year.

To the extent that dividends are paid other than out of income or from gains on investments, for instance out of special distributable reserves, Shareholders should note this may result in a reduction in NAV over the period.

A full dividend history is contained in the Performance Data appendix on page 82 and on the Company's website: [www.mobeus.co.uk/investor-area/](http://www.mobeus.co.uk/investor-area/).

## Investment portfolio

The portfolio was valued at £51.14 million (2019: £51.70 million) at the year-end, representing 124.1% of cost (2019: 116.9%). The overall value has increased by £14.81 million (2019: £9.14 million), or 28.7% (2019: 19.0%) on a like-for-like basis, compared to the start of the year. This increase was comprised of a net unrealised uplift in portfolio valuations of £10.47 million and £4.34 million in net realised gains over the year.

COVID-19 and lockdown restrictions have been the dominant influence on the portfolio and its valuations for most of the year. The Board liaised closely with the Investment Adviser during this unprecedented time, to ensure that pragmatic steps were taken to enable each portfolio company to weather the crisis as best it could in the hope of subsequently resuming a growth in value. All investee companies were alerted to, and some utilised, the available government support packages. The Company initially provided loan interest payment holidays to some portfolio companies, generating vital cash headroom over the subsequent period.

Although some portfolio companies remain disadvantaged by the COVID-19 pandemic, it was evident in the second half of the year that a number had actually been beneficiaries of the associated move to online/digital solutions.

The Company has now completed 22 new growth capital investments totalling £27.58 million since the change in the VCT rules introduced in 2015. At the year-end 65.3% (2019: 45.2%) of the portfolio was held in younger growth capital investments, while 34.7% (2019: 54.8%) of the value of the investment portfolio was held in more mature investments made before the rules changed.

During the year, £5.43 million was invested in three new investments and four existing portfolio companies (analysed in the Investment Adviser's Review on pages 5 to 12 and explained within Note 8 to the Financial Statements).

The new investments, at a cost of £1.86 million, were:

- **Andersen EV** £0.27 million  
Electric vehicle chargers;
- **Northern Bloc** £0.42 million  
Vegan and plant-based ice cream producer; and
- **Connect Childcare** £1.17 million  
Nursery management software provider.

These businesses may present opportunities for further investment in the future as they may require additional capital to achieve their plans to expand.

In addition, four follow-on investments totalling £3.57 million were made into:

- **Rota Geek** £0.57 million  
Workforce management software;
- **MyTutor** £0.84 million  
Digital education marketplace;
- **Buster & Punch** £1.41 million  
Lighting and interiors brand; and
- **Preservica** £0.75 million  
Digital archiving software.

We expect follow-on investments to continue to be a feature of the growth capital investments as they seek to achieve scale.

Cash proceeds totalling £20.80 million for the year were received from portfolio companies that were either sold, repaid loans or settled other capital proceeds. Of this total, £20.15 million was received as cash proceeds from the sales of Biosite, Auction Technology Group, Access IS, Blaze Signs and Vectair Holdings.

Proceeds of £0.65 million were also received from loan repayments and other capital proceeds.

The portfolio achieved a net increase in unrealised valuations of £10.47 million for the year on investments still held, with substantial increases from Virgin Wines, MPB Group and Parsley Box partially offset by modest valuation falls at Tapas Revolution, CGI Creative Graphics and Media Business Insight.

After the year-end, new and further investments were made into the following companies:

New investments:

- **Vivacity** £1.16 million  
Artificial intelligence & urban traffic control system; and
- **Caledonian Leisure** £0.18 million  
UK leisure and experience breaks.

Further investments:

- **Parsley Box** £0.33 million  
Ambient ready meals for the over 60s;
- **Arkk Consulting** £0.62 million  
Regulatory reporting software;
- **Bleach** £0.14 million  
Branded hair treatments; and
- **Tapas Revolution** £0.14 million  
Spanish restaurant chain in the casual dining sector.

The flotation of Virgin Wines on the AIM market took place on 2 March 2021, at a Placing Price per share that increased the value of the Company's investment in Virgin Wines by £5.86 million. This increase reflects a premium generated by the strong support received from investors in the public offer. In isolation, this has resulted in a 4.64 pence uplift in NAV per share compared to the 31 December 2020 NAV per share contained within this Annual Report. As part of this transaction, the Company received repayment of its remaining loan stock, leaving Virgin Wines unencumbered. The Board and Investment Adviser remain strong supporters of Virgin Wines and the Company has retained its entire equity holding.

The flotation on the AIM market of another portfolio company, Parsley Box, is expected to take place on 31 March 2021. Subject to Admission to trading, the Placement Price of £2.00 per share will increase the year-end value of the Company's investment by £2.11 million. Again, in isolation, this will result in a further 1.67 pence uplift in NAV per share compared to the 31 December 2020 NAV per share contained within this Annual Report.

Further details on these portfolio movements are contained in the Investment Adviser's Review on pages 5 to 12.

## Review of longer-term performance

The Board also regularly reviews the Company's total (income and capital) return performance on both a NAV and Share Price basis compared to its peer group. Based on the statistics prepared by Morningstar at 31 December 2020 over the last five years, the Company was ranked 2nd on a NAV total return basis and 1st on a Share Price total return basis out of 41 generalist VCTs, both assuming dividends are reinvested (source: AIC). Additionally, the Company was ranked 1st on a NAV total return basis and 4th on a Share Price total return basis, out of 30 generalist VCTs, assuming dividends are reinvested, over the last ten years. Shareholders should note that these figures are based on the last available published data at 30 September 2020 and do not therefore reflect the increased NAV per share in the fourth quarter, disclosed in this Report.

Shareholders who invested in 2004 at the launch of the Company have seen a NAV cumulative total return of 206.83 pence per share compared with their initial investment cost of 100 pence per share, or a net cost of 60 pence per share (after initial income tax relief of 40 pence of their investment). As part of this return, 139.80 pence per share has been paid to Shareholders in dividends up to the year-end. This represents an average annual yield on the initial 100 pence investment of 8.6% and 14.3% on the adjusted investment cost after income tax relief of 60.00 pence. The balance of the total return is the December 2020 NAV of 67.03 pence per share.

## Share buybacks

During the year, the Company bought back and cancelled 1,423,180 shares, allowing Shareholders who wanted to sell their shares to do so. The buybacks represented 1.4% (2019: 2.2%) of the issued share capital of the Company at the beginning of the year. Further details are included in the Report of the Directors on page 34.

The Company's policy is to cancel all shares bought back in this way. The Board regularly reviews its buyback policy and currently seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.



### Shareholder Communications

May I remind you that the Company has its own website containing useful information for Shareholders: [www.migvct.co.uk](http://www.migvct.co.uk).

The annual Shareholder event was held on Tuesday, 4 February 2020 at the National Gallery in central London. Feedback from attendees was that this was a successful and informative event. Due to the uncertainty of when it may be possible to meet in a physical location again and for the safety of all concerned, the Investment Adviser is planning to hold a virtual Shareholder event later in 2021. Details will be notified to Shareholders once finalised and will be shown on the Company's website.

### Environmental, Social and Governance (ESG)

Whilst the requirements under company law to detail ESG matters are not directly applicable to the Company, the Board is conscious of its potential impact on the environment as well as its social and corporate governance responsibilities. The Investment Adviser takes ESG considerations into account when investing and has presented its ESG strategy to the Board and has started to provide regular updates regarding the ESG responsibilities of its portfolio of investee companies.

Your Board would like to assure Shareholders that it is taking these issues seriously. The future FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures commencing from 1 January 2021 do not currently apply to the Company. However, it will be kept under review in light of any recommended changes.

### Fraud Warnings

#### Boiler Room fraud

We are aware of a number of cases where Shareholders are being fraudulently contacted or are being subjected to attempts of identity fraud. Shareholders should remain vigilant of all potential financial scams or attempts for them to disclose personal data for fraudulent gains. The Board strongly recommends Shareholders take time to read the Company's fraud warning section, including details of who to contact, contained within the Information for Shareholders section on page 76.

### Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at 2:00 pm on Monday, 10 May 2021. Shareholders should note that physical meetings will still not be permitted due to the UK Government's COVID-19 restrictions and therefore Shareholders will not be allowed to attend the AGM in person as a precaution. In planning our AGM we have sought to prioritise the safety and wellbeing of our Shareholders and all attendees. The AGM will be held as a closed meeting with Shareholders able to join the meeting as attendees by electronic means. You will be able to see the Board members and Investment Adviser on your screen. A link to attend the meeting can be found in the Notice of Meeting at the rear of this Report on pages 77 to 79. This link is also available on the Company's website at [www.migvct.co.uk](http://www.migvct.co.uk) under the red AGM bubble on the front page. You do not need to download or have an electronic account to access the event. The meeting will also be accessible by telephone conference call for those without a suitable device and/or Wi-Fi connection. These details are also on page 75. Once the formal business of the meeting is concluded, a presentation by the Investment Adviser will commence followed by Shareholders' questions.

Shareholders will not be able to vote at the meeting. Voting will be conducted by way of a poll, by the quorum of members present, of all the valid proxy votes lodged. The Board encourages Shareholders to submit their vote by proxy either by completing and returning the form enclosed or otherwise proxy votes may also be submitted electronically via Computershare's Investor Centre at: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy).

Shareholders are also strongly advised to appoint the Chairman of the Meeting as their proxy as any other nominated proxy may not be able to attend the meeting and the vote would not then count.

Shareholders can also submit any questions by 4 May 2021 about the resolutions to be passed at the AGM before the meeting, using the [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) email address and a response will be provided prior to the deadline for lodging proxy votes of 6 May 2021. You can also register a question for the AGM by using the same email address or alternatively, use the question facility available during the meeting.

### Outlook

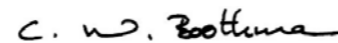
The impact of COVID-19 was and will continue to be widespread although your Board considers that the Company is well positioned to continue to adapt and respond to the most likely scenarios as can be foreseen at present. The five successful realisations and the fundraising completed earlier in the year gave the Company strong liquidity to support the existing portfolio, but also to take advantage of opportunities as they arise for new investment, like those we have seen during the year. The year-end valuations reflect the strong performance by many of our investee companies and a robust, adequately-funded and resilient portfolio, that is well equipped to meet the ever-changing environment.

The results achieved for the year include valuation increases across the portfolio, underpinned by the five successful realisations. The Investment Adviser is seeing a good pipeline of new and interesting investment opportunities and also of opportunities to realise investments. The COVID-19 uncertainties and economic instability may still cause global markets and economies to be more volatile in the short-term.

As a result of teething problems in the application of the new EU trade agreement post Brexit, UK and European businesses in particular, will continue to operate in a slightly uncertain trading environment for the near future (although no material issues have been experienced by the investee companies to date). The companies in the portfolio have been well prepared for the impact of Brexit for some time and this seems to be working well.

Whilst the degree of any future lockdowns or other restrictions to the UK economy remains unclear, both the Investment Adviser and the portfolio companies are well equipped to respond appropriately. Consequently, your Board is cautiously optimistic about the future of the Company.

I would like to take this opportunity, once again, to thank all Shareholders for their continued support and I hope you and your families remain healthy and well.



**Clive Boothman**  
Chairman

30 March 2021

## Investment Portfolio

### Investment Adviser's Review

#### Overview

This has been an unprecedented year in terms of initial value decline and the subsequent recovery and further progress. The Company's year started well with a strong portfolio performance and two highly successful realisations. The UK Government introduced lockdown and social distancing measures in response to the COVID-19 pandemic in March. These measures had an immediate and adverse impact on UK businesses, resulting in many companies experiencing a substantial reduction in demand, restrictions on their working practices and disruption to their supply chains. Global markets also fell significantly at the same time. The valuations of the portfolio companies reflected all of this, with a majority experiencing a significant decline at the end of the March quarter.

Once the immediate impact of lockdown subsided, the pandemic's continuing influence on business generally and portfolio companies in particular, became far clearer. The impact has been far less negative than was initially feared with markets recovering and business activity levels quickly returning to pre COVID-19 levels in most cases. There have been a few portfolio companies which have experienced major disruption during this time but a significant proportion have benefited from the structural change in consumer purchasing habits and are now trading at or above the level pre COVID-19. The FTSE General Retail sector now comprises over 50% of the portfolio and all these companies have significant direct to consumer channels, a business model that has performed very well. Most of the portfolio has demonstrated a high degree of resilience with nearly 90% of companies showing revenue and/or earnings progression over the previous year. Software and other technology enabled businesses have also in the main performed strongly and the portfolio has benefited from limited exposure to more challenging sectors such as hospitality and travel.

Strong trading activity levels created investment opportunities for the Company as portfolio companies sought to consolidate their positions by building capacity in response to demand. Several further growth capital investments were therefore made into the existing portfolio over the year. Mobeus continues to review the opportunities for follow-on investments and, due to the Company's strong liquidity, is in a good position to capitalise on these. M&A sentiment also remained buoyant with a continuing stream of attractive realisations throughout the year. The outlook for both follow-on investment and realisations continues to be positive.

Although quoted markets have rallied somewhat since March, the principal driver of the rise in valuations over the recent months was strong underlying trading performance. Although a small number of companies have clearly struggled, they are in the minority and their impact on overall shareholder returns has been minimal. Increase in revenues and earnings achieved across most of the portfolio have driven the significant overall uplift in the value of the portfolio at 31 December 2020. In two cases, this increase in portfolio valuations at the year-end has been further validated by post balance sheet events: 1) The flotation of Virgin Wines on the AIM market on 2 March 2021, at a price per share that further materially increases the value of the Company's investment since the December year-end valuation, and;

2) The flotation on the AIM market of Parsley Box, which is expected to take place on 31 March 2021, again at a price per share that will increase the value of the Company's investment since the 31 December year-end valuation.

The social and economic consequences of COVID-19 will be experienced for some time to come and the practical impact of Brexit is as yet still emerging. However, the majority of the portfolio is well prepared, in robust

shape and is comfortably placed to respond to the challenges and opportunities that will arise.

Overall, the portfolio has demonstrated great resilience and potential in trying times. Nevertheless, we remain mindful of the macro-economic uncertainties and market volatility. We are cautiously optimistic, based upon the recent evidence of improved trading performance experienced by many constituents of the portfolio. Mobeus believes much of this uplift will become permanent in many cases and should underpin further potential growth within the portfolio.

#### New and further Investments

The Company made new and follow-on investments totalling £5.43 million (2019: £5.85 million), comprising £1.86 million (2019: £5.27 million) into three new investments and £3.57 million (2019: £0.58 million) into four existing investments. This level of new and follow-on investment is pleasing given that there was effectively a pause in new investment going into the summer months as entrepreneurs temporarily deferred fundraising, but a healthy pipeline of suitable opportunities has been seen more recently. Overall, the level of follow on investment has increased over the previous year and the Investment Adviser is confident that opportunities to back growing portfolio companies will continue.

### New Investments during the year

A total of £1.86 million was invested into three new investments during the year, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
<b>ANDERSEN</b>	Andersen EV	Electric vehicle chargers	June 2020	0.27

Muller EV Limited (trading as Andersen EV) is a design led manufacturer of premium electric vehicle (EV) chargers. Incorporated in 2016, this business has secured high profile partnerships with Original Equipment Manufacturers such as Porsche, establishing an attractive niche position in charging points for the high end EV market. The manufacturer's funds will be used to scale the business through investment in further products and software, sales and marketing and electric vehicle manufacturer partnerships. Given the current strong political and social emphasis on decarbonisation and air quality, Andersen is well positioned and has already generated significant growth in sales by over 350% for its most recent financial year.

<b>NORTHERN BLOC</b>	Northern Bloc	Vegan and dairy-free ice cream producer	December 2020	0.42
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Northern Bloc Ice Cream is an established food brand in the emerging and rapidly growing vegan market. By focusing on chef quality and natural ingredients, Northern Bloc has carved out an early mover position in the vegan ice cream sector. The company's focus on plant-based alternatives has strong environmental credentials as well as it being the first ice cream brand to move wholly into sustainable packaging. The investment is aimed at capitalising on the company's market position and accelerating growth. It has obtained key listings across several large supermarkets and is well placed to benefit from the food service recovery as it continues to secure menu placings. Northern Bloc has doubled its retail store presence in 2020 and saw a 60% increase in retail sales over the year.

<b>connect childcare</b>	Connect Childcare	Nursery management software provider	December 2020	1.17
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Connect Childcare is a fully integrated nursery management system for childcare providers in the UK. Its market leading Core Connect product provides nurseries and preschools with an enterprise software solution enabling more efficient administrative processes. The investment will be used to drive product marketing and commercialise their new SaaS product (Foundations), as well as support the roll out of a payment facility to its underlying customer base. Supplying 14 of the top 25 largest nursery groups in the UK, the company has strong recurring revenues, which have grown 20% for each of the last three years.

### Further Investments during the year

A total of £3.57 million was invested into four existing portfolio companies during the year, as detailed below:

	Company	Business	Date of investment	Amount of further investment (£m)
<b>rotageek</b>	RotaGeek	Workforce management software	May 2020	0.57

RotaGeek is a provider of cloud-based enterprise software to help larger retail, leisure and healthcare organisations predict and meet demand to schedule staff effectively. This investment, alongside funds from a new investor and existing shareholders, will be used to capitalise on opportunities that will emerge as the retail sector recovers from lockdown restrictions. RotaGeek will also be expanding its presence in healthcare to help address the workforce management issues of a sector that is chronically overburdened at present. For the year ended 31 December 2019, revenues have grown over 45% on the prior year with 2020 revenues holding up well despite COVID-19 lockdowns.

<b>MyTutor</b>	MyTutor	Digital marketplace connecting school pupils seeking one-to-one tutoring	May 2020	0.84
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MyTutorweb (trading as MyTutor) is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results. This further investment, alongside other existing shareholders, seeks to build and reinforce its position as a UK category leader in the online education market as well as to begin to develop a broader, personalised learning product offering. MyTutor has performed strongly over the last 18 months with 70% growth in 2019 and over 190% over the last 12 months. The company has been chosen as a Tutoring Partner for the National Tuition Programme where they will directly support 30,000 students in catching up on lost learning because of the COVID-19 pandemic.

	Company	Business	Date of investment	Amount of further investment (£m)
<b>BUSTER + PUNCH</b>	Buster & Punch	Lighting and interiors brand	September 2020	1.41

Buster & Punch is a premium branded, fast growing business which designs and manufactures a complete range of high-quality functional fittings (lighting, electrical and hardware and other accessories) for the home. The Company first invested in 2017 and since then, the business has delivered consistent high growth, with revenues growing more than 65% and reaching nearly £10 million in 2020. Buster & Punch's products are now sold in 99 countries via both its highly developed ecommerce platform and direct services to consumers, trade and retailers across the world. Buster & Punch also operates flagship showrooms in London, Stockholm and Los Angeles. The new funding will be used for further international expansion into the US and Asia Pacific markets.

<b>Preservica</b>	Preservica	Seller of proprietary digital archiving software	September 2020	0.75
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Preservica is a SaaS software business with blue chip customers and strong recurring revenues. It has developed market leading software for the long-term preservation of digital records, ensuring that digital content can remain accessible irrespective of future changes in technology. This latest investment is to provide additional growth capital to finance the further development of the business. The year to 31 March 2020 saw record growth in contract bookings of 68% and many key customer wins.

### Portfolio Valuation Movements

The portfolio generated net unrealised gains of £10.47 million during the year. The scale of the valuation increases in the last nine months of the year was primarily driven by the Company's growth portfolio, many of which have direct to consumer business models that have been ideally suited to the more physically remote business environment under COVID-19. Mobeus believes that this has accelerated an existing trend and in many cases the shift in behaviour will prove permanent. Over this period, some older style MBO portfolio companies with similar business practices have also benefited. A few companies have struggled in this environment, and while there remains a possibility such businesses will fail, their value has already been reduced to modest levels, reducing their risk to future shareholder value.

Details of the principal valuation increases and reductions are explained below:

Total valuation increases were £15.54 million. The main valuation increases include:

Virgin Wines	£4.85 million
MPB Group	£1.83 million
Parsley Box	£1.58 million
Wetsuit Outlet	£1.55 million

Virgin Wines, MPB and Parsley Box have generated record earnings and revenues over the lockdown periods and beyond. All have significantly increased their customer base and there

is evidence that these new customers are continuing to be at least as active and profitable as their pre-COVID-19 counterparts. Wetsuit Outlet has seen a marked turnaround in the last year and its performance is likely to further benefit from stronger brand relationships and increased usage by customers of its online channel.

Within total valuation decreases of £(5.07) million. The main reductions were:

Tapas Revolution	£(1.35) million
CGI Creative Graphics International	£(1.19) million
Media Business Insight	£(1.06) million
RotaGeek	£(0.69) million

These companies saw the most significant impact of a sudden decline in demand for their products or services because of COVID-19. However, as restrictions are eventually eased, a recovery is anticipated in due course.

Most of the increase in portfolio value lies in the top 10 companies which represent over 70% of the portfolio by value. Year-on-year growth by either revenues or earnings has been seen in all of the top ten companies and it is pleasing to note that eight of these are from the younger growth portfolio made since the rule change in 2015.

The year also saw portfolio companies Jablite, Oakheath (formerly Super Carers) and CB (Country Baskets) entering voluntary liquidation and recognised as a realised loss. These companies were struggling before the impact of COVID-19 and valuation

reductions for these companies had already been made. As a result, there has been little impact on shareholder value from these administration processes.

Growth capital investing involves companies which often have not achieved profitability, and as a result, have to be measured on other metrics. The table below shows the proportion of the portfolio that is represented by high growth but yet to be profitable companies (often valued by reference to revenue or gross profit multiple), compared with more mature, established companies with a history of profitability and which can therefore be valued on an earnings multiple:

Valuation methodology	2020 £m	2019 £m
Revenue multiple	25.55	14.14
Earnings multiple	23.50	30.94
Recent investment price	1.59	2.98
Other	0.50	-
Gross profit multiple	-	3.51
Recent investment price (reviewed for impairment)	-	0.13
<b>Total</b>	<b>51.14</b>	<b>51.70</b>

Note: See Glossary of terms on page 83 for definitions of the financial performance terms in the table above.




## Portfolio Realisations


The Company realised its investments in Biosite, Auction Technology Group, Access IS, Blaze Signs and Vectair Holdings during the year, receiving a total of £20.15 million in sale proceeds, contributing to total proceeds of £20.80 million received during the year, as detailed below and on the next page. In summary, aggregate proceeds and income generated over the life of these investments were £35.64 million representing gains over original cost of £25.02 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Biosite	Workforce management and security services	November 2016 to February 2020	£2.45 million 1.5 x cost


The Company sold its investment in Pattern Analytics Limited (trading as Biosite) to ASSA ABLOY AB for £2.34 million. Since investment in 2016, the investment has generated proceeds of £2.45 million compared to an original investment cost of £1.58 million, which is **a multiple on cost of 1.5x and an IRR of 21.0%**.

	Auction Technology Group	Online auction marketplace platform	October 2008 to February 2020	£14.79 million 4.5 x cost
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The Company sold its investment in Turner Topco Limited (trading as Auction Technology Group) to TA Associates for £8.64 million (including £1.78 million loan interest due on completion) (total realised gain in the year: £1.90 million). This investment generated proceeds of £14.79 million over the life of the investment (including proceeds received following a partial realisation from a sale to ECI Partners in June 2014), compared to an original cost of £3.27 million. Over the 11 ½ years this investment was held, these returns generated **a multiple on cost of 4.5x and an IRR of 28.9%**.

	Access IS	Data capture and scanning hardware	October 2015 to August 2020	£8.25 million 2.5 x cost
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The Company sold its investment in Tovey Management Limited (trading as Access IS) to ASSA ABLOY AB for proceeds of £7.04 million (realised gain in the year: £2.32 million). Since investment in 2015, the investment has generated cash proceeds of £8.25 million compared to an original investment cost of £3.26 million, which is **a multiple on cost of 2.5x and an IRR of 23.4%**.

	Blaze Signs	Manufacturer and installer of signs	April 2006 to September 2020	£5.50 million 2.8 x cost
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The Company sold its investment in Blaze Signs Holdings Limited via a secondary buy out backed by Elaghmore Advisor LLP and has received cash proceeds of £2.21 million (including £0.77 million of dividends and £0.23 million proceeds received after the year-end) (realised gain in the year: £0.16 million). Over the 14 years this investment was held, cash proceeds of £5.50 million have been received compared to original cost of £1.95 million, which is **a multiple of cost of 2.8x and an IRR of 13.9%**.

	Vectair	Designer and distributor of washroom products	January 2006 to November 2020	£4.65 million 8.3 x cost
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The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received proceeds of £2.70 million (realised loss in the year: £(0.23) million). This investment generated proceeds over the life of the investment of £4.65 million compared to original cost of £0.56 million, which is **a multiple of cost is 8.3x and an IRR of 22.2%**.

## Loan stock repayments and other gains/(losses)

During the year, proceeds of £0.47 million were received via loan repayments from BookingTek, Vian Marketing (trading as Red Paddle) and

Buster & Punch, generating realised gains of £0.07 million.

Finally, consideration and a realised gain of £0.18 million was received in respect of Redline Worldwide, an investment realised in a previous year and a realised

loss of £(0.06) million from Jablite Holdings was recognised as this company entered liquidation, with some further recovery of monies still anticipated.

Investment Portfolio Yield	2020 £m	2019 £m
Interest received in the year	3.03	2.17
Dividends received in the year	1.63	0.51
<b>Total portfolio income in the year<sup>1</sup></b>	<b>4.66</b>	<b>2.68</b>
<b>Portfolio value at 31 December</b>	<b>51.14</b>	<b>51.70</b>
<b>Portfolio Income Yield (Income as a % of Portfolio value at 31 December)</b>	<b>9.1%</b>	<b>5.2%</b>

<sup>1</sup> Total portfolio income in the year is generated solely from investee companies within the portfolio. See Note 3 of the Financial Statements for all income receivable by the Company.

The increase in income was mainly due to interest of £1.78 million received on the loan instruments in Auction Technology Group being paid, as part of the sale transaction, which had not previously been recognised. Portfolio yield is expected to fall for the foreseeable future, as the growth portfolio's returns are likely to be more capital in nature.

## Portfolio review

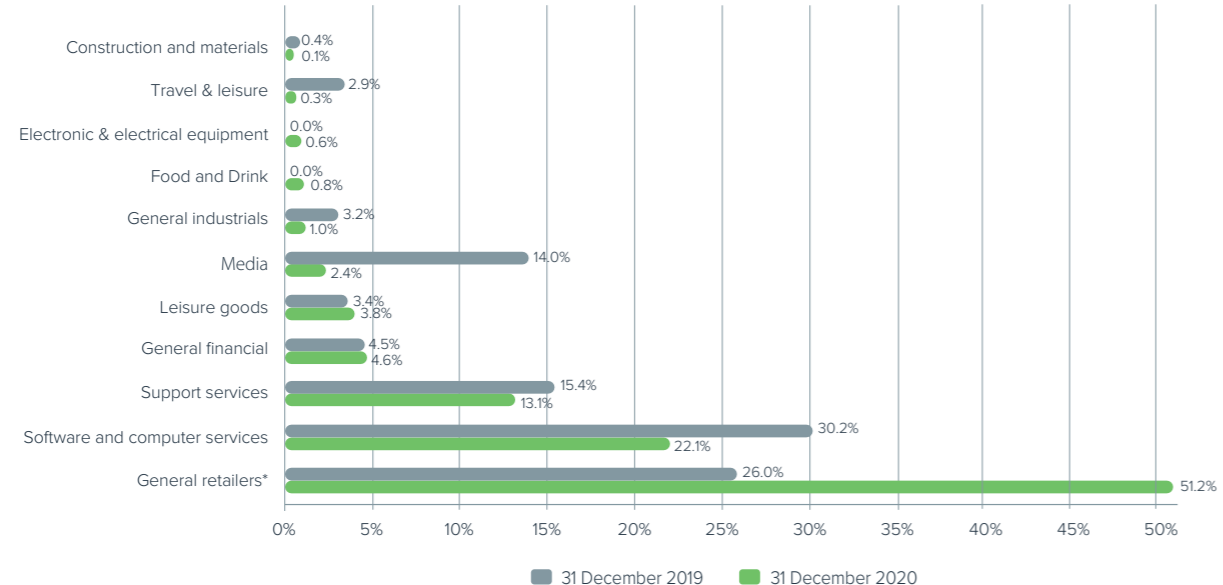
The portfolio's movements and valuation changes in the year are summarised below:

	2020 £m	2019 £m
Opening portfolio value	51.70	48.48
New and further investments	5.43	5.85
Disposal proceeds	(20.80)	(11.77)
Net realised gains	4.34	3.35
Valuation movements	10.47	5.79
<b>Portfolio value at 31 December</b>	<b>51.14</b>	<b>51.70</b>

Investment Portfolio Capital Movement	2020 £m	2019 £m
Increase in the value of unrealised investments	15.54	8.07
Decrease in the value of unrealised investments	(5.07)	(2.28)
<b>Net increase in the value of unrealised investments</b>	<b>10.47</b>	<b>5.79</b>
Realised gains	4.63	3.35
Realised losses	(0.29)	-
<b>Net realised gains in the year</b>	<b>4.34</b>	<b>3.35</b>
<b>Net investment portfolio capital movement in the year</b>	<b>14.81</b>	<b>9.14</b>

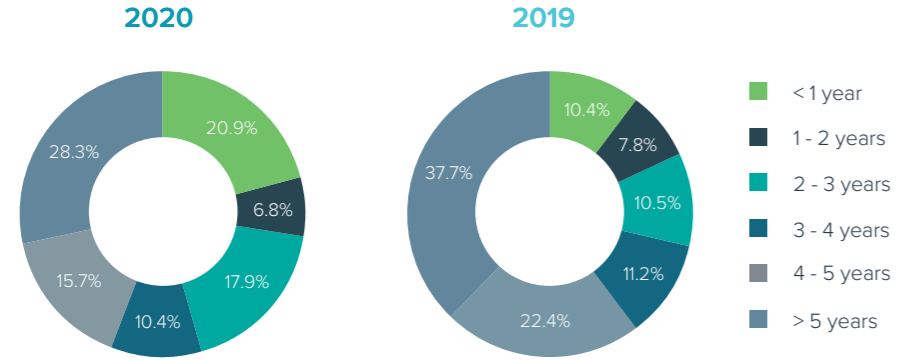
**Investments by market sector**

Investments by value remain spread across a number of FTSE sectors, primarily in general retailers, software and computer services and support services. Although the portfolio appears concentrated on three main sectors, the range of companies contained within these sectors is considered to be very diverse. The Investment Adviser continues to target further investments to complement these sectors.

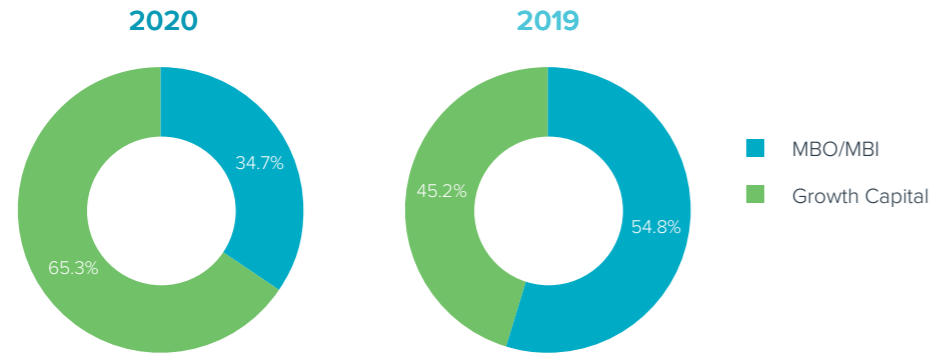


\* - All of the General retail investments have branded online direct to consumer businesses with no direct physical high street retail presence, being Bleach London, Buster & Punch, EOTH (trading as RAB and Lowe Alpine), MPB Group, Parsley Box, Wetsuit Outlet, and Virgin Wines.

**Age of the portfolio by value**



**Type of investment by value**




Investments made after the 2015 rule changes are all growth capital investments which are young businesses using the Company's investment for growth and development purposes (as defined under VCT legislation).

Investments made before the 2015 rule change include all investments made under the Investment Adviser's management buyout ("MBO") strategy and management buy in ("MBI") strategies. This typically includes MBO and MBI investments which are more mature, but also contains some growth capital investments.

**New and further investments and realisations after the year-end.**

£1.34 million was invested into two new investments after the year-end, as detailed below:-

Company	Business	Date of investment	Amount of new investment (£m)
 Vivacity	Artificial intelligence & urban traffic control system	February 2021	1.16


Vivacity ([www.vivacitylabs.com](http://www.vivacitylabs.com)) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage their road infrastructure more effectively, enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection methods. The growth capital funding will allow the management team to achieve deeper penetration of the UK transport management sector, explore opportunities internationally and commercialise its new Smart Junction offering. Revenues have grown 350% over the last three years and it has exceeded its most recent year's budget despite the onset of the COVID-19 pandemic.

Company	Business	Date of investment	Amount of new investment (£m)
 Caledonian Leisure	UK Leisure and experience breaks	March 2021	0.18

Caledonian Leisure works with accommodation providers, coach businesses and other experienced break providers (such as entertainment destinations and theme parks) to deliver to its customers UK-based leisure and experience breaks. It comprises two brands, Caledonian Travel ([www.caledoniantravel.com](http://www.caledoniantravel.com)) and UK Breakaways ([www.ukbreakaways.com](http://www.ukbreakaways.com)). The domestic leisure and experience travel market has been devastated by the COVID-19 pandemic, but the company is well-placed to expand as lockdown and travel restrictions are eased. This investment, as part of a series of planned investment tranches, will help the company prepare for and capitalise on what is expected to be strong demand for UK staycation holidays.

**Further Investments after the year-end**


A total of £1.23 million was invested into four existing portfolio companies after the year-end, as detailed below:

Company	Business	Date of investment	Amount of new investment (£m)
 Parsley Box	Ambient ready meals targeting the over 60s	January 2021	0.33

Parsley Box is a UK direct to consumer supplier of home delivered, ambient ready meals targeting the over 60s. 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 company has seen a strong benefit from the COVID-19 pandemic with revenues nearly eight times greater than at the time of the original investment. This further investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. This company has announced an intention to admit its shares to trading on AIM on 31 March 2021.

Company	Business	Date of investment	Amount of new investment (£m)
 Arkk Consulting	Regulatory and reporting requirement service provider	February 2021	0.62

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. This further investment is to enable continued development of its software to capitalise on HMRC's 'Making Tax Digital' campaign. Recurring revenues are now over 50% higher than at the point of the original investment in May 2019.

Company	Business	Date of investment	Amount of new investment (£m)
 Bleach	Hair colourants brand	February 2021	0.14

Bleach London Holdings ("Bleach") is an established, branded, fast growing business which manufactures a range of haircare and colouring products. Bleach has made sound commercial progress since the VCTs invested in 2019 with its direct-to-consumer channels benefiting greatly from the COVID-19 pandemic. Revenues have grown over 90% ahead of the previous year. This further investment, along with strong support from existing investors, will be used to invest in marketing and infrastructure to enable the business to accelerate its direct to consumer channel.

	Company	Business	Date of investment	Amount of new investment (£m)
	Tapas	Spanish restaurant chain	March 2021	0.14

Tapas Revolution is a leading Spanish restaurant chain in the casual dining sector. At initial investment in January 2017 it was operating five sites and, after a further investment round in March 2018, had grown to 12 sites. Tapas was trading well and had a strong outlook up until the onset of COVID-19 which mandated the closure of much of its estate during 2020 in response to the varying patterns of government restrictions. Costs have been controlled well under the circumstances and this further investment is to provide financial headroom through the remaining lockdown period and so as to capitalise on new site acquisition opportunities once the lockdown period has ended.

#### Admission to AIM of Virgin Wines

Mobeus is also pleased to report that on 2 March 2021, Virgin Wines UK plc ("Virgin Wines"), an existing portfolio company, was admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange, alongside a placing of new and existing shares. The Placing Price of these shares was £1.97 per share, valuing Virgin Wines at a market capitalisation of £110m. Mobeus Equity Partners LLP has been proud to partner the management of Virgin Wines in growing this business. We continue to support Virgin Wines and its future development and are pleased to be retaining the Company's entire equity holding.

At the date of the admission, and based upon the Placing Price of £1.97 per share, the Company's beneficial equity investment in Virgin Wines was valued at £11.52 million. This represented a significant uplift in valuation of £5.86 million, compared to that included in the Company's audited Net Asset Value ("NAV") per share at 31 December 2020 as shown as part of this Annual Report. This increase reflects a premium generated by the strong support received from investors in the public offer. As part of this transaction, the Company received net proceeds of £2.35 million (net of transaction costs) to repay its loan stock and interest, leaving Virgin Wines ungeared at that point. At the date of this Report, Virgin's share price has remained above its placing price.

#### Environmental, Social, Governance considerations

The Investment Adviser and the Board are considering an appropriate framework within which to assess progress on these matters within the existing portfolio. The Investment Adviser is encouraging this matter to be a standing agenda item at investee company board meetings. It will continue to be an important consideration in the Investment Adviser's and the Board's assessment of new investment opportunities.

The statutory environmental disclosures are included in the Directors' Report on page 35.

#### Outlook

The portfolio is in a healthy position with many companies trading well throughout the lockdowns and several at record levels. It continues to evolve, offering a balance of fast-growing and more stable investments at various stages of maturity and scale across a range of diverse market sectors. There is a significant exposure to the direct to consumer business model which has underpinned performance during the year. This also gives confidence about the future performance of the portfolio and its ability to cope with other uncertainties, challenges and opportunities associated with Brexit, the macro-economic outlook and the most recent imposition and subsequent lifting of national lockdowns.

The new investment pipeline is recovering to levels seen pre-COVID-19 and capital deployment should continue at an encouraging rate in line with forecast. The Investment Adviser, although cautious in its approach, is confident that the portfolio is in a robust shape to be able to cope with whatever the short to medium-term holds.

*Mobeus Equity Partners LLP*

**Mobeus Equity Partners LLP**  
Investment Adviser

30 March 2021

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## Principal investments in the portfolio at 31 December 2020 by valuation

Virgin Wines	mpb.com	Preservica Digital Preservation	BUSTER + PUNCH	equip outdoor technologies Ltd	MyTutor
<b>Virgin Wines Holding Company Limited</b> www.virginwines.co.uk	<b>MPB Group Limited</b> www.mpb.com	<b>Preservica Limited</b> www.preservica.com	<b>End Ordinary Group Limited (trading as Buster and Punch)</b> www.busterandpunch.com	<b>EOTH Limited (trading as Equip Outdoor Technologies)</b> www.equipuk.com	<b>My Tutorweb Limited</b> www.mytutor.co.uk
<b>Cost</b> £2,439,000	<b>Cost</b> £1,900,000	<b>Cost</b> £2,849,000	<b>Cost</b> £1,885,000	<b>Cost</b> £1,298,000	<b>Cost</b> £2,374,000
<b>Valuation</b> £7,976,000	<b>Valuation</b> £5,294,000	<b>Valuation</b> £4,780,000	<b>Valuation</b> £3,333,000	<b>Valuation</b> £3,275,000	<b>Valuation</b> £2,906,000
<b>Basis of valuation</b> Earnings multiple	<b>Basis of valuation</b> Revenue multiple	<b>Basis of valuation</b> Revenue multiple	<b>Basis of valuation</b> Earnings multiple	<b>Basis of valuation</b> Earnings multiple	<b>Basis of valuation</b> Revenue multiple
<b>Equity % held</b> 12.2%	<b>Equity % held</b> 6.8%	<b>Equity % held</b> 14.4%	<b>Equity % held</b> 9.8%	<b>Equity % held</b> 2.3%	<b>Equity % held</b> 9.6%
<b>Income receivable in year</b> £445,039	<b>Income receivable in year</b> £34,541	<b>Income receivable in year</b> £57,066	<b>Income receivable in year</b> £11,920	<b>Income receivable in year</b> £325,797	<b>Income receivable in year</b> Nil
<b>Business</b> Online wine retailer	<b>Business</b> Online marketplace for photographic and video equipment	<b>Business</b> Seller of proprietary digital archiving software	<b>Business</b> Industrial inspired lighting and interiors retailer	<b>Business</b> Branded outdoor equipment and clothing (Rab and Lowe Alpine)	<b>Business</b> Digital marketplace connecting school pupils seeking one-to-one tutoring with tutors
<b>Location</b> Norwich	<b>Location</b> Brighton	<b>Location</b> Abingdon, Oxfordshire	<b>Location</b> Stamford	<b>Location</b> Alfreton, Derbyshire	<b>Location</b> London
<b>Original transaction</b> Management buyout	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital
<b>Audited financial information</b>	<b>Audited financial information</b>	<b>Audited financial information</b>	<b>Audited financial information</b>	<b>Audited financial information</b>	<b>Financial information (unaudited)</b>
<b>Year ended</b> 30 June 2019 <b>Turnover</b> £42,456,000 <b>Operating profit</b> £2,289,000 <b>Net assets</b> £2,763,000	<b>Year ended</b> 31 March 2020 <b>Turnover</b> £44,179,000 <b>Operating loss</b> £(311,000) <b>Net assets</b> £9,753,000	<b>Year ended</b> 31 March 2020 <b>Turnover</b> £4,701,000 <b>Operating loss</b> £(2,633,000) <b>Net liabilities</b> £(1,394,000)	<b>Year ended</b> 31 March 2020 <b>Turnover</b> Not disclosed <b>Operating profit</b> Not disclosed <b>Net assets</b> £1,679,000	<b>Year ended</b> 31 January 2020 <b>Turnover</b> £65,230,000 <b>Operating profit</b> £8,665,000 <b>Net assets</b> £31,084,000	<b>Year ended</b> 31 December 2019 <b>Turnover</b> Not disclosed <b>Operating profit</b> Not disclosed <b>Net assets</b> £1,739,000
<b>Year ended</b> 30 June 2018 <b>Turnover</b> £39,888,000 <b>Operating profit</b> £1,548,000 <b>Net assets</b> £2,569,000	<b>Year ended</b> 31 March 2019 <b>Turnover</b> £31,909,000 <b>Operating loss</b> £(1,511,000) <b>Net assets</b> £2,320,000	<b>Year ended</b> 31 March 2019 <b>Turnover</b> £3,583,000 <b>Operating loss</b> £(2,178,000) <b>Net assets</b> £978,000	<b>Year ended</b> 31 March 2019 <b>Turnover</b> Not disclosed <b>Operating profit</b> Not disclosed <b>Net assets</b> £1,679,000	<b>Year ended</b> 31 January 2019 <b>Turnover</b> £60,584,000 <b>Operating profit</b> £14,713,000 <b>Net assets</b> £26,302,000	<b>Year ended</b> 31 December 2018 <b>Turnover</b> Not disclosed <b>Operating profit</b> Not disclosed <b>Net assets</b> £4,706,000
<b>Investments/disposals during the year</b> None.	<b>Investments/disposals during the year</b> None.	<b>Investments/disposals during the year</b> Follow-on investment in September 2020.	<b>Investments/disposals during the year</b> Follow-on investment and loan repayment in September 2020.	<b>Investments/disposals during the year</b> None.	<b>Investments/disposals during the year</b> Follow-on investment in May 2020.

Further details of the investments in the portfolio may be found on the Mobeus website: [www.mobeus.co.uk](http://www.mobeus.co.uk).

Operating profit is stated before charging depreciation and amortisation, where appropriate, for all investee companies.

## Principal investments in the portfolio at 31 December 2020 by valuation

Investment	ActiveNavigation	WetsuitOutlet	ParsleyBox	ProactiveInvestors	Tushingam	ARKK
<b>Data Discovery Solutions Limited (trading as Active Navigation)</b>	<b>Manufacturing Services Investment Limited (trading as Wetsuit Outlet)</b>	<b>Parsley Box Limited</b>	<b>Proactive Group Holdings Inc</b>	<b>Vian Marketing Limited (trading as Red Paddle Co)</b>	<b>Arkk Consulting Limited (trading as Arkk Solutions)</b>	
www.activenavigation.com	www.wetsuitoutlet.co.uk	www.parsleybox.com	www.proactiveinvestors.co.uk	www.tushingam.com	www.arkksolutions.com	
<b>Cost</b> £1,413,000	<b>Cost</b> £2,745,000	<b>Cost</b> £854,000	<b>Cost</b> £927,000	<b>Cost</b> £1,043,000	<b>Cost</b> £1,446,000	
<b>Valuation</b> £2,826,000	<b>Valuation</b> £2,742,000	<b>Valuation</b> £2,477,000	<b>Valuation</b> £2,331,000	<b>Valuation</b> £1,938,000	<b>Valuation</b> £1,524,000	
<b>Basis of valuation</b> Revenue multiple	<b>Basis of valuation</b> Earnings multiple	<b>Basis of valuation</b> Revenue multiple	<b>Basis of valuation</b> Revenue multiple	<b>Basis of valuation</b> Earnings multiple	<b>Basis of valuation</b> Revenue multiple	
<b>Equity % held</b> 8.1%	<b>Equity % held</b> 7.6%	<b>Equity % held</b> 6.3%	<b>Equity % held</b> 3.2%	<b>Equity % held</b> 14.4%	<b>Equity % held</b> 9.7%	
<b>Income receivable in year</b> Nil	<b>Income receivable in year</b> £137,538	<b>Income receivable in year</b> Nil	<b>Income receivable in year</b> £17,939	<b>Income receivable in year</b> £71,943	<b>Income receivable in year</b> Nil	
<b>Business</b> Provider of a global market leading file analysis software for information governance, security and compliance	<b>Business</b> Online retailer in the water sports market	<b>Business</b> Supplier of home delivered ambient ready meals targeting the over 60s	<b>Business</b> Provider of media services and investor conferences for companies primarily listed on secondary public markets	<b>Business</b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	<b>Business</b> Services and software to enable organisations to remain compliant with regulatory reporting requirements	
<b>Location</b> Winchester	<b>Location</b> Southend on Sea, Essex	<b>Location</b> Edinburgh	<b>Location</b> London	<b>Location</b> Totnes, Devon	<b>Location</b> London	
<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital	<b>Original transaction</b> Growth capital and equity release	<b>Original transaction</b> Growth capital	
<b>Audited financial information</b>	<b>Audited financial information</b>	<b>Financial information (unaudited)</b>	<b>Financial information (unaudited)</b>	<b>Audited financial information</b>	<b>Audited financial information</b>	
<b>Year ended</b> 29 June 2019	<b>Year ended</b> 31 March 2020	<b>Period ended</b> 31 December 2019	<b>Year ended</b> 30 June 2020	<b>Year ended</b> 28 February 2019	<b>Year ended</b> 31 December 2019	
<b>Turnover</b> Not disclosed	<b>Turnover</b> £16,531,000	<b>Turnover</b> Not disclosed	<b>Turnover</b> Not disclosed	<b>Turnover</b> £14,845,000	<b>Turnover</b> £4,179,000	
<b>Operating profit</b> Not disclosed	<b>Operating loss</b> £(138,000)	<b>Operating profit</b> Not disclosed	<b>Operating profit</b> Not disclosed	<b>Operating profit</b> £1,919,000	<b>Operating loss</b> £(2,190,000)	
<b>Net assets</b> £3,558,000	<b>Net assets</b> £8,803,000	<b>Net assets</b> £1,982,000	<b>Net assets</b> Not disclosed	<b>Net assets</b> £3,435,000	<b>Net assets</b> £347,000	
<b>Year ended</b> 29 June 2018	<b>Year ended</b> 31 March 2019	<b>Year ended</b> 31 March 2019	<b>Year ended</b> 30 June 2019	<b>Year ended</b> 28 February 2018	<b>Year ended</b> 31 December 2018	
<b>Turnover</b> Not disclosed	<b>Turnover</b> £14,671,000	<b>Turnover</b> Not disclosed	<b>Turnover</b> Not disclosed	<b>Turnover</b> £13,582,000	<b>Turnover</b> £3,365,000	
<b>Operating profit</b> Not disclosed	<b>Operating loss</b> £(540,000)	<b>Operating profit</b> Not disclosed	<b>Operating profit</b> Not disclosed	<b>Operating profit</b> £1,643,000	<b>Operating loss</b> £(89,000)	
<b>Net assets</b> £2,204,000	<b>Net assets</b> £10,585,000	<b>Net liabilities</b> £(352,000)	<b>Net assets</b> Not disclosed	<b>Net assets</b> £2,748,000	<b>Net liabilities</b> £(13,000)	
<b>Investments/disposals during the year</b>	<b>Investments/disposals during the year</b>	<b>Investments/disposals during the year</b>	<b>Investments/disposals during the year</b>	<b>Investments/disposals during the year</b>	<b>Investments/disposals during the year</b>	
None.	None.	None.	None.	None.	None.	

Further details of the investments in the portfolio may be found on the Mobeus website: [www.mobeus.co.uk](http://www.mobeus.co.uk).

Operating profit is stated before charging depreciation and amortisation, where appropriate, for all investee companies.

# Investment Portfolio Summary

as at 31 December 2020

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year <sup>1</sup>	% value of net assets	% of equity held by funds advised by Mobeus <sup>2</sup>
<b>Qualifying investments</b>							
<b>Unquoted investments</b>							
<b>Virgin Wines Holding Company Limited<sup>3</sup></b> Online wine retailer	General retailers	Nov-13	2,439	7,976	155.0%	9.4%	42.0%
<b>MPB Group Limited</b> Online marketplace for used photographic and video equipment	General retailers	Jun-16	1,900	5,294	52.8%	6.2%	23.6%
<b>Preservica Limited</b> Seller of proprietary digital archiving software	Software and computer services	Dec-15	2,849	4,780	49.0%	5.6%	47.9%
<b>End Ordinary Group Limited (trading as Buster and Punch)</b> Industrial inspired lighting and interiors retailer	General retailers	Mar-17	1,885	3,333	81.5%	3.9%	34.6%
<b>EOTH Limited (trading as Equip Outdoor Technologies)</b> Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	2,951	13.2%	3.5%	8.0%
<b>My TutorWeb Limited</b> Digital marketplace connecting school pupils seeking one-to-one online tutoring	Support services	May-17	2,374	2,906	34.7%	3.4%	35.1%
<b>Data Discovery Solutions Limited (trading as Active Navigation)</b> Provider of global market leading file analysis software for information governance, security and compliance	Software and computer services	Nov-19	1,413	2,826	100.0%	3.3%	28.5%
<b>Parsley Box Limited</b> Supplier of home delivered, ambient ready meals targeting the over 60s	General retailers	May-19	854	2,477	175.1%	2.9%	22.0%
<b>Proactive Group Holdings Inc</b> Provider of media services and investor conferences for companies primarily listed on secondary public markets	General financial	Jan-18	927	2,331	0%	2.8%	11.4%
<b>Manufacturing Services Investment Limited (trading as Wetsuit Outlet)</b> Online retailer in the water sports market	General retailers	Jul-17	2,174	2,171	247.9%	2.6%	27.5%
<b>Vian Marketing Limited (trading as Red Paddle Co)</b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	Leisure goods	Jul-15	1,043	1,938	21.3%	2.3%	48.5%

<sup>1</sup> This percentage change in 'like for like' valuations is a comparison of the 31 December 2020 valuations with the 31 December 2019 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new investments in the year.

<sup>2</sup> The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 9 to the accounts on page 65.

<sup>3</sup> After the year-end, this company was admitted to AIM. For further details see Post Balance Sheet Events on page 17.

Blue Investment made prior to 2015 VCT rule change

Green Investment made after 2015 VCT rule change

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year <sup>1</sup>	% value of net assets	% of equity held by funds advised by Mobeus <sup>2</sup>
<b>Arkk Consulting Limited (trading as Arkk Solutions)</b> Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	Software and computer services	May-19	1,446	1,524	3.1%	1.8%	33.6%
<b>Tharstern Group Limited</b> Software based management information systems	Software and computer services	Jul-14	1,377	1,308	(6.2)%	1.5%	52.5%
<b>Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man &amp; Van)</b> A specialist logistics, storage and removals business	Support services	Dec-14	418	1,254	33.1%	1.5%	28.1%
<b>Connect Childcare Group Limited</b> Provider of childcare services	Support services	Dec-20	1,168	1,168	<i>New investment</i>	1.4%	14.4%
<b>Bleach London Holdings Limited</b> Hair colourants brand	General retailers	Dec-19	674	1,080	60.3%	1.3%	14.1%
<b>Rota Geek Limited</b> Workforce management software	Support services	Aug-18	1,142	949	(64.5)%	1.1%	20.3%
<b>IPV Limited</b> Provider of media asset software	Software and computer services	Nov-19	890	890	0%	1.1%	26.6%
<b>Media Business Insight Holdings Limited</b> A publishing and events business focused on the creative production industries	Media	Jan-15	2,518	747	(46.9)%	0.9%	67.5%
<b>CGI Creative Graphics International Limited</b> Vinyl graphics to global automotive, recreational vehicle and aerospace markets	General industrials	Jun-14	1,808	487	(70.9)%	0.6%	26.9%
<b>Northern Bloc Ice Cream Limited</b> Supplier of premium vegan ice cream	Food and drink	Dec-20	420	420	<i>New investment</i>	0.5%	3.6%
<b>Muller EV Limited (trading as Andersen EV)</b> Provider of premium electric vehicle (EV) chargers	Electronic & electrical equipment	Jun-20	270	301	<i>New investment</i>	0.4%	2.4%
<b>RDL Corporation Limited</b> Recruitment consultant for the pharmaceutical and IT industries	Support services	Oct-10	1,558	236	(48.5)%	0.3%	45.2%
<b>Kudos Innovations Limited</b> Online platform that provides and promotes academic research dissemination	Support services	Nov-18	421	195	(70.4)%	0.2%	14.6%
<b>Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution)</b> Spanish restaurant chain	Travel & leisure	Jan-17	1,245	166	(89.1)%	0.2%	25.0%



# Investment Portfolio Summary

as at 31 December 2020

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year <sup>1</sup>	% value of net assets	% of equity held by funds advised by Mobeus <sup>2</sup>
<b>Jablite Holdings Limited (in members' voluntary liquidation)</b> Manufacturer of expanded polystyrene products	Construction and materials	Apr-15	502	66	(47.2)%	0.1%	40.1%
<b>Veritek Global Holdings Limited</b> Maintenance of imaging equipment	Support services	Jul-13	2,045	-	0%	0.0%	65.6%
<b>Racoon International Group Limited</b> Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	-	0%	0.0%	0.0%
<b>BookingTek Limited</b> Direct booking software for hotels	Software and computer services	Oct-16	688	-	0%	0.0%	14.9%
<b>Oakheath Limited (formerly Super Carers Limited)(in members' voluntary liquidation)</b> Online platform that connects people seeking care at home from experienced independent carers	Support services	Mar-18	580	-	0%	0.0%	18.7%
<b>CB Imports Group Limited (trading as Country Baskets)</b> Importer and distributor of artificial flowers and floral sundries	General retailers	Dec-09	350	-	0%	0.0%	23.2%
<b>Total qualifying investments</b>			<b>39,591</b>	<b>49,774</b>		<b>58.8%</b> <sup>3</sup>	
<b>Non-qualifying investments</b>							
<b>Media Business Insight Limited</b> A publishing and events business focused on the creative production industries	Media	Jan-15	764	475	(45.8)%	0.6%	67.5%
<b>Manufacturing Services Investment Limited (trading as Wetsuit Outlet)</b> Online retailer in the water sports market	General retailers	Jul-17	571	571	0%	0.7%	27.5%
<b>EOTH Limited (trading as Equip Outdoor Technologies)</b> Branded outdoor equipment and clothing (Rab and Lowe Alpine)	General retailers	Oct-11	298	324	0%	0.4%	8.0%

<sup>1</sup> This percentage change in 'like for like' valuations is a comparison of the 31 December 2020 valuations with the 31 December 2019 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new investments in the year.

<sup>2</sup> The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 9 to the accounts on page 65.

<sup>3</sup> At 31 December 2020, the Company held more than 80% of its total investments in qualifying holdings, and therefore complied with the VCT qualifying investment test. For the purposes of the VCT qualifying investment test, the Company is permitted to disregard disposals of investments for twelve months from the date of disposal. It also has up to three years to bring in new funds raised, before these need to be included in the qualifying investment test.

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year <sup>1</sup>	% value of net assets
<b>Total non-qualifying investments</b>			<b>1,633</b>	<b>1,370</b>		<b>1.7%</b>
<b>Total investment portfolio</b>			<b>41,224</b>	<b>51,144</b>		<b>60.5%</b>
Current asset investments and cash at bank <sup>4</sup>			33,492	33,492		39.4%
<b>Total investments</b>			<b>74,716</b>	<b>84,636</b>		<b>99.9%</b>
Other assets				517		0.6%
Current liabilities				(465)		(0.5)%
<b>Net assets</b>				<b>84,688</b>		<b>100.0%</b>
<b>Portfolio split by type</b>						
<b>Investment made prior to 2015 VCT rule change</b>			<b>17,333</b>	17,762		34.7%
<b>Investment made after 2015 VCT rule change</b>			<b>23,891</b>	33,382		65.3%
			<b>41,224</b>	<b>51,144</b>		<b>100.0%</b>

<sup>4</sup> Disclosed as Current asset investments and Cash at bank within Current assets in the Balance sheet on page 52.

Blue Investment made prior to 2015 VCT rule change  
Green Investment made after 2015 VCT rule change

## Company Objective

The Objective of the Company is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing, at all times, to qualify as a VCT.

## Summary of Investment Policy

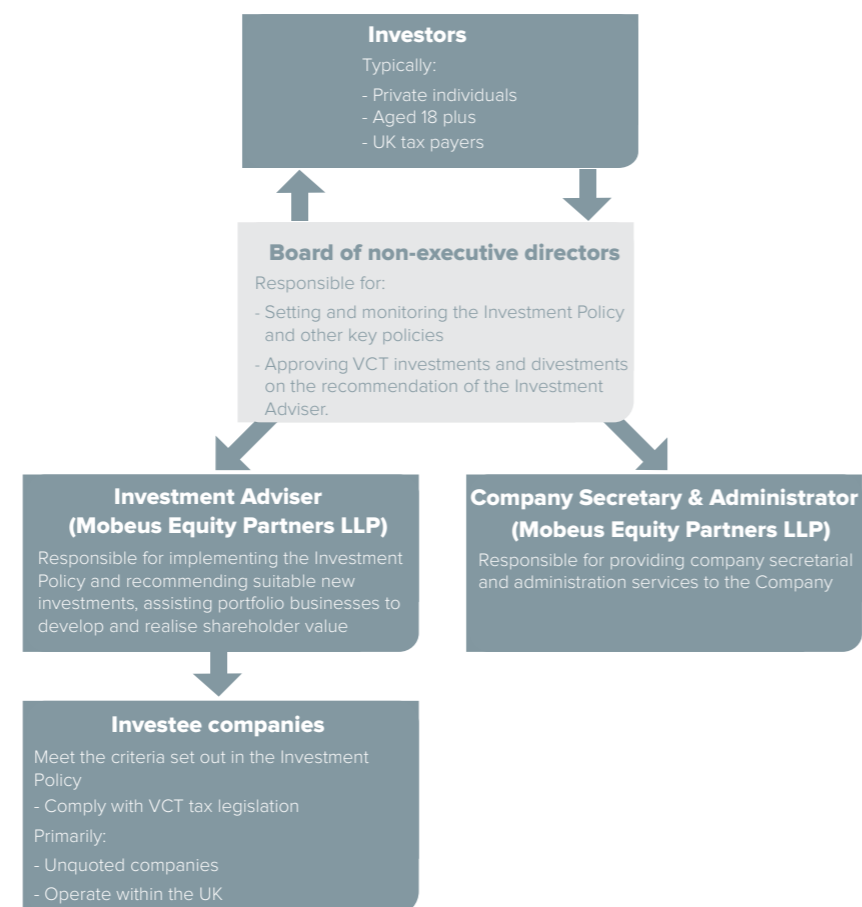
The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income, to generate capital gain upon sale and to reduce the risk of high exposure to equities. To spread the risk 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 on the opposite page.

The full text of the Company's Investment Policy is available in Key Policies on page 27 of this Strategic Report.

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



## The Company and its business model

The Company is a Venture Capital Trust and its Objective and Investment Policy are designed to ensure that it continues to qualify as a VCT, and continues to be approved as such by HMRC, whilst maximising returns to Shareholders from both income and capital. A summary of the most important rules that determine VCT approval is contained in the panel headed "Summary of VCT Regulation" on the opposite page.

As a fully listed company on the London Stock Exchange, the Company is required to comply with the listing rules governing such companies. The listing also fulfills a requirement for VCT approval and to maintain its VCT status.

The Company is an externally advised Fund with a Board comprising non-executive directors only. The Board has overall responsibility for the Company's affairs including the determination of its Investment Policy (material changes to which are subject to approval by Shareholders). Investment advice and operational support are outsourced to external service providers (including the Investment Adviser, Company Secretary and Administrator and Registrar), with the key strategic and operational framework and key policies set and monitored by the Board. Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser and are then subject to comment, approval or rejection by the Directors. Further details are contained in the Stakeholder Engagement and Directors' Duties section on pages 28 and 29.

The Company usually invests alongside three other VCTs advised by Mobeus in proportion to the relative net assets of each VCT at the date the investment proposal is submitted to each Board.

The total percentage of equity held in each investment by all funds advised by Mobeus is shown in the Investment Portfolio Summary on pages 18 to 21.

Private individuals invest in the Company to benefit from both income and capital returns from the portfolio. By subscribing for shares in a VCT they also receive immediate income tax relief (currently 30% of the amount subscribed by an investor). Investors receive tax-free dividends from the Company and incur no capital gains tax upon the eventual sale of the shares. These tax benefits are subject to the VCT maintaining its approved VCT status and the shares being held for a minimum of five years from the date of subscription.

## 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 80%, by VCT tax value<sup>1</sup>, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- 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 cannot 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; and
- the period for reinvestment of proceeds on disposal of qualifying investments is 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 '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).

<sup>1</sup> 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 18 to 21.

## Performance and Key Performance Indicators

The Board has identified six key performance indicators that it uses to assess 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 84. APMs are measures of performance in addition to the data reported in the Financial Statements:

- 1 Relative shareholder total returns;
- 2 Relative and Absolute NAV total returns;
- 3 Dividends paid compared with the dividend target;
- 4 Management of share price discount to NAV;
- 5 Compliance with VCT legislation; and
- 6 Management of expenses.

### 1 Relative shareholder total returns

The Board monitors the total returns received by Shareholders. These total returns take into account both income received (dividends) and capital (share price) movements. The Company's total returns are then compared with those achieved by other similar VCTs. The Company has a target of maintaining performance in the top quartile of this peer group.

The total returns of the Company and its rankings against other companies in an Index of generalist VCTs which are members of the AIC have been as follows:

Period to 31 December 2020	Total return (share price basis) %	Ranking (AIC generalist VCTs)
1 year	16.6	2 out of 46
3 years	52.0	2 out of 46
5 years	73.5	1 out of 41
10 years	226.9	4 out of 30

Source: AIC 31 December 2020

The above data was prepared by Morningstar on behalf of the AIC on the basis that dividends were reinvested in shares in the Company on the last trading day of the month in which the shares were quoted ex-dividend.

On 1 August 2019, the discount to the prevailing NAV at which the Company's shares trade narrowed from approximately 10% to 5%.

Overall, the Board considers relative shareholder total returns to be very good.

### 2 Relative NAV total returns

The Board also monitors relative net asset value total returns. These returns are calculated as above but using NAVs rather than share prices. This removes the effects of changes in the discounts/premiums at which share prices trade, relative to NAVs, over which the Investment Adviser has no direct influence or control. The Board uses NAV total returns to measure the relative performance of the Investment Adviser. The Company has a target of maintaining performance in the top quartile of this peer group with particular emphasis placed upon the longer-term five and ten year periods.

The total returns of the Company and its rankings against other companies in an Index of generalist VCTs which are members of the Association of Investment Companies ("AIC") have been as follows:

Period to 31 December 2020	Total return (NAV basis) <sup>1</sup> %	Ranking (AIC generalist VCTs)
1 year	12.9	1 out of 46
3 years	36.7	3 out of 46
5 years	52.7	2 out of 41
10 years	166.3	1 out of 30

Source: AIC 31 December 2020

The above data was prepared by Morningstar on behalf of the AIC on the basis that dividends were reinvested in the Company on the last trading day of the month in which the shares were quoted ex-dividend.

<sup>1</sup> The one-year NAV Total return per share of 12.9% above differs to that shown in the Chairman's Statement and opposite of 19.3%. There are two reasons for this difference. Firstly, the figure of 19.3% assumes dividends were paid out as cash rather than invested in further shares. Secondly, the AIC data does not include the Company's year-end NAV figure of 67.03 pence per share because this figure will not have been disclosed until the publication of the Company's 31 December 2020 NAV per share in this Report. These two reasons apply for the 3, 5, and 10 year cumulative NAV Total return % figures also shown on page 1.

Overall, the Board considers relative NAV total returns to be very good.

### Absolute NAV Returns for the year

	2020 (pence per share)	2019 (pence per share)
Closing NAV per share	67.03	68.78
Plus: dividends paid in year (Note 1)	15.00 <sup>1</sup>	11.00
<b>NAV Total return for year</b>	<b>82.03</b>	<b>79.78</b>
Less: opening NAV per share	68.78	70.25
<b>Increase in NAV Return for year per share (Note 2)</b>	<b>+13.25</b>	<b>+9.53</b>
% NAV Total return for year	+19.3%	+13.6%

Note 1 - Dividends paid in the year were the interim dividend of 4.00 pence per share for the year ended 31 December 2019, paid in January 2020, the interim dividend of 6.00 pence per share for the year under review, paid in May 2020 and the interim dividend of 5.00 pence per share for the year under review paid in December 2020.

The analysis of the source of the NAV Return of 13.25 pence per share is set out below:

Note 2: NAV Return per share for the year is comprised of: Year ended 31 December	2020 (pence per share)	2019 (pence per share)
Gross portfolio capital returns*	11.72	8.75
Gross income returns*	3.76	2.73
Costs (including tax charge)	(1.83)	(2.01)
Other movements	(0.40)	0.06
<b>Increase in NAV return for the year as above</b>	<b>13.25</b>	<b>9.53</b>

\* - The contributions from gross portfolio capital returns and gross income returns 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 27.

The NAV return for the year of 13.25 pence per share is split between its capital and revenue elements (expressed in £ millions) under Review of financial performance for the year below.

The Company does not consider it appropriate to set a specific annual or cumulative return 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 (explained in section 3 Dividends paid compared with the dividend target).

### Review of financial performance for the year

For the year ended 31 December	2020 (£ millions)	2019 (£ millions)
Capital return	13.78	8.16
Revenue return	3.47	1.74
<b>Total return</b>	<b>17.25</b>	<b>9.90</b>

The capital profit for the year of £13.78 million (10.91 pence of NAV return for the year per share, net of costs charged to capital) is primarily due to a net increase in the unrealised valuation of portfolio companies as well as realised gains from Auction Technology Group, Access IS and Blaze. The increase in capital return from £8.16 million to £13.78 million is principally due both to higher realised gains on disposals in 2020 compared to 2019 (£0.99 million increase), as well as higher net unrealised gains in 2020 (£4.68 million increase).

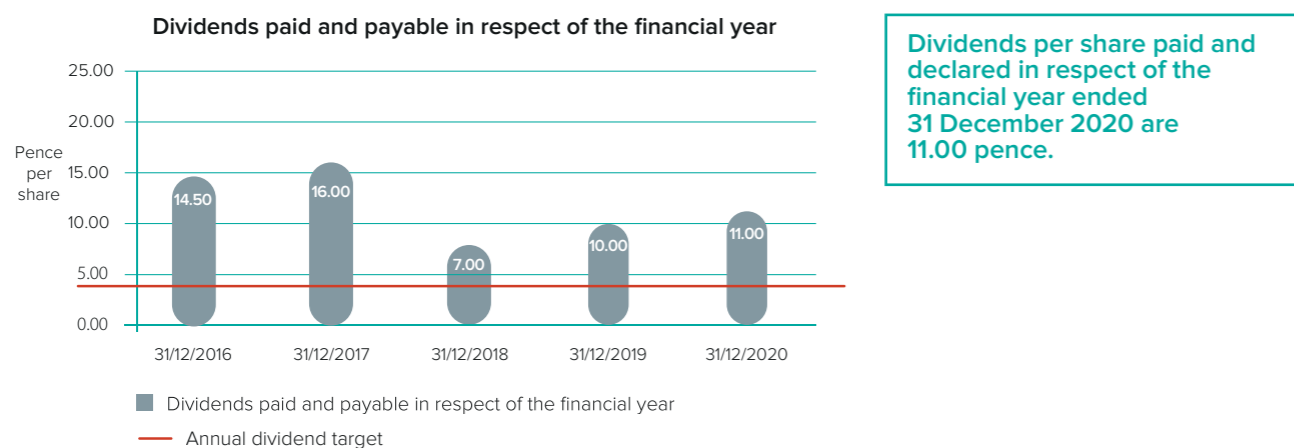
The revenue profit for the year of £3.47 million (2.75 pence of NAV return for the year per share, net of costs charged to revenue) is derived from income, primarily loan interest, outweighing revenue expenses. The reason for the increase over the year is mainly due to a large interest receipt arising from the realisation of Auction Technology Group along with an increase in dividend income, offset by a rise in revenue expenses and a higher revenue tax charge.



### 3 Dividends paid compared with the dividend target

The Company has a target of paying an annual dividend of at least 4.00 pence per share in respect of each financial year.

It has comfortably exceeded this target in each of the last eleven financial years, the last five of which are shown below. However, the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.



### 4 Management of share price discount to NAV

The Board recognises that Shareholders may wish to sell their shares from time to time and that the secondary market for VCT shares can be limited. Subject to applicable regulation and market conditions and the Company having sufficient available funds and distributable reserves, it is the Board's current intention to pursue a buy back policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 5% or less. The Board's priority will remain to act prudently and in the interests of remaining Shareholders.

The discount for the Company's shares at 31 December 2020 was 5.3% (2019: 5.0%) based upon the share price shown in the Performance Summary on page 1 and the NAV at 30 September 2020 of 60.69 pence per share, having been adjusted for a 5.00 pence dividend paid on 17 December 2020.

In a previous year, the Board stated its intent with effect from 1 August 2019, to maintain the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less, reducing this from the previous 10% discount rate. Continuing Shareholders benefit from the difference between the NAV and the price at which the shares are bought back and cancelled.

Shareholders granted the Directors authority to buy back up to 19.15 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 12 May 2020. Shares bought back under this authority are cancelled and the Directors do not intend to exercise this authority unless they believe that in doing so it would result in an increase in net assets per share, which would be in the interests of Shareholders generally. A resolution to renew this authority will be proposed at the forthcoming AGM, further details of which can be found on page 36.

During the year ended 31 December 2020, Shareholders holding 1,423,180 shares, representing 1.4% of the issued share capital of the Company at the beginning of the year, expressed their desire to sell their shares. The Company instructed its brokers, Panmure Gordon (UK) Limited, to purchase these shares at prices at a discount to the latest previously announced NAV per share in line with the stated discount policy at the time. The Company subsequently purchased these shares at prices ranging from 50.00 pence to 57.66 pence per share and cancelled them.

### 5 Compliance with VCT legislation

In making their investment in a VCT, Shareholders become eligible for a number of 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 23. Throughout the year ended 31 December 2020, and at the date of this Report, the Company continued to meet these tests.

### 6 Management of expenses

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 3.25%, the Board aims to maintain the ratio before any performance fees at not more than 3.00%.

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

Financial year	2020	2019	2018	2017	2016
Ongoing charges ratio	2.56%	2.59%	2.47%	2.71%	2.72%

The Ongoing Charges Ratio has been calculated using the AIC recommended methodology.

The Ongoing Charges Ratio for the year has decreased slightly from last year primarily due to a higher average level of net assets partly offset by higher Investment Adviser fees and other expenses as explained below.

#### Investment Adviser fees and other expenses

Investment Adviser fees have increased from £1.63 million to £1.70 million, charged to both revenue (increase of £0.02 million) and capital (increase of £0.05 million). This was mainly due to the net assets upon which Investment Adviser's fees are calculated (quarterly in arrears), being higher over the year. Other expenses (all charged to revenue) have increased by £0.01 million to £0.42 million. This was a combination of a rise in trail commission fees resulting from higher net assets as well as an increase in printing and postage fees partially offset by lower professional fees and broker fees. Further details of these expenses are contained in the Financial Statements on pages 57 and 58 of this Annual Report.

### Key policies

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

#### Investment policy

The Investment policy is designed to meet the Company's overall 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.

### Other key policies

#### Diversity policy

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

#### Further policies

In addition to the Investment policy and Diversity policy above and the policies on payment of dividends and share buybacks which were discussed earlier in this section, the Board has considered its obligations and responsibilities as a VCT and where appropriate the Company has adopted a number of further policies relating to:

- Anti-bribery;
- Whistleblowing;
- Social and environmental responsibility;
- Global greenhouse emissions;
- Human Rights;
- Financial risk management; and
- Anti-tax evasion

These further policies are explained in the Directors' Report on pages 34 and 35 of this Annual Report.

## Stakeholder Engagement and Directors' Duties

The Board has discussed the discharge of their Directors' duties under Section 172 of the Companies Act 2006 having regard to the factors set out under Provision 5 of the Association of Investment Companies (AIC) Code and in line with the Corporate Governance Code. The views of and the impact of the Company's activities on the key stakeholders are an important consideration for the Board when making relevant decisions. The Board engages directly with stakeholder groups through annual meetings and investor presentations to assist the directors in understanding the issues to which they must have regard.

The table below sets out the interests of key stakeholders that have been considered throughout the year during the Board's discussions and in decision making.

Stakeholders	Engagement Type	Outcome
<b>Shareholders</b>	<p>The key mechanisms of Shareholder engagement include:</p> <ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Annual, Half-year Reports and Interim Management Statements</li> <li>Annual Investor Events</li> <li>RNS Announcements</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Whilst Shareholders would normally attend the AGM and engage with the Board and Investment Adviser, this has not been possible under the COVID-19 restrictions for the 2020 AGM and the forthcoming AGM. The Board wished to continue Shareholders' involvement in the AGM and their ability to communicate with the Board, ask questions and view the Investment Adviser's presentation. A teleconference facility and now a visual link via MS Teams have been made available for the AGMs so Shareholders are not disenfranchised and retain the ability to interact with the Board and Investment Adviser. Shareholders are also encouraged to exercise their right to vote on the resolutions proposed at the AGM.</li> <li>Shareholders are provided with Annual and Half-Year Reports in hard or soft copy according to their choice, which are also available on the Company's website. Voluntary Interim Management Statements are released in the quarters between reports to ensure Shareholders are kept up to date with events. This has been particularly important during the pandemic and the resultant uncertainty. The website is an important source of information for Shareholders and announcements are also regularly made through the London Stock Exchange.</li> <li>The Share buyback programme has continued to be offered throughout the year. This provides Shareholders with liquidity if they wish to sell their shares, at a price close to the latest announced NAV per share, the Board having considered the interests of remaining Shareholders. Further details are contained in the Chairman's Statement on page 3 and in the Director's Report on page 34.</li> <li>Shareholders are welcome to contact the Chairman or the Investment Adviser by email as advised on page 76 of this Report.</li> <li>The Annual Investor Event will be held as a virtual meeting in 2021 and details will be sent to all Shareholders once finalised.</li> <li>The Company seeks to create value for Shareholders by generating good returns which are eventually distributed to Shareholders as dividends. The importance of tax-free dividends to Shareholders is recognised by the Board and considered at each quarterly meeting and decisions were made to declare two interim dividends totaling 11.00 pence per share for payment during the year. The Company's dividend target has consistently been achieved or exceeded as outlined in the Chairman's Statement on page 26 and in the Strategic Report.</li> <li>The liquidity level of the Company has remained strong and is managed with the primary aim of preserving capital, as discussed at each Board meeting. Liquidity levels are managed after considering, inter alia, applicable annual dividend commitments as well as the provision of the buyback facility.</li> </ul>

Stakeholders	Engagement Type	Outcome
<b>Suppliers</b>	Including: Registrar, Broker, Auditor, Lawyer, Sponsor, Banker and the VCT Status Adviser.	<ul style="list-style-type: none"> <li>The Investment Adviser regularly communicates with each of the professional advisers and secures an annual confirmation of the policies they have in place. The Board reviews the performance of each provider on an annual basis.</li> </ul>
<b>Government &amp; Regulators</b>	The Board is committed to conducting business in line with the appropriate laws and regulation. Mobeus Income & Growth VCT plc does not provide financial contributions to political parties or lobby groups.	<ul style="list-style-type: none"> <li>As a UK listed company the Board and Investment Adviser comply with the Companies Act, the UKLA, HMRC, UK Accounting Standards and FCA regulatory requirements in addition to the Alternative Investment Fund Managers Directive, to ensure the Company can continue to trade. Non-compliance with the VCT regulations in particular is viewed as a principal risk for the Company. The Company continued to comply with these regulations throughout the year and to the date of this Report.</li> </ul>
<b>Investee Companies</b>	The Board has delegated authority for the day-to-day management of the Company to the Investment Adviser and engages with the Investment Adviser in setting, approving and overseeing the execution of the business strategy and related policies.	<ul style="list-style-type: none"> <li>The Board aims to have a diverse mix of early stage and more mature companies across a range of different sectors and regularly reviews the composition of the portfolio.</li> <li>The Investment Adviser reports at the Company's quarterly Board meetings on each of the portfolio companies. Members of the Investment Adviser sit on the majority of the portfolio companies' boards. This is to provide input on key matters such as advancing the shareholder value agenda, ensuring class leading corporate governance and encouraging best practice in areas such as ESG.</li> <li>Considerable support has been provided to the investee companies during the year particularly at the start of the pandemic with regular communication undertaken outside of scheduled board meetings. Mobeus organises, when permitted and in recent cases virtually, seminars and events that involve portfolio companies and alumni to benefit from the Mobeus network.</li> </ul>
<b>Investment Adviser</b>	The Investment Adviser's performance is vital for the Company to deliver its investment strategy, meeting its objectives and generating investment returns for Shareholders, and is a crucial relationship for the Board.	<ul style="list-style-type: none"> <li>The Investment Adviser meets with the Board at each quarterly meeting and is in regular contact throughout the periods in between meetings e.g. to consider and approve or reject investment transactions. All key strategic and operational topics are discussed in detail and a close dialogue is maintained with the Board. The Board takes an active interest in the challenges faced by the portfolio companies and considers each potential disposal based on the company's performance, market conditions and the offer(s) in its decision to sell the Company's holding. The Investment Adviser's performance is evaluated annually.</li> </ul>

## Principal and Emerging risks, risk 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 and emerging risks faced by the Company. The Board's risk appetite is cognitive of the risks and rewards of investing in small unquoted companies. A key risk management review and robust assessment of the risks, takes place at each quarterly Board meeting and the Board discusses emerging risks as and when they arise, such as the COVID-19 pandemic, and puts in place mitigating actions to manage the risk. The principal and emerging risks identified by the Board, a description of the possible consequences of each risk and how the Board manages each risk are set out below:

Risk	Possible consequence	How the Board manages risk
<b>Economic</b>	Events such as the impact of leaving the EU during 2020, an economic recession, a movement in sterling or 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.	<ul style="list-style-type: none"> <li>The Board monitors (1) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies; (2) developments in the macro-economic environment such as movements in interest rates and availability of labour under new immigration plans; and (3) the Company's cash position ensuring it can be flexible in light of economic impacts.</li> </ul>
<b>Loss of approval as a Venture Capital Trust</b>	A breach of the VCT Rules, which change on a frequent basis, may lead to the Company losing its approval as a VCT, which would inter alia result in: (1) qualifying Shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained; (2) future dividends paid by the Company being subject to tax; and (3) the Company losing its exemption from corporation tax on capital gains.	<ul style="list-style-type: none"> <li>The Company's VCT qualifying status is regularly reviewed by the Board and the Investment Adviser.</li> <li>The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the Company's ongoing compliance with the VCT Rules.</li> </ul>
<b>Investment and strategic</b>	Investment in 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 and may be dependent for their management on a smaller number of key individuals.	<ul style="list-style-type: none"> <li>The Board regularly reviews the Company's Objective and Investment Policy.</li> <li>Investments are made across a number of diverse sectors to mitigate risk. Investee companies are carefully selected by the Investment Adviser for recommendation to the Board. The investment portfolio is reviewed by the Board on a regular basis.</li> <li>A member of the Investment Adviser normally sits on the investee company board.</li> </ul>
<b>Regulatory</b>	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own AIFM. Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or loss of its VCT status.	<ul style="list-style-type: none"> <li>Regulatory and legislative developments are kept under review by the Company's solicitors, its VCT Status Adviser and the Board.</li> </ul>
<b>Financial and operating</b>	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.	<ul style="list-style-type: none"> <li>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 control reports by exception.</li> <li>It reviews the performance of the service providers annually and has obtained assurance that such providers have controls in place to reduce the risk of breaches of their cyber security.</li> </ul>
<b>Valuations and stock market</b>	The majority of the Company's assets are minority holdings in unquoted companies, which are inherently difficult to value. Changes in valuations are taken to Profit and Loss account, so any inaccuracy in valuations will affect both the Income Statement and the Balance Sheet.	<ul style="list-style-type: none"> <li>The Board receives quarterly valuation reports from the Investment Adviser.</li> <li>The Investment Adviser alerts the Board about any adverse movements.</li> </ul>

Risk	Possible consequence	How the Board manages risk
<b>Asset liquidity</b>	The Company's unquoted investments cannot be realised in a short timescale. Under-performing unquoted investments may be difficult to realise on any timescale.	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Market liquidity</b>	As a result of the limited secondary market in VCT shares, Shareholders may find it difficult to sell their shares at a price which is close to the net asset value. Whilst demand has always been met to date, it may not be possible for the Company to buy back large percentages of the share capital, other than over several years.	<ul style="list-style-type: none"> <li>The Board has a share buyback policy which seeks to mitigate market liquidity risk. This policy is reviewed at each quarterly Board meeting.</li> </ul>
<b>Counterparty</b>	A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company.	<ul style="list-style-type: none"> <li>The Board regularly reviews and agrees policies for managing these risks. Further details can be found under 'credit risk' in Note 15 to the accounts on pages 67 and 68.</li> </ul>
<b>Key staff</b>	A partner or key member of staff at the Investment Adviser may leave the organisation or the Investment Adviser may fail to maintain adequate levels of experience and expertise in its team. This may have an adverse effect on the standard of service that the Company receives from the Investment Adviser and therefore the performance of the Company.	<ul style="list-style-type: none"> <li>The Board maintains regular dialogue with the Investment Adviser to ensure that the team is adequately resourced.</li> </ul>
<b>Environmental, Social and Governance Emerging Risk</b>	Non-compliance with current and future reporting requirements could lead to a fall in demand from investors. That may affect the level of capital the Company has available to meet its investment objectives.	<ul style="list-style-type: none"> <li>ESG is also taken into account when considering new investment proposals. The Investment Adviser monitors the potential impact on investee companies of any proposed new legislation regarding environmental, social and governance matters and advises and adapts accordingly.</li> <li>The Board recognises that climate change is an important emerging risk that the Company is taking into account in their strategic planning although the Company itself has little direct impact on environmental issues. Measures have been introduced to reduce the cost and environmental impact of providing paper copies of Shareholder correspondence.</li> </ul>



## Going Concern and Long-Term Viability of the Company

The Board is required to assess the Company's operation as a "going concern". The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the preceding pages of 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 and Brexit may still impose demands on the liquidity of some 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 fundraising early in the year and five disposals during the year, is adequate to enable the Company to continue as a going concern under any plausible stress scenario. Further details of this assessment are shown within Note 2 on page 56. The Board's assessment of liquidity risk, and details of the Company's policies for managing financial risk and its capital, are shown in Notes 15 and 16 on pages 67 to 73. Accordingly, the Directors believe that it is appropriate to continue to apply the going concern basis of accounting in preparing the annual 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 further material uncertainties have been identified by

the Board.

### Viability Statement

The Directors have assessed the prospects of the Company over the three-year period to 31 December 2023. The Directors believe 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. A period greater than three years is considered to be too uncertain for it to be meaningful. The Directors' assessment of viability 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 and emerging risks and how these are managed, as described on the preceding pages.

The Directors have carried out a robust assessment comparing emerging, and principal risks facing the Company and these are listed on pages 30 and 31. 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 Board has focused upon the range of future investments that the Company will be permitted to fund under current VCT legislation. The Board anticipates that attractive returns should continue to be achievable from future investments and from the existing portfolio and will continue to monitor the investment programme, paying particular attention to the return potential and impact of growth capital investments. The Board considers that the Company's liquidity is currently more than adequate following the earlier fundraising activity and recent investment disposals.

Subsequent to this review, the Board has a reasonable expectation that the

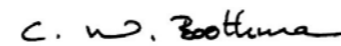
Company will continue to operate and meet its liabilities, as they fall due, for the next three years. The Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period and are appropriate, given the Company's Investment Policy and Objective of "providing investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing, at all times, to qualify as a VCT".

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

### Future Prospects

For a discussion of the Company's future prospects, please see the Chairman's Statement on page 4.

By order of the Board



**Clive Boothman**  
Chairman

30 March 2021

## Board of Directors

### Clive Boothman

**Independent, Non-executive Chairman**

*Date of Appointment: 1 August 2015*

Clive has over 35 years' experience in the financial services industry, initially qualifying as a Chartered Accountant. He was with Schroders from 1983 for seventeen years during which time he was variously Managing Director of Schroder Unit Trusts Limited for ten years and Managing Director of their international Private Client Group for the final two years. Since leaving Schroders, he has been Chief Executive of the stockbroker Gerrard Limited (2000 – 2001) and the fund platform Cofunds Limited (2002 – 2003). From 2004 – 2014 he helped establish and was non-executive Chairman of Investment Funds Direct Limited, an investment wrap platform. From 2016 to March 2020 he was a director and then Chairman of Professional Partners Administration Limited and its sister company, WAY Group Limited, which are Dorset-based companies providing a range of financial services. Since 2014 he has been non-Executive Chairman of Platform One Group Limited, a UK and International wrap platform and a director of a number of its subsidiaries. He is currently also Treasurer of the Veteran Car Club of Great Britain.

### Bridget Guérin

**Independent, Non-executive Director and Chair of Nomination and Remuneration and Management Engagement Committees**

*Date of Appointment: 1 July 2004*

Bridget has 30 years' experience in the financial services industry. She was Managing Director of Matrix Money Management Limited between June 1999 and March 2011 and sat on the Matrix Group Board between 2000 and 2009. Prior to joining Matrix, Bridget gained 14 years' of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget is currently a non-executive director of GAM Systematic Multi Strategy Fund, GAM Systematic Global Equities Fund, GAM Systematic Core Macro Fund all of which are Cayman Funds. Bridget is Chairman of Schroder Income Growth Fund plc and is a non-executive director of Invesco Perpetual UK Smaller Companies Fund and the Miton UK Micro Cap Fund plc, all of which are London listed investment trusts. She is non executive Chairman of York Racecourse and is a non executive director of Beverly Racecourse and is a trustee of the York Racecourse Pension Fund. Bridget was a director of Matrix Income & Growth 3 VCT plc which was merged with the Company in May 2010.

### Catherine Wall

**Independent, Non-executive Director and Chair of Audit Committee**

*Date of Appointment: 1 July 2014*

Catherine has 30 years' experience in the private equity industry, having worked for Barclays Private Equity (now called Equistone Partners Europe) from 1984 to 1989 and also from 1994 to 2013, and for 3i plc from 1989 to 1993. As a director of Barclays Private Equity she led and managed numerous investment in management buy-outs. She later became UK portfolio director of Equistone Partners Europe, supervising the management of all the firm's UK investments. She held over 20 roles as non-executive director, non-executive chairman or shareholder representative for the portfolio of Equistone. Since leaving in 2013 she has worked as an independent Chairman and non-executive director. This has included Chairman roles for private equity owned businesses and non-executive director roles in private businesses. She is currently a non executive director of Zotefoams PLC, Chairman of Mortgage and Surveying Services Ltd and a member of the Investment Panel for Westminster Abbey.

# Directors' Report

The Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2020.

The Corporate Governance Statement on pages 37 to 38, including the Report of the Audit Committee on pages 39 and 40, 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 position, performance, business model and strategy.

The Company is registered in England and Wales as a Public Limited Company (registration number 5153931).

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 19 December 2007. The Company does not intend to re-apply for such status.

## Share capital

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

## Issue of shares

During the year under review, the Company issued 23,233,293 shares for the 2019/2020 tax year (2019: 36,295 shares). The Company launched an Offer for Subscription ("Offer") on 25 October 2019 alongside the three other Mobeus-advised VCTs. An allotment of shares in respect of this Offer for the Company was carried out on 8 January 2020 and 19,480,843 new Ordinary shares were issued. The final allotment of shares in respect of the Offer for Subscription was carried out on 2 April 2020 and 3,752,450 new Ordinary shares were issued and the Offer closed.

## 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 12 May 2020, Shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to make market purchases of up to 19,151,194 of its own shares, representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place throughout the year under review and a resolution to renew this authority will be proposed to Shareholders at the forthcoming Annual General Meeting to be held on 10 May 2021.

During the year under review, the Company bought back 1,423,180 (2019: 2,375,656) of its own shares at an average price of 52.90 (2019: 62.84) pence per share and a total cost of £756,637 including expenses (2019: £1,492,825). All shares bought back by the Company were subsequently cancelled.

## Issued share capital

The issued share capital of the Company as at 31 December 2020 was £1,263,366 (2019: £1,045,265) and the number of shares in issue at this date was 126,336,620 (2019: 104,526,507).

## 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 received interim dividends in respect of the year ended 31 December 2020 of 6.00 and 5.00 pence per share on 7 May and 17 December 2020 respectively.

## Directors

The Board has considered its composition and is satisfied that it comprises a good balance of experience in the different areas of the Company's activity. This matter will be kept under continuing review.

The names, dates of appointment and brief biographical details of each of the Directors are given on page 33 of this Annual Report. Further details of each Director's interests in the Company's shares are set out on page 43 of the Directors' Remuneration Report.

The powers of the Directors have been granted by company law, the Company's Articles of Association 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 pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 10 May 2021.

## Disclosure of Information to the Auditor

So far as each of the Directors in office at 31 December 2020 are aware, there is no relevant audit information of which the external auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Directors' and officers' liability insurance

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

## Directors' indemnity

The Company's Articles grant the Board, subject to the provisions of UK legislation, the power to indemnify Directors of the Company out of the assets of the Company. No such indemnity is currently in place.

## Anti-bribery policy

The Company has adopted a zero tolerance approach to bribery and has established an anti-bribery policy and procedures, copies of which are available in the Corporate Governance section of the Company's website: [www.migvct.co.uk](http://www.migvct.co.uk).

## Anti-Tax Evasion

The Company has also adopted a zero tolerance approach to tax evasion in compliance with the Criminal Finance Act 2017 and the corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion. 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 risks.

## 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 whistle-blowing policy in place.

## Environmental and social responsibility, Climate Change, human rights and global greenhouse gas emissions

The future reporting requirements consistent with the Task Force on Climate-related Financial Disclosures which do not currently apply to the Company, will be kept under review in light of any recommended changes. The Board has reviewed the Company's responsibilities in respect of these issues and concluded that, as an externally administered investment company, it is not appropriate for a company of its size and operations to develop policies on environmental and social responsibility, human rights and greenhouse emissions.

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

The Board does however seek to maintain high standards of conduct in respect of ethical, environmental, governance and social issues and to conduct the Company's affairs responsibly. It seeks to comply with appropriate industry standards and considers these matters carefully when making investment decisions. It encourages good practice within the companies in which the VCT invests and seeks to avoid investing in certain areas which it considers to be unethical.

The Company does not fall within the scope of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 effective as of 1 April 2019 which implements the Government's policy on Streamlined Energy and Carbon Reporting, replacing the Carbon Reduction Commitment Scheme. The 2018 Regulations require companies that have consumed over 40,000 kilowatt-hours of energy to include energy and carbon

information in their Directors' Report. This does not apply to the Company as it qualifies as a low energy user.

## Financial Risk Management

The main risks arising from the Company's financial instruments are due to investment risk, fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Financial Statements on pages 67 to 73 of this Annual Report.

## Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2020, please see Note 17 to the Financial Statements on page 74.

## Articles of Association

The Company may amend its Articles of Association by special resolution in accordance with section 21 of the Companies Act. No amendments are proposed for approval at the forthcoming AGM.

## Annual General Meeting

The Notice of the Annual General Meeting, which will be held at 2.00 pm on Monday, 10 May 2021 by way of a closed meeting with Shareholders able to attend via a link, is set out on pages 77 to 79 of this Annual Report.

A proxy form for the meeting is enclosed separately with Shareholders' copies of this Annual Report. Proxy votes may be submitted electronically via the Computershare Shareholder Portal at [www.uk.computershare.com/investor/](http://www.uk.computershare.com/investor/). Shareholders may also request a hard copy proxy form by contacting the Company's Registrar Computershare using their details as stated on page 85. Shareholders are encouraged to lodge their proxy vote and appoint the Chairman of the Meeting as their proxy, as soon as possible.

Due to the ongoing COVID-19 pandemic and current government advice (as published at the date of this Report), the Annual General Meeting will be held by way of a closed meeting which **Shareholders will not be able to attend in person. Shareholders will, however, be able to attend electronically using the following link: [www.mobeusvctagm.co.uk](http://www.mobeusvctagm.co.uk) but will not be able to vote on the resolutions at the meeting.** Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) and a response will be provided prior to the deadline for lodging your proxy vote. Shareholders will also be able to submit questions electronically in real time during the meeting. Voting on the resolutions will

be conducted by way of a poll by the quorum of members present.

## 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 2020 to the meeting.

## Resolution 2 – To approve the Directors' Annual 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 Nomination and 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 41 to 44. Resolution 2 is an advisory vote only.

## Resolutions 3 to 5 – To re-elect the Directors

All Directors have agreed to retire annually from the Board under the requirements of principle 7 of the AIC Code and the Company's policy on tenure. This is in line with the recommendation of provision 18 of the revised UK Corporate Governance Code, published in July 2018, and which applied to the Company from 1 January 2019 onwards. Being eligible, each of the Directors are offering themselves for re-election.

The Board does not believe that the length of service of any of the non-executive directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board.

Clive Boothman - Following a review of his performance, the remaining Directors agree that Clive 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 re-election to Shareholders.

Bridget Guérin – Following a review of her performance, the remaining Directors agree that Bridget continues to make a substantial contribution to the work of the Board as Chair of the Nomination and Remuneration and Management Engagement Committees and continues to demonstrate commitment to her role. The remaining Directors have no



## Directors' Report

hesitation in recommending her re-election to Shareholders.

Catherine Wall - Following a review of her performance, the Directors agree that Catherine has continued to make a substantial contribution to the work of the Board as Chair of the Audit Committee during the year and has demonstrated strong leadership in her role. The remaining Directors have no hesitation in recommending her re-election to Shareholders.

### Resolution 6 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next annual 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 reappointment 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 39 to 40.

### Resolution 7 - Authorities for the Directors to allot shares in the Company and Resolution 8 - disapply the pre-emption rights of members

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

Resolution 7 will enable the Directors to allot new shares up to an aggregate nominal amount of £421,122 representing approximately one-third of the existing issued share capital of the Company as at the date of the Notice convening the Annual General Meeting.

Under section 561(1) of the Companies Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. It is proposed by Resolution 8 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

- (i) with an aggregate value of up to, but not exceeding, 5% of the share capital in connection with offer(s) for subscription; and

- (ii) otherwise than pursuant to (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital of the Company from time to time,

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

The Company normally allots shares at prices based on the prevailing net asset value per share of the existing shares on the date of the allotment (less costs).

The Directors thus seek to manage any potential dilution of existing shareholdings as a result of the disapplication of members' pre-emption rights proposed in resolution 8.

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 2022. 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 by Shareholders at the Annual General Meeting of the Company held on 12 May 2020.

### Resolution 9 - Authority to purchase the Company's own shares

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to the purchase of an aggregate of 18,937,860 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 1.00 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 that 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 2022, 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.

### Voting rights of Shareholders

Each Shareholder has one vote on a show of hands, and one vote per share held on a poll, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all shares held by them 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 the meeting (ignoring any part of a day that is not a working day).

### Restrictions on voting rights

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*

**Mobeus Equity Partners LLP**  
Company Secretary

30 March 2021

## Corporate Governance Statement

### This Corporate Governance Statement forms part of the Directors' 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 2020.

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"). As well as setting out additional principles of the AIC Code, the AIC Guide provides an overview of best practice with reference to the UK Corporate Governance Code ("the UK Code") and considers how each of the UK Code's principles applies to Investment Companies. The AIC Code also includes additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. The Board therefore considers that reporting against the AIC Code provides more relevant information to Shareholders.

The current version of the AIC Code was endorsed by the Financial Reporting Council (FRC) in February 2019. The FRC has confirmed that in adopting the AIC Code, the Company will meet its obligations in relation to the reporting requirements of the Financial Conduct Authority's Listing and Disclosure and Transparency Rules on corporate governance and the UK Corporate Governance Code published in July 2018.

The AIC Code can be viewed on the AIC's website at [www.theaic.co.uk](http://www.theaic.co.uk)

### Statement of compliance

The Board considers that the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code throughout the year under review in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2. 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.migvct.co.uk](http://www.migvct.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, and explained in the UK Code, that the specific provisions of the UK Code that relate to the requirements for an internal audit function, the role of the chief executive,

senior independent director and executive directors' pay are not relevant to the Company. 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 specific 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 system aims to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

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

The Board has delegated, contractually to Mobeus, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and to Computershare Investor Services for the registration services.

The system of internal control and the procedure for the bi-annual review of control systems has been in place and operational throughout the year under review and up to the date of this Report. An assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from Mobeus on 23 March 2021. The Board has identified no significant problems with the Company's internal control mechanisms.

### Financial risk management

The main risks arising from the Company's financial instruments are investment risk, fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Financial Statements on pages 67 to 73 of this Annual Report.

### Section 172 Director Duties

The Directors continue to have regard to the interests of the Company's Shareholders and other stakeholders, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of the Company for its members and stakeholders in the long-term.

### Investment management and service providers

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

The Board reviews annually and at other times, as and when necessary, the Investment Management Agreement and the performance of the Investment Adviser, and the other service providers including the Auditor, VCT Status Adviser, Solicitor and Registrar. The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually.

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 Management Engagement Committee and the Board consider the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 24 to 27. The Board concluded that the Investment Adviser has performed consistently well over the medium term and has returned a good level of performance in respect of the year under review and has effectively executed the transition to the growth capital investment strategy. The Board was also pleased to note that the Investment Adviser has continued to recruit experienced growth capital investment professionals to increase resource and coverage in this area.

# Corporate Governance Statement

The Board places significant emphasis on the Company's performance against its peers. 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 2019/20 fundraising activity and the annual Shareholder events. The Board believes that the Investment Adviser has continued to exercise independent judgement while producing valuations which reflected fair value.

Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long-term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of Shareholders and this was formally approved by the Board on 23 March 2021.

The principal terms of the Company's Investment Management Agreement and incentive agreement are set out in Note 4 to the Financial Statements on pages 57 and 58 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.

## Fees paid to the Investment Adviser

The fees paid to the Investment Adviser are set out in Note 4 to the Financial Statements on pages 57 and 58.

In addition, the Investment Adviser received fees totaling £415,064 during the year ended 31 December 2020 (2019: £425,708), being £144,530 (2019: £146,336) in arrangement fees and £270,534 (2019: £279,372) in non-executive directors fees for its partners, and other senior managers, to sit on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company. These figures are not part of the Financial Statements.

## 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 directly responsible to the Board, under its instruction, for accessing and dealing with these documents.

## The Board and its Committees

The Directors of the Company are all independent Non-executive directors.

## Operation of the Board

In regard to the Chairman of the Board's tenure, the length of service of all directors is considered on an ongoing basis, with the Nomination & Remuneration Committee giving consideration to succession and composition at its year-end meeting, in compliance with the AIC Code of Corporate Governance guidance.

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

The Board has agreed that the Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board. The Board has agreed policies with the Investment Adviser covering key operational issues.

## Board committees

The Board has established three Committees, the Nomination and Remuneration Committee, the Management Engagement Committee and the Audit Committee, with responsibilities for specific areas of its activity. Each of the Committees has

written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or by downloading these documents from the Company's website: [www.migvct.co.uk](http://www.migvct.co.uk). The Board has satisfied itself that each of its Committees has sufficient resources to undertake its duties.

Full descriptions of the work of the Audit and Nomination and Remuneration Committee are set out in the Report of the Audit Committee and the Director's Remuneration Report on pages 39 to 40 and 41 to 44 respectively, of this Annual Report.

As part of the recruitment process, the Board considered diversity, including gender and will continue to do this in making future appointments.

## Management Engagement Committee

The Management Engagement Committee is chaired by Bridget Guérin and comprises all three independent Directors.

The Committee meets at least annually to review the Company's contracts with its service providers and at other times as and when necessary and makes recommendations to the Board.

By order of the Board

*Mobeus Equity Partners LLP*

**Mobeus Equity Partners LLP**  
Company Secretary

30 March 2021

# Report of the Audit Committee

## This Report of the Audit Committee forms part of the Directors' Report.

The Audit Committee is chaired by Catherine Wall and comprises all three independent Directors.

The composition of the Committee, their skills and experience are reviewed annually, or as and when required, and the Committee confirm that the current members are independent and appropriate, and the Chair possesses relevant financial experience.

The Committee's Key objectives are:

- monitoring and governance of the appropriateness of the Company's financial reporting;
- the performance of the auditor; and
- the internal controls and risk management.

The Committee's principal activities during the year are summarised below:

## 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. The Committee received a review within a report from the external auditor as part of both the year-end audit process and the specific procedures carried out by BDO in respect of the half-year review. These reports were discussed in full by the Committee, the Investment Adviser and, with the Auditor as necessary, before a recommendation to approve the valuations was made to the Board.

## Financial statements

The Committee carefully reviewed the half year and annual reports to Shareholders for the year under review before these were submitted to the Board for approval. Besides the subject of valuations referred to above, the Committee also considered whether the accounting policy in respect of revenue recognition had been satisfactorily applied, and whether all expenditure in the year had been included.

## Income from investee companies

The Committee notes that revenue from investee company loan stock and dividends may be uncertain given the type of companies in which the Company invests. Dividends in particular may be difficult to predict. The payments received do 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.

## Internal control and key risks

The Committee has monitored the system of internal controls throughout the year under review and as described in more detail in the Corporate Governance Statement on page 37. It received reports 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 23 March 2021.

The Board has identified the key risks faced by the Company and established appropriate controls. A list of the risks identified is set out on pages 30 and 31 of the Strategic Report. The Committee monitors these controls and reviews any incidences of non-compliance.

## Cyber Security

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

## Compliance with the VCT tests

The Company has engaged Philip Hare & Associates LLP ("PHA") as its VCT Status Tax Adviser to advise on its compliance with the legislative requirements relating to VCTs. PHA produce six-monthly reports on the Company's compliance with the VCT legislation which include a consideration of the Company's position against each of the VCT qualification tests. These reports were considered by the Audit Committee prior to presentation to the Board at the half and full year stages.

## Going concern and long-term viability of the Company

The Board and the Committee monitored the Company's liquidity to satisfy themselves that the Company had an adequate level of resources for the foreseeable future. Consideration is given to cash flow projections which included assumptions on, inter alia, projected levels of new investment and the ability of the Company to realise its existing investments; the Company's cash balances and holdings in money market funds; and projected levels of dividends and share buybacks. The Committee has again considered the requirement to publish a Viability Statement in the Annual Report and has advised the Board on its review of the viability of the Company and the wording of the statement (including the period to which the statement should relate).

## Counterparty risk

The Committee has given careful consideration to the credit worthy status of the financial institutions with whom the Company's cash resources have been placed. The Committee took into account factors such as maturity, interest rate and credit rating across a number of financial institutions. The Board has a policy of spreading risk by placing funds across a number of financial institutions. By instruction from the Board, the Company holds the majority its funds in a number of AAA rated money market funds, as VCT legislation prevents cash being held in bank deposits on more than 7 days' notice.

## AIFM registration

The Committee continued to monitor the Company's obligations as its own Alternative Investment Fund Manager ("AIFM") in compliance with the European Commission's Alternative Investment Fund Manager's Directive.

The Company is registered as a small AIFM and is therefore exempt from the principal requirements of the Directive.

## Safekeeping of the Company's documents of title to its investments

The Committee has established procedures for the safekeeping of the Company's documents of title under which named company secretarial staff are now directly responsible to the Board, under its instruction, for accessing and dealing with these documents.



## Report of the Audit Committee

### Relationship with the external auditor

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

### Permissible 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") Revised Ethical Reporting Standard 2019 effective from 5 March 2020. The Audit Committee, based upon the review of this 2019 Ethical Standard, has decided to purchase certain non-audit services, such as tax compliance services and iXBRL tagging, from separate firms. The auditor is permitted to provide certain non-audit services in respect of the Half-Year Report, whereas Philip Hare & Associates LLP provide tax compliance services, and Arkk Consulting Limited, one of the Company's investee companies, provides the iXBRL tagging service.

### Re-appointment of the external auditor

The Committee undertook a review of the Auditor's performance during the 2020 audit and considered the effectiveness of the audit process. When assessing the effectiveness of the process, the Committee considers whether the auditor:

- met the agreed audit plan;
- 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;
- allocated 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 was in the best interests of the Company and Shareholders.

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 as independent auditor.

By order of the Board



**Catherine Wall**  
Chairman of the Audit Committee

30 March 2021

## Directors' Remuneration Report

I am pleased to introduce the Director's Remuneration Report for the financial year ended 31 December 2020.

Over the following pages we have set out the Company's forward-looking Directors' Remuneration Policy. The Directors' Annual Remuneration Report sets out in more detail how this Policy is being implemented.

The Board, on the recommendation of the Nomination and Remuneration Committee ("the Committee") has reviewed the fees paid to the Directors and decided not to make any changes to the level of fees paid to the Directors at the current time. As part of this review, it considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector. The fees paid to the Directors have remained unchanged since 2014 following a phased introduction of increases from 2011 to 2014.

Following a review of the composition of the Board, the Directors have confirmed their belief that the current Board of three directors have the skills and experience to run the Company effectively, although an additional director may be appointed if the workload or mix of skills required make this necessary.

The tables on pages 42 and 43 show the remuneration paid to each of the non-executive directors who have served during the year, and to be paid to in 2021.

I would welcome any comments you may have.



**Bridget Guérin**  
Nomination and Remuneration Committee Chairman

30 March 2021

### 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) Regulations 2013, the Companies Act 2006 ("the Companies Act") 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 specified information provided on Directors' emoluments and Directors' interests on page 43 and this is explained further in its report to Shareholders on pages 46 to 50.

### Directors' Remuneration Policy

The Remuneration Policy is set by the Board on the recommendation of the Committee. The level and make-up of remuneration is set at a point which is sufficient to attract, retain and motivate experienced directors of the quality required to run the Company successfully. When considering the level of Directors' fees, the Committee takes account of the workload and responsibilities of each role and the value and amount of time that a Director is required to commit to the Company. It considers the remuneration levels elsewhere in the Venture Capital Trust industry for companies of a similar size and structure and other relevant information. Supplements are paid to the Directors in respect of their chairmanships of the Board and its Committees as set out in the table on page 42.

The Directors' fees are reviewed annually in accordance with the Remuneration Policy. The Committee may choose to take independent advice where and when it considers it appropriate. However, the Committee has not considered it necessary to take any such advice during the year under review.

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

### Performance related remuneration

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

### Additional benefits

The Company does not have any schemes in place to pay any of the

Directors bonuses or benefits in addition to the Directors' fees. No arrangements have been entered into between the Company and the Directors to entitle them to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company. It is current Company policy not to pay travel or subsistence expenses to Directors in relation to their work for the Company although this is kept under review.

### Recruitment Remuneration

Any new director who may subsequently be appointed to the Board will be remunerated in line with the above Remuneration Policy 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 free and frank discussion at general meetings of the Company. It takes Shareholders' views into account, where appropriate, when formulating its remuneration policy.

### Directors' terms of appointment

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

The Articles also contain provisions whereby, subject to the Companies Act, one-third of the Directors retire from office by rotation at each annual general meeting. However, the Board has agreed that each of the Directors will offer themselves for re-election annually.

All Directors receive a formal letter of appointment setting out the terms of their appointment, their specific duties and responsibilities and the fees pertaining to the appointment.

Appointment letters for new directors contain an assessment of the anticipated time commitment of the appointment.

New directors are asked to undertake that they will have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment. Each of the Director's appointments may be terminated by either party by giving not less than three months' notice in writing and in certain other circumstances.

# Directors' Remuneration Report

## Shareholder approval of the Directors' remuneration policy

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2019 was approved by Shareholders at the AGM of the Company held on 12 May 2020. Proxy votes in favour of the resolution represented 93.1% of the votes received (including those who appointed the Chairman to vote as his discretion) (against 3.8%). This policy applied throughout the year ended 31 December 2020.

The Board is required to ask Shareholders to approve the Remuneration Policy every three years. The Policy will be presented again for approval at the AGM in 2023.

## Directors' Annual Remuneration Report

This section of the report sets out how the Remuneration Policy, described on the previous pages, is being implemented.

A resolution to approve the Directors' Annual Remuneration Report as set out in the Annual Report for the year ended 31 December 2019 was approved by Shareholders at the AGM of the Company held on 12 May 2020. The Company also received proxy votes in favour of the resolution representing 93.7% of the votes submitted (including those who appointed the Chairman to vote at his discretion) (against: 3.8%).

An ordinary resolution for the approval of the Annual Remuneration Report will be proposed at the AGM of the Company to be held on 10 May 2021.

## 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 each Directors' pay package and the maximum amount receivable during the forthcoming year 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 per annum	Performance conditions
Clive Boothman	Chairman	Director's fee	£25,000	None
		Supplement payable to Company Chairman	£15,000	
		<b>Total</b>	<b>£40,000</b>	
Bridget Guérin	Nomination & Remuneration Committee, Management Engagement Committees	Director's fee	£25,000	None
		Supplements payable to Chairman of the Nomination & Remuneration and Management Engagement Committees	£2,500	
		<b>Total</b>	<b>£30,000</b>	
Catherine Wall	Chair, Audit Committee	Director's fee	£25,000	None
		Supplement payable to Chairman of the Audit Committee	£10,000	
		<b>Total</b>	<b>£35,000</b>	
		<b>Total fees payable</b>	<b>£105,000</b>	

### Company Objective

To provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing at all times to qualify as a VCT.

### 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.

## Nomination and Remuneration Committee

The Committee comprises the full Board and is chaired by Bridget Guérin. All members of the Committee are considered to be independent of the Investment Adviser. 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. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. However, it was not considered necessary to appoint any such consultants during the year under review. The Committee met once during the year under review with full attendance from all its members.

No new appointments to the Board were made during the year under review.

In considering nominations, the Committee is responsible for making recommendations to the Board concerning the appointment of new 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.

## Audited information

### Directors' emoluments

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below:

Year ended 31 December	2020 £	2019 £
Clive Boothman	40,000	40,000
Bridget Guérin	30,000	30,000
Catherine Wall	35,000	35,000
<b>Total</b>	<b>105,000</b>	<b>105,000</b>

The remuneration of the Directors is fixed and contains no performance related variable element. As the Company has no employees, the directors do not consider it relevant to compare director fees against employee pay.

### Directors' interests in the Company's shares

The Company does not require the Directors to hold shares in the Company. The Directors, however, believe that it is in the best interests of the Company and its Shareholders for each director to maintain an interest in the Company. The interests of the Directors (and their connected persons) in the shares of the Company at the beginning and end of the year are as set out in the table below:

	Shares held on: 31 December 2020	Shares held on: 31 December 2019
Clive Boothman	86,128	81,983
Bridget Guérin	228,587	204,673
Catherine Wall	58,947	53,386

### Relative importance of spend on Directors' fees

Year ended	31 December 2020 £	31 December 2019 £
Total directors' fees	105,000	105,000
Dividends paid and payable in respect of the year	13,995,404	10,508,059
Share buybacks	756,637	1,492,825
<b>Directors' fees as a share of:</b>		
Closing net assets	0.1%	0.1%
Dividends paid and payable in respect of the year	0.8%	1.0%
Total fees and expenses <sup>1</sup>	5.0%	5.2%

<sup>1</sup> This figure is the combined total of Investment Adviser's fees and Other expenses disclosed in the Income Statement

## Directors' Remuneration Report

### Directors' attendance at Board and Committee meetings in 2020

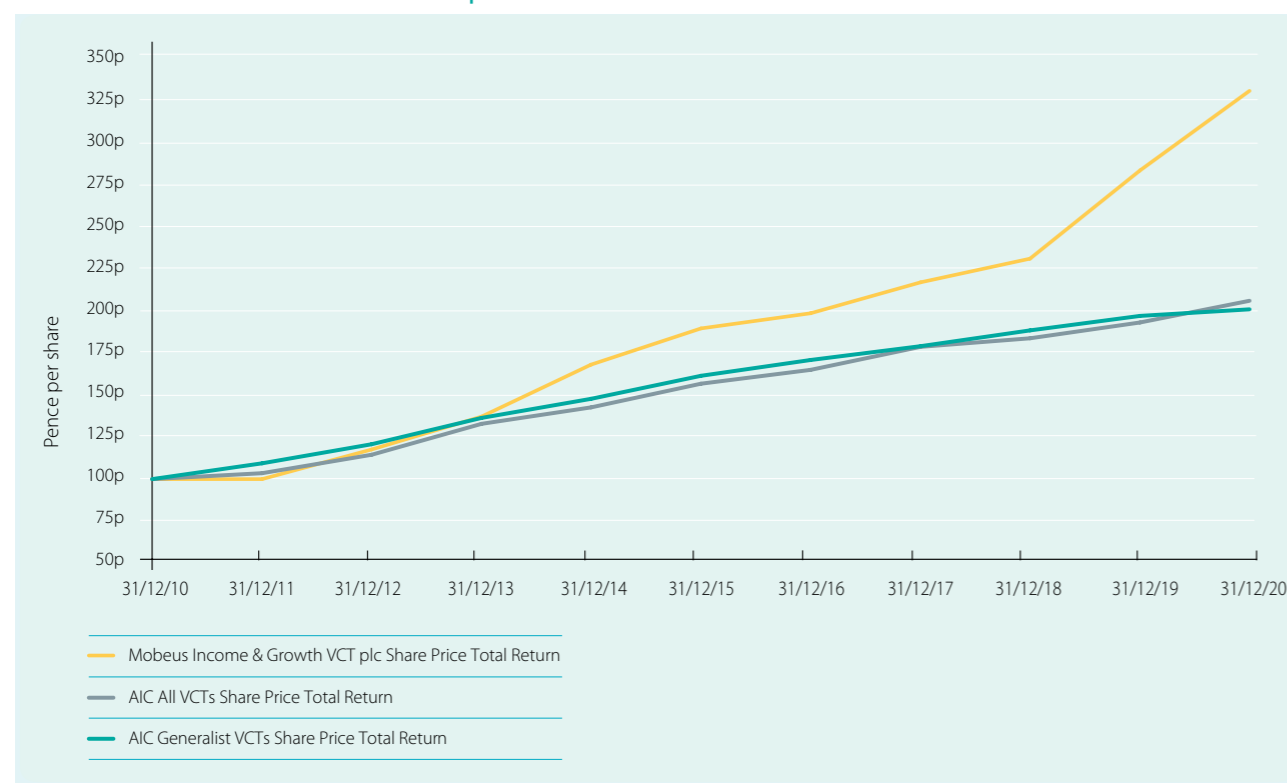
The table below sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2020. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings		Management Engagement Committee Meeting	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Clive Boothman	4	4	2	2	2	2	1	1
Bridget Guerin	4	4	2	2	2	2	1	1
Catherine Wall	4	4	2	2	2	2	1	1

### Company performance

The graph below charts the Share Price total return of the Company (assuming all dividends are re-invested in shares in the Company on the last trading day of the month in which the shares were quoted ex-dividend) 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 indices against which to measure the Company's relative performance over the medium to long-term. The total returns have each been re-based to 100 pence at 31 December 2010.

### Share Price Total Return Performance Graph



An explanation of the recent performance of the Company is given in the Chairman's Statement on pages 2 and 3, in the Investment Adviser's Review on pages 5 to 12 and in the Strategic Report on pages 24 to 27.

By order of the Board

*Mobeus Equity Partners LLP*

**Mobeus Equity Partners LLP**  
Company Secretary

30 March 2021

## 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 Director's Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

### Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's position, 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.

The names and functions of the Directors are stated on page 33.

For and on behalf of the Board

*C. W. Boothman*

**Clive Boothman**  
Chairman

30 March 2021



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

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mobeus Income & Growth VCT plc ("the Company") for the year ended 31 December 2020 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).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

## Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 30 September 2004 and subsequent financial periods. The period of total uninterrupted engagement including re-tenders and re-appointments is 17

years, covering the periods ended 30 September 2004 to 31 December 2020. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

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

- Reviewing Management's forecasted cash flows and other available information that support the directors' assessment of going concern
- Assessing whether the assumptions made by Management in the forecasts and other available information were appropriate by understanding the basis of assumptions with reference to contractual obligations
- Challenging management's assumptions and judgements made with regards to forecasts; and
- Calculating financial ratios to ascertain the financial health of the Company.

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the

financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

## Overview

	2020	2019
<b>Key audit matters</b>	Valuation of unquoted investments	✓
		✓

**Materiality** £1,020,000 (2019: £1,030,000) based on 2% (2019: 2%) of total investments.

## An overview of the scope of our audit

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

## 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.

## Key audit matter

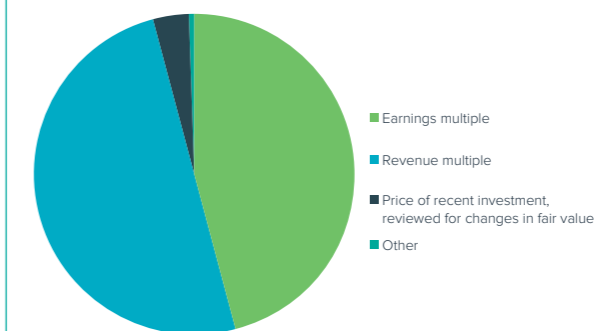
Valuation of unquoted investments (Note 8)

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 investments valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.

## How the scope of our audit addressed the key audit matter

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.



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 applicable accounting standards;
- Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies;

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

- Agreed the cost or price of the recent investments to supporting documentation;
- Assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company;
- Considered whether there were any indications that the cost or price of the 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 the recent investment is supported by alternative valuation techniques.

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

- Challenged and agreed the inputs to the valuation with reference to management information of investee companies and market data including the impact of coronavirus pandemic on the valuations and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- 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;



Key audit matter	How the scope of our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Considered the revenue or earnings multiples applied by reference to observable listed Company market data; and</li> <li>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 agreeing the adjusted multiples to independent sources and obtaining independent multiples and performing sensitivity analysis on the investment valuations.</li> </ul> <p>Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias.</p> <p>We also considered the completeness and clarity of disclosures regarding the valuation of investments in the financial statements.</p> <p>Key observations:</p> <p>Based on the procedures performed we did not identify any indications to suggest that the valuation of the unquoted investment portfolio was materially misstated. We consider the investment valuations to be within an appropriate range considering the level of estimation uncertainty.</p>

### Our application of materiality

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

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

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

Company financial statements	2020 £'000	2019 £'000
Materiality	1,020	1,030
Basis for determining materiality	2% of investments	
Basis for determining materiality	As a Venture Capital Trust, the value of investments is the key measure of performance	
Performance materiality	760	770
Basis for determining performance materiality	75% of materiality on the basis of our risk assessment, together with our assessment of the entity's overall control environment.	

We have set a specific materiality for testing those items impacting revenue return of £370,000 (2019: £203,000) which was based on 10% (2019: 10%) of draft revenue return before tax. The performance materiality was £277,000 (2019: £152,000) which was based on 75% of materiality on the basis of our risk assessment, together with our assessment of the entity's overall control environment. The specific materiality

based on the final figures would have been higher but we decided not to adjust.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £18,000 (2019: £12,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of

this other information, we are required to report that fact.

We have nothing to report in this regard.

### Corporate governance statement

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

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

### Going concern and longer-term viability

- The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and
- The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate.

### Other Code provisions

- Directors' statement on fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

### Other Companies Act 2006 reporting

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

### Strategic Report and Directors' Report

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is

consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

### Directors' remuneration

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

### Matters on which we are required to report by exception

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

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

### Responsibilities of Directors

As explained more fully in the 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 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.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS102. We 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 also considered the risk that the valuation of the investment portfolio was subject to bias from the Investment Manager, as described in the Key Audit Matter section above.

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

## Financial Statements

### Income Statement for the year ended 31 December 2020

	Notes	Year ended 31 December 2020			Year ended 31 December 2019		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net investment portfolio gains	8	-	14,811,634	14,811,634	-	9,144,246	9,144,246
Income	3	4,754,700	-	4,754,700	2,854,837	-	2,854,837
Investment Adviser's fees	4a	(423,839)	(1,271,516)	(1,695,355)	(406,306)	(1,218,918)	(1,625,224)
Other expenses	4c	(424,396)	-	(424,396)	(411,005)	-	(411,005)
<b>Profit on ordinary activities before taxation</b>		<b>3,906,465</b>	<b>13,540,118</b>	<b>17,446,583</b>	<b>2,037,526</b>	<b>7,925,328</b>	<b>9,962,854</b>
Taxation on profit on ordinary activities	5	(432,618)	241,588	(191,030)	(293,485)	231,594	(61,891)
<b>Profit for the year and total comprehensive income</b>		<b>3,473,847</b>	<b>13,781,706</b>	<b>17,255,553</b>	<b>1,744,041</b>	<b>8,156,922</b>	<b>9,900,963</b>
<b>Basic and diluted earnings per ordinary share</b>	7	<b>2.76p</b>	<b>10.97p</b>	<b>13.73p</b>	<b>1.65p</b>	<b>7.71p</b>	<b>9.36p</b>

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the net investment portfolio gains (unrealised gains and realised gains 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 better to reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") (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 56 to 74 form part of these Financial Statements.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

Our audit planning identified fraud risks in relation to:

- Investments - valuation - has been assessed as a Key Audit Matter above;
- Revenue recognition – completeness, existence and accuracy
- Management override.

Our procedures in response to the above included, but were not limited to:

- recalculating expected income from loan stock investments in line with the underlying agreements/ confirmations from investee companies;
- reviewing accrued fixed rate income and considering the recoverability of loan stock interest with reference to post year end receipts;
- reviewing the accuracy of the accounting for redemption premiums, considering whether they have been classified as capital or revenue items appropriately;
- tracing a sample of dividend income through from the nominal ledger to bank. To test for completeness of dividend income, we compared the income recognised to that announced by the companies in their latest financial statements or other through obtaining direct confirmation from investee companies;
- agreeing the financial statement disclosures to underlying supporting documentation;
- making enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls
- reviewing minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

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

#### Use of our report

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

*BDO LLP*

#### Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
30 March 2021

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

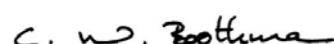
## Balance Sheet as at 31 December 2020

Company No. 5153931

	Notes	31 December 2020 £	31 December 2019 £
<b>Fixed assets</b>			
Investments at fair value	8	51,144,184	51,703,161
<b>Current assets</b>			
Debtors and prepayments	10	517,277	225,562
Current asset investments	11	30,371,198	12,914,124
Cash at bank and in hand	11	3,120,539	7,261,618
		34,009,014	20,401,304
<b>Creditors: amounts falling due within one year</b>	12	(464,682)	(216,090)
<b>Net current assets</b>		33,544,332	20,185,214
<b>Net assets</b>		<b>84,688,516</b>	<b>71,888,375</b>
<b>Capital and reserves</b>			
Called up share capital	13	1,263,366	1,045,265
Capital redemption reserve		25,536	11,304
Share premium reserve		14,397,509	-
Revaluation reserve		12,498,006	8,719,606
Special distributable reserve		27,415,880	45,731,919
Realised capital reserve		26,927,746	14,528,747
Revenue reserve		2,160,473	1,851,534
<b>Equity Shareholders' funds</b>		<b>84,688,516</b>	<b>71,888,375</b>
<b>Basic and diluted net asset value per ordinary share</b>	14	<b>67.03p</b>	<b>68.78p</b>

The Notes on pages 56 to 74 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 March 2021 and were signed on its behalf by:



Clive Boothman  
Chairman

## Statement of Changes in Equity for the year ended 31 December 2020

	Notes	Non-distributable reserves				Distributable reserves			Total £
		Called up share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Special distributable reserve (Note a) £	Realised capital reserve (Note b) £	Revenue reserve (Note b) £	
<b>At 1 January 2020</b>		<b>1,045,265</b>	<b>11,304</b>	<b>-</b>	<b>8,719,606</b>	<b>45,731,919</b>	<b>14,528,747</b>	<b>1,851,534</b>	<b>71,888,375</b>
<b>Comprehensive income for the year</b>									
Profit for the year		-	-	-	10,471,413	-	3,310,293	3,473,847	17,255,553
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>10,471,413</b>	<b>-</b>	<b>3,310,293</b>	<b>3,473,847</b>	<b>17,255,553</b>
<b>Contributions by and distributions to owners</b>									
Shares issued under Offer for Subscription (Note c)	13	232,333	-	14,767,667	-	-	-	-	15,000,000
Issue costs and facilitation fees on Offer for Subscription (Note c)	13	-	-	(370,158)	-	(152,153)	-	-	(522,311)
Shares bought back (Note d)	13	(14,232)	14,232	-	-	(756,637)	-	-	(756,637)
Dividends paid	6	-	-	-	-	(15,011,556)	-	(3,164,908)	(18,176,464)
<b>Total contributions by and distributions to owners</b>		<b>218,101</b>	<b>14,232</b>	<b>14,397,509</b>	<b>-</b>	<b>(15,920,346)</b>	<b>-</b>	<b>(3,164,908)</b>	<b>(4,455,412)</b>
<b>Other movements</b>									
Realised losses transferred to special reserve (Note a)		-	-	-	-	(2,395,693)	2,395,693	-	-
Realisation of previously unrealised appreciation		-	-	-	(6,693,013)	-	6,693,013	-	-
<b>Total other movements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,693,013)</b>	<b>(2,395,693)</b>	<b>9,088,706</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2020</b>		<b>1,263,366</b>	<b>25,536</b>	<b>14,397,509</b>	<b>12,498,006</b>	<b>27,415,880</b>	<b>26,927,746</b>	<b>2,160,473</b>	<b>84,688,516</b>

Note a: The purpose of this reserve is to fund market purchases of the Company's own shares, to write off existing and future losses and for any other corporate purpose. The transfer of £2,395,693 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 2020, the Company has a special reserve of £27,415,880, £3,210,394 of which arises from shares issued more than three years ago. Reserves originating from share issues are not distributable under VCT rules if they arise from share issues that 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 shown on the Balance Sheet.

Note c: Under the Company's Offer for Subscription launched on 25 October 2019, 23,233,293 Ordinary Shares were allotted between 8 January 2020 and 2 April 2020, raising net funds of £14,477,689 for the Company. This figure is net of issue costs of £370,158 and facilitation fees of £152,153.

Note d: During the year, the Company purchased 1,423,180 of its own shares at the prevailing market price for a total cost of £756,637, which were subsequently cancelled. This differs to the figure shown in the cash flow statement by £44,114 which was a creditor at the year-end.

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

	Non-distributable reserves				Distributable reserves			Total
	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	
	£	£	£	£	£	£	£	£
<b>At 1 January 2019</b>	<b>1,068,659</b>	<b>32,191</b>	<b>43,644,698</b>	<b>5,285,632</b>	<b>12,681,614</b>	<b>8,818,475</b>	<b>3,546,713</b>	<b>75,077,982</b>
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	5,793,216	-	2,363,706	1,744,041	9,900,963
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,793,216</b>	<b>-</b>	<b>2,363,706</b>	<b>1,744,041</b>	<b>9,900,963</b>
<b>Contributions by and distributions to owners</b>								
Shares issued under Offer for Subscription	363	-	24,637	-	-	-	-	25,000
Shares bought back	(23,757)	23,757	-	-	(1,492,825)	-	-	(1,492,825)
Dividends paid	-	-	-	-	(8,183,525)	-	(3,439,220)	(11,622,745)
<b>Total contributions by and distributions to owners</b>	<b>(23,394)</b>	<b>23,757</b>	<b>24,637</b>	<b>-</b>	<b>(9,676,350)</b>	<b>-</b>	<b>(3,439,220)</b>	<b>(13,090,570)</b>
<b>Other movements</b>								
Cancellation of share premium account	-	(44,644)	(43,669,335)	-	43,713,979	-	-	-
Realised losses transferred to special reserve	-	-	-	-	(987,324)	987,324	-	-
Realisation of previously unrealised appreciation	-	-	-	(2,359,242)	-	2,359,242	-	-
<b>Total other movements</b>	<b>-</b>	<b>(44,644)</b>	<b>(43,669,335)</b>	<b>(2,359,242)</b>	<b>42,726,655</b>	<b>3,346,566</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2019</b>	<b>1,045,265</b>	<b>11,304</b>	<b>-</b>	<b>8,719,606</b>	<b>45,731,919</b>	<b>14,528,747</b>	<b>1,851,534</b>	<b>71,888,375</b>

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 reduced due to shares bought back by the Company.

**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.

**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.

**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 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 are accounted for in this reserve, as well as 25% of the Investment Adviser fee together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

The Notes on pages 56 to 74 form part of these Financial Statements.

## Statement of Cash Flows for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Cash flows from operating activities</b>			
Profit after tax for the financial year		17,255,553	9,900,963
<b>Adjustments for:</b>			
Net investment portfolio gains		(14,811,634)	(9,144,246)
Tax charge for current year	5	191,030	61,891
(Increase)/decrease in debtors		(291,749)	285,660
Increase/(decrease) in creditors		75,198	(17,589)
<b>Net cash inflow from operations</b>		<b>2,418,398</b>	<b>1,086,679</b>
Corporation tax paid		(61,716)	(108,482)
<b>Net cash inflow from operating activities</b>		<b>2,356,682</b>	<b>978,197</b>
<b>Cash flows from investing activities</b>			
Acquisitions of investments	8	(5,433,357)	(5,853,554)
Disposals of investments	8	20,803,968	11,772,421
Decrease/no change in bank deposits with a maturity over three months		384	-
<b>Net cash inflow from investing activities</b>		<b>15,370,995</b>	<b>5,918,867</b>
<b>Cash flows from financing activities</b>			
Shares issued as part of Offer for subscription	13	15,000,000	25,000
Issue costs and facilitation fees as part of Offer for subscription	13	(522,311)	-
Equity dividends paid	6	(18,176,464)	(11,622,745)
Share capital bought back	13	(712,523)	(1,615,367)
<b>Net cash outflow from financing activities</b>		<b>(4,411,298)</b>	<b>(13,213,112)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,316,379</b>	<b>(6,316,048)</b>
Cash and cash equivalents at start of year		19,170,060	25,486,108
<b>Cash and cash equivalents at end of year</b>		<b>32,486,439</b>	<b>19,170,060</b>
<b>Cash and cash equivalents comprise:</b>			
Cash equivalents	11	29,365,900	11,908,442
Cash at bank and in hand	11	3,120,539	7,261,618

The Notes on pages 56 to 74 form part of these Financial Statements.



## Notes to the Financial Statements for the year ended 31 December 2020

### 1 Company Information

Mobeus Income and Growth VCT plc is a public limited company incorporated in England, registration number 5153931. The registered office is 30 Haymarket, London, SW1Y 4EX.

### 2 Basis of preparation of the Financial Statements

A summary of the principal accounting policies, all of which have been applied consistently throughout the year are set out at the start of 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. The Company has a number of financial instruments which are disclosed under FRS102 s11/12 as shown in Note 15.

After performing the necessary enquiries, the Directors have undertaken an assessment of the Company's ability to meet its liabilities as they fall due. The Company has significant cash and liquid resources and no external debt or capital commitments. The Company's cash flow forecasts, which consider levels of anticipated new and follow on investment, as well as investment income and annual running cost projections, are discussed at each quarterly Board meeting and, in particular, have been considered in light of the ongoing impact of the COVID-19 pandemic. The Directors have also received assurances that the Company's key suppliers' ability to continue to service the Company has not been materially impacted by the COVID-19 pandemic. Following this assessment, the Directors have a reasonable expectation that the Company will have adequate resources to continue to meet its liabilities for at least 12 months from the date of these Financial Statements. The Directors therefore consider the preparation of these financial statements on a going concern basis to be appropriate.

### 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 2020 has been classified as capital and has been included within gains on investments.

	2020 £	2019 £
<b>Income from bank deposits</b>	14,334	29,674
<b>Income from investments</b>		
– from equities	1,628,784	505,401
– from OEIC funds	70,175	151,532
– from loan stock	2,967,870	2,161,352
– from interest on preference share dividend arrears	64,840	6,878
	4,731,669	2,825,163
Other income	8,697	-
<b>Total income</b>	<b>4,754,700</b>	<b>2,854,837</b>
<b>Total income comprises</b>		
Dividends	1,698,959	656,933
Interest	3,047,044	2,197,904
Other income	8,697	-
	<b>4,754,700</b>	<b>2,854,837</b>

Total loan stock interest due but not recognised in the year was £979,270 (2019: £580,811), due to uncertainty over its recoverability. This increase is due to a number of investee company provisions in light of COVID-19 partially offset by the realisation of one investee company whose interest was only recognised upon exit.

### 4 Investment adviser's fees and Other expenses

All expenses are accounted for on an accruals basis

#### a) Investment adviser's fees and performance 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 would be charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth.

	Revenue 2020 £	Capital 2020 £	Total 2020 £	Revenue 2019 £	Capital 2019 £	Total 2019 £
<b>Mobeus Equity Partners LLP</b>						
Investment Adviser's fees	423,839	1,271,516	1,695,355	406,306	1,218,918	1,625,224

Under the terms of a revised investment management agreement dated 20 May 2010 (amended and restated on 9 November 2016), Mobeus Equity Partners LLP ("Mobeus") provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2% per annum of closing net assets, paid in advance, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fixed fee of £134,168 per annum, the latter inclusive of VAT and subject to annual increases in RPI. In 2013, Mobeus agreed to waive such further increases due to indexation, until otherwise agreed with the Board.

The Investment Adviser's fee includes provision for a cap on expenses excluding irrecoverable VAT and exceptional items set at 3.6% 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 (2019: £nil). With effect from 1 July 2020, the Investment Adviser's fee upon the net funds raised from the use of the overallotment facility of £5 million under the 2019/20 Offer is reduced to 1% from 2% per annum, for one year. Between 1 April 2018 and 31 March 2019, the Investment Adviser's fee upon the net funds raised from the use of the overallotment facility of £10 million under the 2017/18 Offer was reduced to 1% from 2% 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 retains 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 £415,064 during the year ended 31 December 2020 (2019: £425,708), being £270,534 (2019: £146,336) for arrangement fees and £144,530 (2019: £279,372) 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 applicable to the Company which applied at the time of each investment. These figures are not part of these Financial Statements.

#### Incentive agreement

Under the Incentive Agreement dated 9 July 2004, and a variation of this agreement dated 20 May 2010, the Investment Adviser is entitled to receive an annual performance-related incentive fee of 20% of the dividends paid in a year in excess of a "Target Rate" comprising firstly, an annual dividend paid in a year target which started at 6.00 pence per share on launch (indexed each year for RPI) and secondly a requirement that any shortfall of cumulative dividends paid in each year beneath the cumulative annual dividend target is carried forward and added to the Target Rate for the next accounting period. Any excess of cumulative dividends paid above the cumulative annual dividend target is not carried forward, whether an incentive fee is payable for that year or not. Payment of a fee is also conditional upon the daily weighted average Net Asset Value ("NAV") per share throughout such year equalling or exceeding the daily weighted average Base NAV per share throughout the same year. The performance fee will be payable annually.

At 31 December 2020, the annual dividend target is 8.11 pence per share and as cumulative dividends paid were 15.00 pence, this target was met. However, the average NAV per share was 61.04 pence for the year, which was less than the average base NAV per share for the year of 87.85 pence. Accordingly, no performance incentive fee is payable for the year (2019: nil).

## Notes to the Financial Statements for the year ended 31 December 2020

### b) Offer for subscription fees

	2020 £m	2019 £m
Funds raised by the Company	14.48	-
<b>Offer costs payable to Mobeus at 3.00% of funds raised by the Company</b>	0.45	-

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 25 October 2019, Mobeus was entitled to fees of 3.00% of the investment amount received from investors. This amount totalled £1.74 million across all four VCTs, out of which all the costs associated with the allotment were met, excluding any payments to advisers facilitated under the terms of the Offer.

### c) 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.

	2020 £	2019 £
Directors' remuneration (including NIC of £6,852 (2019: £7,916)) - Note a)	111,852	112,916
IFA trail commission	98,888	75,439
Broker's fees	3,600	14,400
Auditor's fees – Audit of Company (excluding VAT)	30,084	29,213
– audit related assurance services - Note b) (excluding VAT)	6,868	6,663
– tax compliance services - Note b) (excluding VAT)	-	1,845
Registrar's fees	44,356	55,221
Printing	61,709	33,095
Legal & professional fees	6,654	24,501
VCT monitoring fees	9,000	9,000
Directors' insurance	6,225	6,644
Listing and regulatory fees	32,628	31,571
Sundry	9,200	10,497
<b>Running costs</b>	<b>421,064</b>	<b>411,005</b>
Provision against loan interest receivable (Note c)	3,332	-
<b>Other expenses</b>	<b>424,396</b>	<b>411,005</b>

Note a: Directors' remuneration is a related party transaction, see analysis of Directors' fees payable and their interests in the shares of the Company in the Directors' Remuneration Report on pages 41 to 44, which excludes NIC above. The key management personnel are the three non-executive Directors. The Company has no employees. There were no amounts outstanding and due to the Directors at 31 December 2020 (2019: £nil).

Note b: The audit-related assurance services are in relation to certain agreed procedures in respect 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 2019 only, BDO carried out iXBRL services on behalf of the Company, and was therefore shown as part of tax compliance services above. The preparation of the Company's Corporation tax return (for both years) and iXBRL services (for the current year) were carried out elsewhere, and by two separate firms.

Note c: Provision against loan interest receivable above relates to an amount of £3,332 (2019: £nil), being a provision made against loan stock interest regarded as collectable in previous years.

## 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 realised capital reserve 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.

Tax relief relating to Investment Adviser fees is allocated between revenue and capital where such relief can be utilised. The Company is an Investment Trust and Investment Trust companies are exempt from tax on capital gains if they meet the HMRC criteria set out in section 274 of the ITA.

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
<b>a) Analysis of tax charge:</b>						
UK Corporation tax on profits/(losses) for the year	432,618	(241,588)	191,030	293,485	(231,594)	61,891
<b>Total current tax charge/(credit)</b>	<b>432,618</b>	<b>(241,588)</b>	<b>191,030</b>	<b>293,485</b>	<b>(231,594)</b>	<b>61,891</b>
Corporation tax is based on a rate of 19.00% (2019: 19.00%)						
<b>b) Profit on ordinary activities before tax</b>	3,906,465	13,540,118	17,446,583	2,037,526	7,925,328	9,962,854
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.00% (2019: 19.00%)	742,228	2,572,622	3,314,850	387,129	1,505,813	1,892,942
<b>Effect of:</b>						
UK dividends	(309,469)	-	(309,469)	(96,026)	-	(96,026)
Net investment portfolio gains not taxable	-	(2,814,210)	(2,814,210)	-	(1,737,407)	(1,737,407)
Expenditure not allowable for tax purposes	-	-	-	2,382	-	2,382
Overprovision in prior period	(141)	-	(141)	-	-	-
<b>Actual current tax charge</b>	<b>432,618</b>	<b>(241,588)</b>	<b>191,030</b>	<b>293,485</b>	<b>(231,594)</b>	<b>61,891</b>

### Deferred taxation

No provision for deferred taxation has been made on potential capital gains due to the Company's current status as a VCT under section 274 of the ITA and the Directors' intention to maintain that status.

## Notes to the Financial Statements for the year ended 31 December 2020

### 6 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 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 ITA, 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:					2020	2019
Dividend	Type	For year ended 31 December	Pence per share	Date Paid	£	£
Final	Income	2018	1.75p	17 May 2019	-	1,854,366
Final	Capital	2018	3.25p*	17 May 2019	-	3,443,822
Interim	Income	2019	1.50p	20 September 2019	-	1,584,854
Interim	Capital	2019	2.50p*	20 September 2019	-	2,641,423
Interim	Capital	2019	2.00p*	06 December 2019	-	2,098,280
Interim	Capital	2019	4.00p*	08 January 2020	4,183,502	-
Interim	Capital	2020	6.00p*	07 May 2020	7,665,588	-
Interim	Income	2020	2.50p	17 December 2020	3,164,908	-
Interim	Capital	2020	2.50p*	17 December 2020	3,164,908	-
Dividends refunded in the year*					(2,442)	-
					<b>18,176,464</b>	<b>11,622,745</b>
<b>Proposed distributions to equity holders at the year-end:</b>				<b>Date Payable</b>		
Interim	Capital	2019	4.00p*	08 January 2020	-	4,183,502
					-	<b>4,183,502</b>

\* These dividends were paid out of the Company's special distributable reserve.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 259 of the ITA concerning the Company not retaining more than 15% of its income from shares and securities, is considered.

Recognised income distributions in the financial statements for the year					2020	2019
Dividend	Type	For year ended 31 December	Pence per share	Date paid	£	£
<b>Revenue available for distribution by way of dividends for the year</b>					<b>3,473,847</b>	<b>1,744,041</b>
Interim	Income	2019	1.50p	20 September 2019	-	1,584,854
Interim	Income	2020	2.50p	17 December 2020	3,164,908	-
<b>Total income dividends for the year</b>					<b>3,164,908</b>	<b>1,584,854</b>

### 7 Basic and diluted earnings per share

	2020	2019
	£	£
Total earnings after taxation:	17,255,553	9,900,963
<b>Basic and diluted earnings per share (Note a)</b>	<b>13.73p</b>	<b>9.36p</b>
Revenue earnings from ordinary activities after taxation	3,473,847	1,744,041
<b>Basic and diluted revenue earnings per share (Note b)</b>	<b>2.76p</b>	<b>1.65p</b>
Net investment portfolio gains	14,811,634	9,144,246
Capital Investment Adviser fees less taxation	(1,029,928)	(987,324)
Total capital earnings	13,781,706	8,156,922
<b>Basic and diluted capital earnings per share (Note c)</b>	<b>10.97p</b>	<b>7.71p</b>
Weighted average number of shares in issue in the year	125,685,147	105,785,777

Notes

- Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
- Basic revenue earnings per share is the revenue return after taxation divided by the weighted average number of shares in issue.
- Basic capital earnings per share is the total capital return after taxation divided by the weighted average number of shares in issue.
- 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 earnings per share.

## Notes to the Financial Statements for the year ended 31 December 2020

### 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 (as updated by Special Valuation guidance issued in March 2020). 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 a 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 time 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, i.e. that the value of each portfolio company is considered as a whole, alongside consideration of:-

The price of new or follow on 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. The inputs that derived the investment price are calibrated within individual valuation models and at every subsequent quarterly measurement date, are reconsidered for any changes in light of more recent events or changes in the market performance of the investee company. The valuation bases used are the following:

- a multiple basis. The enterprise value of the investment may be determined 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, realisation proceeds, or a weighted average of these bases 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 figures are shown net of any applicable transaction costs incurred by the Company.

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.

Accounting standards classify methods of fair value measurement as Levels 1, 2 and 3. This hierarchy is based upon the reliability of information used to determine the valuation. All of the unquoted investments are Level 3, i.e. fair value is measured using techniques using inputs that are not based on observable market data.

Movements in investments during the year are summarised as follows:

	Unquoted ordinary shares £	Unquoted preference shares £	Unquoted Loan stock £	Total £
Cost at 31 December 2019	23,351,076	27,108	20,845,314	44,223,498
Net unrealised gains/(losses) at 31 December 2019	8,829,094	312	(109,800)	8,719,606
Permanent impairment in value of investments as at 31 December 2019	(1,213,033)	-	(26,910)	(1,239,943)
<b>Valuation at 31 December 2019</b>	<b>30,967,137</b>	<b>27,420</b>	<b>20,708,604</b>	<b>51,703,161</b>
Purchases at cost	3,478,736	599,800	1,354,821	5,433,357
Sale proceeds (Note a)	(13,738,711)	(25,511)	(7,039,746)	(20,803,968)
Reclassification at value	(609,459)	609,459	-	-
Net realised gains/(losses) on investments (Note a)	4,255,538	(302)	84,985	4,340,221
Net unrealised gains/(losses) on investments (Note b)	13,471,270	57,016	(3,056,873)	10,471,413
<b>Valuation at 31 December 2020</b>	<b>37,824,511</b>	<b>1,267,882</b>	<b>12,051,791</b>	<b>51,144,184</b>
Cost at 31 December 2020	23,685,698	1,185,039	16,354,239	41,224,976
Net unrealised gains/(losses) at 31 December 2020	16,717,309	83,145	(4,302,448)	12,498,006
Permanent impairment in cost of investments as at 31 December 2020 (Note c)	(2,578,496)	(302)	-	(2,578,798)
<b>Valuation at 31 December 2020</b>	<b>37,824,511</b>	<b>1,267,882</b>	<b>12,051,791</b>	<b>51,144,184</b>

Net realised gains/(losses) on investments of £4,340,221 together with net unrealised gains/(losses) on investments of £10,471,413 equal net investment portfolio gains of £14,811,634 as shown on the Income Statement.

See Notes on next page.



## Notes to the Financial Statements for the year ended 31 December 2020

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

Company	Type	Investment cost £	Disposal proceeds £	Valuation at 31 December 2019 £	Realised gain/(loss) in year £
Tovey Management Limited (trading as Access IS)	Realisation	3,263,682	7,037,568	4,720,481	2,317,087
Turner Topco Limited (trading as Auction Technology Group)	Realisation	2,501,087	6,856,083	4,957,044	1,899,039
Redline Worldwide Limited	Contingent consideration	-	183,343	-	183,343
Blaze Signs Holdings Limited	Realisation	491,797	1,212,192	1,054,473	157,719
BookingTek Limited	Loan repayment	82,619	65,169	-	65,169
H Realisations (2018) Limited (formerly Hemmels Limited)	Realisation	26,910	2,366	-	2,366
Pattern Analytics Limited (trading as Biosite)	Realisation	1,583,521	2,340,857	2,340,857	-
End Ordinary Group Limited (trading as Buster & Punch)	Loan repayment	198,133	198,133	198,133	-
Vian Marketing Limited (trading as Red Paddle Co)	Loan repayment	145,557	207,938	207,938	-
Jablite Holdings Limited	Permanent impairment	-	-	59,290	(59,290)
Vectair Holdings Limited	Realisation	138,574	2,700,319	2,925,531	(225,212)
		<b>8,431,880</b>	<b>20,803,968</b>	<b>16,463,747</b>	<b>4,340,221</b>

Note b: The major components of the net increase in unrealised valuations of £10,471,413 in the year were increases of £4,847,782 in Virgin Wines Holding Company Limited, £1,828,742 in MPB Group Limited, £1,576,387 in Parsley Box Limited, £1,547,274 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet), and £1,413,000 in Data Discovery Solutions Limited (trading as Active Navigation). These increases were partly offset by falls of £1,352,880 in Spanish Restaurant Group Limited (trading as Tapas Revolution), £1,189,515 in CGI Creative Graphics International Limited, £1,061,023 in Media Business Insight Holdings Limited, £688,531 in Rota Geek Limited and £463,989 in Kudos Innovations Limited.

Note c: During the year, permanent impairments of the cost of investments have increased from £1,239,943 to £2,578,798 due to the permanent impairment of three investee companies, partially offset by the disposal of one investee company which had been permanently impaired previously.

## 9 Significant interests

At 31 December 2020 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 managed by Mobeus <sup>1,2</sup>
Media Business Insight Holdings Limited <sup>3</sup>	1,312,905	1,969,358	3,282,263	19.0%	67.5%
Preservica Limited	1,499,355	1,349,478	2,848,833	14.4%	47.9%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	1,372,362	1,372,362	2,744,724	7.6%	27.5%
Virgin Wines Holding Company Limited	58,008	2,381,344	2,439,352	12.2%	42.0%
My Tutorweb Limited	2,373,545	-	2,373,545	9.6%	35.1%
Veritek Global Holdings Limited	54,950	1,990,325	2,045,275	19.4%	65.6%
MPB Group Limited	1,611,946	287,840	1,899,786	6.8%	23.6%
End Ordinary Group Limited (trading as Buster & Punch)	1,885,094	-	1,885,094	9.8%	34.6%
CGI Creative Graphics International Limited	594,236	1,213,296	1,807,532	7.8%	26.9%
RDL Corporation Limited	271,044	1,287,290	1,558,334	14.1%	45.2%
Arkk Consulting Limited (trading as Arkk Solutions)	867,908	578,600	1,446,508	9.7%	33.6%
Data Discovery Solutions Limited (trading as Active Navigation)	1,413,000	-	1,413,000	8.1%	28.5%
Tharstern Group Limited	427,196	949,324	1,376,520	15.3%	52.5%
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution)	415,097	830,400	1,245,497	6.9%	25.0%
Connect Childcare Group Limited	584,191	584,200	1,168,391	4.2%	14.4%
Rota Geek Limited	1,142,000	-	1,142,000	5.8%	20.3%
Vian Marketing Limited (trading as Red Paddle Co)	359,278	684,115	1,043,393	14.4%	48.5%
Proactive Group Holdings Inc	702,333	224,240	926,573	3.2%	11.4%
IPV Limited	890,382	-	890,382	7.9%	26.6%
Parsley Box Limited	854,400	-	854,400	6.3%	22.0%
BookingTek Limited	688,236	-	688,236	4.1%	14.9%
Bleach London Holdings Limited	673,544	-	673,544	4.0%	14.1%
Oakheath Limited (formerly Super Carers) (in members' voluntary liquidation)	580,020	-	580,020	5.2%	18.7%
Jablite Holdings Limited (in members' voluntary liquidation)	453,747	48,192	501,939	12.1%	40.1%
Kudos Innovations Limited	420,600	-	420,600	4.1%	14.6%
Master Removers Group 2019 Limited	418,518	-	418,518	7.9%	28.1%
CB Imports Group Limited	350,000	-	350,000	11.6%	23.2%

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

<sup>1</sup> - Mobeus Equity Partners LLP also advises The Income and Growth VCT plc, Mobeus Income and Growth 2 VCT plc and Mobeus Income and Growth 4 VCT plc

<sup>2</sup> - 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.

<sup>3</sup> - Includes a loan of £764,797 to Media Business Insight Limited.

<sup>4</sup> - 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.

## Notes to the Financial Statements for the year ended 31 December 2020

### 10 Debtors

	2020 £	2019 £
Amounts due within one year:		
Accrued income	496,607	210,953
Prepayments	14,828	14,577
Other debtors	5,842	32
	<b>517,277</b>	<b>225,562</b>

### 11 Current asset investments and Cash at bank

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.

	2020 £	2019 £
OEIC Money market funds	29,365,900	11,908,442
Cash equivalents per Statement of Cash Flows	29,365,900	11,908,442
Bank deposits that mature after three months but are not immediately repayable	1,005,298	1,005,682
<b>Current asset investments</b>	<b>30,371,198</b>	<b>12,914,124</b>
<b>Cash at bank</b>	<b>3,120,539</b>	<b>7,261,618</b>

### 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	69,865	7,761
Other creditors	14,879	-
Corporation tax	191,171	61,891
Accruals	188,767	146,438
	<b>464,682</b>	<b>216,090</b>

### 13 Called up Share capital

	2020 £	2019 £
<b>Allotted, called-up and fully paid:</b>		
Ordinary Shares of 1p each: 126,336,620 (2019: 104,526,507)	<b>1,263,366</b>	<b>1,045,265</b>

Under the Offer for Subscription launched on 25 October 2019 a total of 23,233,293 (2019: 36,295) ordinary shares were allotted at an average effective offer price of 64.56 pence per share, raising net funds of £14,477,689 (2019: £25,000).

During the year the Company purchased 1,423,180 (2019: 2,375,656) of its own Ordinary shares for cash (representing 1.4% (2019: 2.2%) of the Ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £756,637 (2019: £1,492,825). These shares were subsequently cancelled by the Company. This differs to the figure shown in the Statement of Cash Flows of £712,523 by £44,114 which is included in creditors at the year-end.

### 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 126,336,620 (2019: 104,526,507) 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 of which 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.

The fair value of Cash at bank and Current asset investments equates to their carrying value in the Balance Sheet. 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

	2020 £	2019 £
<b>Financial assets</b>		
<b>Assets at fair value through profit and loss:</b>		
Investment portfolio	51,144,184	51,703,161
<b>Loans and receivables</b>		
Accrued income	496,607	210,953
Current asset investments	30,371,198	12,914,124
Cash at bank	3,120,539	7,261,618
Other debtors	5,842	32
<b>Financial liabilities</b>		
<b>Liabilities at amortised cost or equivalent</b>		
Other creditors	(273,511)	(154,199)
Total for financial instruments	84,864,859	71,935,689
Non financial instruments	(176,343)	(47,314)
<b>Total net assets</b>	<b>84,688,516</b>	<b>71,888,375</b>

The investment portfolio consists entirely of unquoted investments. The investment portfolio has a 100% (2019: 100%) concentration of risk towards small UK based, sterling denominated, companies which represent 60.4% (2019: 71.9%) of net assets at the year-end.

Current asset investments are money market funds and bank deposits which, along with Cash at bank, are discussed under credit risk below and represent 39.6% (2019: 28.1%) 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.

## Notes to the Financial Statements for the year ended 31 December 2020

### 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 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 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 which amounted to £30,371,198 at the year-end and which are all accessible at varying points over the next three 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					2020
	<3 months £	3-6 months £	6-12 months £	over 12 months £	Total £
Other creditors	170,459	103,052	-	-	273,511

Financial liabilities					2019
	<3 months £	3-6 months £	6-12 months £	over 12 months £	Total £
Other creditors	77,541	76,658	-	-	154,199

The Company does not have any derivative financial liabilities.

### 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:

	2020 £	2019 £
Current asset investments	30,371,198	12,914,124
Loan stock investments	12,051,791	20,708,604
Cash at bank	3,120,539	7,261,618
Accrued income	496,607	210,953
Other debtors	5,842	32
	<b>46,045,977</b>	<b>41,095,331</b>

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 in a minority of cases, 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 Company receives regular updates on each company at each quarter end.

The accrued income shown above of £496,607 was all due within six months of the year-end, with £51,288 still receivable three months after 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 estimates using management's expectations of when it is likely that such loans may be repaid.

Repayable within	2020 £	2019 £
0 to 1 year	2,879,149	5,722,505
1 to 2 years	2,247,628	4,952,122
2 to 3 years	3,946,355	6,578,770
3 to 4 years	1,388,144	3,455,207
4 to 5 years	1,354,821	-
Over 5 years	235,694	-
<b>Total</b>	<b>12,051,791</b>	<b>20,708,604</b>

Included within loan stock investments above are loans at a carrying value of £7,836,592 to seven investee companies which are past their repayment date but have been renegotiated, and a loan at a carrying value of £66,194 to one investee company which is past its repayment date but has not 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 are 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.

Past due loan stock assets:

	0-6 months £	6-12 months £	over 12 months £	2020 Total £
Loans to investee companies past due	166,080	1,457,758	66,194	1,690,032

	0-6 months £	6-12 months £	over 12 months £	2019 Total £
Loans to investee companies past due	1,359,974	-	2,740,783	4,100,757

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. However, as the six OEIC money market funds holding £29,365,900 are all triple A rated funds along with bank deposits of £3,641,547 at four 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 £484,290 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.



## Notes to the Financial Statements for the year ended 31 December 2020

### 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 £51,144,184, 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 multiples, such as price earnings ratios prevailing in quoted comparable sectors (discounted for points of difference from quoted comparators or multiples of revenues or gross margin of comparable companies), their valuations are exposed to changes in the multiples 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 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 Board meets regularly and reviews the investment performance, financial results and prevailing market conditions 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.

All assets held 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 changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if the investments had been valued at a multiple of 20% higher or lower. This sensitivity has been applied to those investments in the portfolio which are valued on a multiple basis which is £49.05 million of the £51.14 million total investment portfolio, excluding investments still valued at the price of recent investment.

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.

The impact of a change of 20% (2019: 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.

	2020 Profit and net assets £	2019 Profit and net assets £
If multiples of earnings, revenues or gross margins used in valuations rose/fell 20% (2019: 20%) with all other variables constant – increase/(decrease)	5,816,438 / (5,797,082)	5,904,380 / (6,419,465)
Increase / (decrease) in earnings, and net asset value, per Ordinary share (in pence)	4.60p / (4.59)p	5.50p / (5.79)p

### 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 2020 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate (see Note) %	Average period to maturity (years)
Equity shares	37,824,511	-	-	37,824,511	-	-
Preference shares	-	1,267,882	-	1,267,882	-	4.1
Loan stocks	-	12,051,791	-	12,051,791	8.6	2.2
Current asset investments	-	-	30,371,198	30,371,198	-	-
Cash	-	-	3,120,539	3,120,539	-	-
Debtors	502,449	-	-	502,449	-	-
Creditors	(273,511)	-	-	(273,511)	-	-
<b>Total for financial instruments</b>	<b>38,053,449</b>	<b>13,319,673</b>	<b>33,491,737</b>	<b>84,864,859</b>		
Non-financial instruments	(176,343)	-	-	(176,343)		
<b>Net assets</b>	<b>37,877,106</b>	<b>13,319,673</b>	<b>33,491,737</b>	<b>84,688,516</b>		

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 (see Note) %	Average period to maturity (years)
Equity shares	30,967,137	-	-	30,967,137	-	-
Preference shares	-	27,420	-	27,420	-	1.2
Loan stocks	-	20,708,604	-	20,708,604	8.8	1.9
Current asset investments	-	-	12,914,124	12,914,124	0.7	-
Cash	-	-	7,261,618	7,261,618	0.3	-
Debtors	210,985	-	-	210,985	-	-
Creditors	(154,199)	-	-	(154,199)	-	-
<b>Total for financial instruments</b>	<b>31,023,923</b>	<b>20,736,024</b>	<b>20,175,742</b>	<b>71,935,689</b>		
Non-financial instruments	(47,314)	-	-	(47,314)		
<b>Net assets</b>	<b>30,976,609</b>	<b>20,736,024</b>	<b>20,175,742</b>	<b>71,888,375</b>		

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. Floating 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 and their inclusion would distort the weighted average period information above.

## Notes to the Financial Statements for the year ended 31 December 2020

### 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 from money market funds to changes in interest rates:

	2020 Profit and net assets £	2019 Profit and net assets £
If interest rates rose / fell by 1%, with all other variables held constant – increase / (decrease)	271,283 / (271,283)	163,424 / (163,424)
Increase / (decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.21p / (0.21)p	0.16p / (0.16)p

### Currency risk

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

### Fair value hierarchy

The tables below set out fair value measurements using FRS102 s11.27 fair value hierarchy.

All investments held are valued as Level 3, valued with reference to inputs that do not come from observable market data, as was the case in the previous year.

The valuation techniques used by the Company are explained in the accounting policies in Note 8.

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

A reconciliation of fair value measurements in Level 3 is set out below:

	Equity investments £	Preference shares £	Loan stock £	Total £
<b>Opening balance at 1 January 2020</b>	30,967,137	27,420	20,708,604	51,703,161
Purchases	3,478,736	599,800	1,354,821	5,433,357
Sales	(13,738,711)	(25,511)	(7,039,746)	(20,803,968)
Reclassification at value	(609,459)	609,459	-	-
Total gains/(losses) included in the Income Statement:				
- on assets sold	4,255,538	(302)	84,985	4,340,221
- on assets held at the year-end	13,471,270	57,016	(3,056,873)	10,471,413
<b>Closing balance at 31 December 2020</b>	<b>37,824,511</b>	<b>1,267,882</b>	<b>12,051,791</b>	<b>51,144,184</b>

As detailed in the accounting policy for Note 8, where investments are valued on an earnings-multiple basis, the main inputs used for this basis of valuation are earnings and 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 quoted market share prices can have a significant effect on the fair 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:

	31 December 2020 £	31 December 2019 £
<b>Valuation methodology</b>		
Multiple of earnings, revenues or gross margin, as appropriate	49,051,716	48,600,751
Recent investment price	1,588,241	2,976,926
Net asset value	438,033	125,484
Estimated realisation proceeds	66,194	-
	<b>51,144,184</b>	<b>51,703,161</b>

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2019 and 31 December 2020:

Change in valuation methodology (2019 to 2020)	Carrying value as at 31 December 2020 £	Explanatory note
Recent investment price to multiple basis	4,795,958	Sufficient time has elapsed since investment to move to a more appropriate basis for determining value
Net asset value to estimated realisation proceeds basis	66,194	Change in financial health of the investment.
Multiple basis to weighted multiple/net asset basis	1,709,370	Change in financial health of the investment.
Multiple basis to net asset basis	166,080	Change in financial health of the investment.

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 (as updated by Special Valuation guidance issued in March 2020). The Directors believe that, within these parameters, these are the most appropriate methods of valuation which would be reasonable as at 31 December 2020.

### 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.

The Company is required to maintain 80% of its capital invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed, as measured by VCT tax legislation. 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 level of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

## Notes to the Financial Statements for the year ended 31 December 2020

### 17 Post balance sheet events

On 7 January 2021, a follow-on investment of £0.33 million was made into Parsley Box Limited, a supplier of home delivered ambient ready meals targeting the over 60s.

On 27 January 2021, further proceeds of £0.23 million were received by the Company in relation to the sale of Blaze Signs Holdings Limited which occurred in September 2020.

On 5 February 2021, a follow-on investment of £0.14 million was made into Bleach London Holdings Limited, a hair colourants brand.

On 12 February 2021, a follow-on investment of £0.62 million was made into Arkk Consulting Limited, a regulatory and reporting requirement service provider.

On 18 February 2021, a new investment of £1.16 million was made into Vivacity Labs Limited, an artificial intelligence & urban traffic control system.

### Virgin Wines admission to AIM

Ahead of the Admission to AIM of Virgin Wines on 2 March 2021, the Company's equity investment in Virgin Wines Holding Company Ltd ("VWHCL") had been exchanged for an equity investment in Rapunzel Newco Limited ("RNL"), a company owned by the four Mobeus advised VCTs pro rata to each VCT's share of its investment in Virgin Wines. Immediately prior to Admission, RNL exchanged its equity investment in VWHCL for an equity investment in Virgin Wines UK plc ("VWUK"). The Company is beneficially interested in 5,846,197 shares in VWUK, through its holding in RNL. RNL is the legal owner of the shares in VWUK, but each VCT is the beneficial holder.

At the Placing Price of £1.97 per share upon Admission, the Company's beneficial holding in VWUK had a value of £11.52 million, an increase of £5.86 million over the value of the equity at the year-end, and represented 10.47% of the enlarged equity of VWUK.

Alongside the Admission, VWUK also raised new funds from other investors in a Placing of new shares. These funds have been applied partly to repay the Company's loan stock investment and accrued interest in Virgin Wines via RNL. The Company has received net proceeds to date of £2.35 million, after the deduction of transaction costs of £0.07 million.

On 12 March 2021, the Company made a £0.14 million follow-on investment into Spanish Restaurant Group Limited (trading as Tapas Revolution), a leading Spanish restaurant chain.

On 25 March 2021, a new investment of £0.18 million was made into Caledonian Leisure Limited, a travel & leisure company specialising in providing UK based, value short breaks and holidays.

On 26 March, the portfolio company, Parsley Box, announced an intention to float on the AIM market on 31 March 2021. Subject to Admission to trading on that date, the Placement Price of £2.00 per share will increase the year-end value of the Company's investment by £2.11 million.

## Information for Shareholders

### Shareholder Information

#### Communication with Shareholders

We aim to communicate regularly with our Shareholders. The annual general meetings provide a useful platform for the Board to meet Shareholders and exchange views. However, for the safety of all concerned, we cannot under the current circumstances hold a physical meeting in 2021 but instead will offer a facility whereby you can view the Board, the Investment Adviser's presentation and submit questions. Your Board welcomes your virtual attendance at the May Annual General Meeting via the link below, to give you the opportunity to see the 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 via the London Stock Exchange RNS service. The Investment Adviser holds an annual Shareholder event. The last event was held on 4 February 2020 and Mobeus proposes to hold a virtual event later in 2021.

Shareholders wishing to follow the Company's progress can visit its website at: [www.migvct.co.uk](http://www.migvct.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](http://www.londonstockexchange.com) where Shareholders can obtain details of the share price and latest NAV announcements, etc.

#### Financial calendar

30 March 2021	Announcement of Annual Results and circulation of Annual Report & Financial Statements for the year ended 31 December 2020 to Shareholders
10 May 2021	Annual General Meeting
TBC 2021	Virtual Shareholder Event
September 2021	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 30 June 2021 to Shareholders
31 December 2021	Year-end

#### Annual General Meeting

The Company's next Annual General Meeting will be held on **Monday, 10 May 2021 at 2.00 pm at the Company's Registered office. Shareholders should note that physical attendance at the AGM is not permitted for the safety of all concerned.** The AGM will be held as a closed meeting with Shareholders able to join the meeting as attendees by electronic means. You will be able to see the Board members and Investment Adviser on your screen. A copy of the Notice of the Meeting is included on pages 77 to 79. Shareholders are welcome to attend the Meeting virtually using the link: [www.mobeusvctagm.co.uk](http://www.mobeusvctagm.co.uk). For those Shareholders without the appropriate device or WiFi connection, a conference call facility is available. You do not need to download or have an electronic account to access the event and the link and conference call details are available in the red bubble on the Company's website. Shareholders will not be able to vote at the meeting which will be conducted by a poll of the members present and therefore you are encouraged to complete and return your proxy form, which is included with Shareholders' copies of this Annual Report, or cast your vote on-line via Computershare's Investor Centre at: <https://www-uk.computershare.com/investor/>. You are strongly recommended to appoint the Chairman of the meeting as your proxy to ensure your vote counts as other appointed proxies may not be able to attend the meeting. Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) before 5 May 2021. A response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. Votes must arrive at the Registrar by 2.00 pm on Thursday, 6 May 2021 to be valid.

#### 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 updated online by visiting [www-uk.computershare.com/investor/](http://www-uk.computershare.com/investor/) or, alternatively, they can be obtained by contacting the Company's Registrar, Computershare Investor Services PLC at the address provided under Corporate Information on page 85 of this Annual Report.

**Shareholders are encouraged to ensure that the Registrar has the correct up-to-date details for their accounts 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.**

#### 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. Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.



# Notice of the Annual General Meeting

The Company is unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares.

Panmure can be contacted as follows:

Chris Lloyd - 0207 886 2716 chris.lloyd@panmure.com  
Paul Nolan - 0207 886 2717 paul.nolan@panmure.com

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

Tax legislation introduced with effect from 1 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 and financial account information to HMRC on certain investors who purchase their shares including details of their shareholding and income from the 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 shares are held in CREST, who are entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC changed its policy position on FATCA in June 2016. We understand that this means, as a result of the restricted secondary market in VCT shares, the Company's shares will not be considered to be "regularly traded". This means the Company is also an affected entity for the purposes of this legislation and as such will have 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>.

## 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 and typically 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 section "A guide to VCTs" itself within the VCT Investor area of the Investment Adviser's website: [www.mobeus.co.uk/investor-area](http://www.mobeus.co.uk/investor-area) and secondly, a link to the FCA's ScamSmart site: [www.fca.org.uk/scamsmart](http://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](mailto:info@mobeus.co.uk) to check whether any claims are genuine.

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

### 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.

The Registrar, Computershare, may be contacted via their Shareholder portal, post or telephone for queries relating to your shareholding or dividend payments, dividend mandate forms, change of address etc.

Full contact details for each of Mobeus and Computershare are included under Corporate Information on page 85 of this Annual Report.

**IMPORTANT NOTE: Due to the ongoing COVID-19 pandemic and current government advice on social distancing (as published at the date of this Notice) and which are expected to still be in place as at the date of the Annual General Meeting, the Annual General Meeting will be held by way of a closed meeting and Shareholders will not be able to attend the Annual General Meeting in person. Shareholders will, however, be able to attend virtually using the following link: [www.mobeusvctagm.co.uk](http://www.mobeusvctagm.co.uk) but will not be able to vote on the resolutions at the meeting. Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) and a response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. Voting on the resolutions will be conducted by way of a poll. Shareholders are encouraged to submit their votes by proxy (either through the submission of a proxy form or casting their vote on-line) appointing the Chairman of the Annual General Meeting (as other proxies appointed may not be permitted to attend the Annual General Meeting).**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mobeus Income & Growth VCT plc ("the Company") will be held at **2.00 pm on Monday, 10 May 2021** by way of a closed meeting ("Meeting"), for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions. An explanation of the business to be proposed is included in the Directors' Report on pages 35 and 36 of this Annual Report:

1. To receive and adopt the annual report and financial statements of the Company for the year ended 31 December 2020 ("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 re-elect Clive Boothman as a director of the Company.
4. To re-elect Bridget Guérin as a director of the Company.
5. To re-elect Catherine Wall as a director of the Company.
6. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.
7. 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 a 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 £421,122, 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 2022, 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.
8. That, subject to the passing of resolution 7 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 7 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% in connection with offer(s) for subscription; and
  - (ii) otherwise than pursuant to sub-paragraph (i) above, with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital of the Company from time to time;

in each case where the proceeds of the allotment may be used, in whole or in part, to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2022, 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.

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

# Notice of the Annual General Meeting

- a. the aggregate number of Shares which may be purchased shall not exceed 18,937,860 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;
- b. the minimum price which may be paid for a Share is 1.00 penny (the nominal value thereof);
- c. 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 amount stipulated by Article 5(6) of the Market Abuse Regulation (596/2014/EU);
- d. 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 2022; and
- e. 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

*Mobius Equity Partners LLP*  
**Mobius Equity Partners LLP**  
Company Secretary

Dated: 30 March 2021

Registered Office:  
30 Haymarket  
London SW1Y 4EX

## Notes to the Notice of the Annual General Meeting

The following Notes explain your general rights as a Shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. A member who would usually be entitled to attend, speak and vote at the Meeting or to appoint one or more other persons as his proxy to exercise all or any of his rights on his behalf. Given the current COVID-19 restrictions, a member shall only be entitled to appoint a proxy to vote on his behalf at the Meeting, which will not be open to Shareholders to attend in person. Further details of how to appoint a proxy, and the rights of proxies, are given in the Notes below. Shareholders are encouraged to appoint the Chairman as their proxy, as attendance by proxies other than the directors and quorum, will not be permitted.
2. Shareholders may appoint a proxy either by (a) completing a hard copy of the form of proxy or other instrument appointing a proxy and sending it to be received by post (during normal business hours only) at the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or (b) submitting their votes electronically through Computershare's Investor Centre at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In each case, the proxy votes submitted must be received not later than **2.00 pm on 6 May 2021** or 48 hours before the time appointed for any adjourned meeting (ignoring any part of a day that is not a working day, before the time fixed for the meeting) or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
3. In light of the COVID-19 'social distancing' measures in England and in order to hold the Meeting safely, the Meeting will be held as a closed meeting with Shareholders able to join virtually (but will not be able to vote on the resolutions at the Meeting).
4. If possible, Shareholders intending to join the Meeting as an attendee are requested to use the link set out at the start of this Notice and on the Company's website at least 10 minutes prior to the commencement of the Meeting at 2.00 pm (UK time) on 10 May 2021.
5. A Shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that Shareholder. A proxy need not be a Shareholder of the Company. However, please see Note 1 in relation to proxy appointment in light of the current COVID-19 restrictions.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
7. A personalised form of proxy for use in connection with the Meeting is enclosed with the document of which this Notice forms part. If you do not have a personalised form of proxy and would like a copy, please contact the Company's Registrar, Computershare Investor Services, The Pavilions, Bridgwater Road Bristol BS99 6ZZ or on 0370 707 1155. Completion and return of a form of proxy will not legally prevent a Shareholder from attending and voting at the Meeting. However, given the current restrictions in place as a result of COVID-19, Shareholders will not be able to attend the Meeting and the Company therefore requests all Shareholders to vote by proxy on the resolutions set out in this Notice as soon as possible.
8. Completion and return of a form of proxy will not legally prevent a Shareholder from attending and voting at the Meeting. However, given the current restrictions in place as a result of COVID-19, Shareholders will not be able to attend the Meeting and the Company therefore requests all Shareholders to vote by proxy on the resolutions set out in this Notice as soon as possible.
9. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

10. You can also vote either:

- by logging on to Computershare's Investor Centre at: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions. To vote electronically, Shareholders will be asked to provide the Control Number, their individual Shareholder Reference Number (SRN) and PIN, details of which are contained on the form of proxy, or the electronic broadcast message issued by the Company. Computershare's Investor Centre is the only acceptable means by which proxy instructions may be submitted electronically.
- if you need help with voting online, please contact our Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road Bristol BS99 6ZZ. Tel: 0370 707 1155
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

We strongly recommend voting electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

11. If you return more than one proxy appointment, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
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 3RA50) by 2.00 pm on 6 May 2021. 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.
14. 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.
15. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the Annual General Meeting (and the number of votes that may be cast thereat) will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
17. Any member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting and the Company is obliged to answer any such questions under section 319A of the Act. However, no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website [www.migvct.co.uk](http://www.migvct.co.uk) in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
18. Under section 527 of the Act (i) members representing at least 5% of the total voting rights of all the members or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100 (in accordance with section 527 of the Act) can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with section 437 of the Act, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses in complying with sections 527 or 528 of the Act. Any statement required to be placed on the Company's website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website under section 527.
19. 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 (i.e. the registered Shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore, any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your financial adviser or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
20. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company.
21. As at 29 March 2021 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 126,336,620 Ordinary shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 29 March 2021 were 126,336,620.
22. A copy of this Notice, and other information required by section 311A of the Act, can be found on the Company's website at [www.migvct.co.uk](http://www.migvct.co.uk).

# Performance Data at 31 December 2020

The following table shows, for all investors in Mobeus Income & Growth VCT plc ("MIG") and the former Matrix Income & Growth 3 VCT plc ("MIG3"), how their investment has performed since they were originally allotted shares in each fundraising.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 December 2020. The NAV basis enables Shareholders to evaluate more clearly the performance of the Investment Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

## VCT Fundraisings

Share price as at 31 December 2020 **57.50p<sup>1</sup>**

NAV per share as at 31 December 2020 **67.03p**

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	Total return per share to Shareholders since allotment (NAV basis) (p)
<b>Funds raised 2004/05</b>					
Between 5 October 2004 and 29 June 2005	100.00	60.00	139.80	197.30	206.83
<b>Funds raised 2011 (Linked offer)</b>					
21 January 11	98.00	68.60	118.50	176.00	185.53
28 February 11	102.30	71.61	118.50	176.00	185.53
22 March 11	102.30	71.61	118.50	176.00	185.53
01 April 11	102.30	71.61	118.50	176.00	185.53
05 April 11	102.30	71.61	118.50	176.00	185.53
10 May 11	100.60	70.42	118.50	176.00	185.53
06 July 11	95.30	66.71	113.50	171.00	180.53
<b>Funds raised 2012 (Linked offer)</b>					
08 March 12	101.20	70.84	113.00	170.50	180.03
04 April 12	101.20	70.84	113.00	170.50	180.03
05 April 12	101.20	70.84	113.00	170.50	180.03
10 May 12	101.20	70.84	113.00	170.50	180.03
10 July 12	95.50	66.85	106.75	164.25	173.78
<b>Funds raised 2013 (Linked offer)</b>					
14 January 13	94.60	66.22	101.75	159.25	168.78
28 March 13	97.40	68.18	101.75	159.25	168.78
04 April 13	97.40	68.18	101.75	159.25	168.78
05 April 13	97.40	68.18	101.75	159.25	168.78
10 April 13 pre RDR <sup>4</sup>	99.80	69.86	101.75	159.25	168.78
10 April 13 post RDR <sup>4</sup>	97.40	68.18	101.75	159.25	168.78
07 May 13	95.40	66.78	99.75	157.25	166.78
<b>Funds raised 2014 (Linked offer)</b>					
09 January 14	100.01 <sup>5</sup>	70.01	95.75	153.25	162.78
11 February 14	100.28 <sup>5</sup>	70.20	95.75	153.25	162.78
31 March 14	106.71 <sup>5</sup>	74.70	95.75	153.25	162.78
03 April 14	107.19 <sup>5</sup>	75.03	95.75	153.25	162.78
04 April 14	106.54 <sup>5</sup>	74.58	95.75	153.25	162.78
06 June 14	108.50 <sup>5</sup>	75.95	92.50	150.00	159.53

<sup>1</sup> - Source: Panmure Gordon & Co (mid-price basis), when the latest announced NAV was 65.69 pence per share, adjusted for a 5 pence dividend paid on 17 December 2020.

<sup>2</sup> - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

<sup>3</sup> - For derivation, see table on page 82.

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

<sup>5</sup> - Average effective offer price. Shares were allotted pursuant to the 2013/14, 2014/15, 2017/18 and 2019/20 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

Allotment date(s)	Allotment price (p)	Net allotment price <sup>1</sup> (p)	Cumulative dividends paid per share <sup>2</sup> (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	Total return per share to Shareholders since allotment (NAV basis) (p)
<b>Funds raised 2015 (Joint offer)</b>					
14 January 15	96.90 <sup>3</sup>	67.83	75.50	133.00	142.53
17 February 15	98.37 <sup>3</sup>	68.86	75.50	133.00	142.53
10 March 15	99.40 <sup>3</sup>	69.58	75.50	133.00	142.53
<b>Funds raised 2017 (Joint offer)</b>					
28 September 17	74.70 <sup>3</sup>	52.29	35.00	92.50	102.03
20 October 17	74.89 <sup>3</sup>	52.42	35.00	92.50	102.03
09 November 17	75.82 <sup>3</sup>	53.07	35.00	92.50	102.03
20 November 17	76.98 <sup>3</sup>	53.89	35.00	92.50	102.03
21 November 17	76.90 <sup>3</sup>	53.83	35.00	92.50	102.03
24 January 18	72.68 <sup>3</sup>	50.88	31.00	88.50	98.03
13 March 18	72.64 <sup>3</sup>	50.85	31.00	88.50	98.03
<b>Funds raised 2020 (Joint offer)</b>					
08 January 20	65.20 <sup>3</sup>	45.64	11.00	68.50	78.03
02 April 20	61.25 <sup>3</sup>	42.88	11.00	68.50	78.03

<sup>1</sup> - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

<sup>2</sup> - For derivation, see table on page 82.

<sup>3</sup> - Average effective offer price. Shares were allotted pursuant to the 2014/15, 2017/18 and 2019/20 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

## MIG 3 VCT Fundraising

Share price as at 31 December 2020 **61.27p<sup>1</sup>**

NAV per share as at 31 December 2020 **71.42p**

Shareholders in the former Matrix Income & Growth 3 VCT plc received approximately 1.0655 shares in the Company for each MIG 3 VCT share that they held on 20 May 2010, when the two VCTs merged. Both the share price and the NAV per share shown above have been adjusted using this merger ratio.

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	Total return per share to Shareholders since allotment (NAV basis) (p)
<b>Funds raised 2006</b>					
Between 24 January 2006 and 5 April 2006	100.00	60.00	135.81	197.08	207.23

<sup>1</sup> - Source: Panmure Gordon & Co (mid-price basis), as adjusted for the merger ratio.

<sup>2</sup> - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

<sup>3</sup> - For derivation, see table on page 82.



## Performance Data at 31 December 2020

### Cumulative dividends paid

Payment date	2004 (MIG VCT) (p)	2006 (MIG 3 VCT) (p)	2011 (Linked offer) (p)	2012 (Linked offer) (p)	2013 (Linked offer) (p)	2014 (Linked offer) (p)	2015 (Joint offer) (p)	2017 (Joint offer) (p)	2020 (Joint offer) (p)
27 September 2005	0.30								
16 May 2006	0.70								
14 September 2006	0.80								
18 May 2007	1.40	1.25							
20 September 2007	1.00	1.00							
21 May 2008	7.80	1.50							
11 September 2008	3.30	1.00							
15 May 2009	1.00	0.80							
21 April 2010	5.00	4.00							
<b>20 May 2010 Merger of MIG VCT and MIG 3 VCT</b>									
27 May 2011	5.00	5.33 <sup>1</sup>	5.00						
15 September 2011	0.50	0.53 <sup>1</sup>	0.50						
22 May 2012	6.25	6.66 <sup>1</sup>	6.25	6.25					
20 September 2012	5.00	5.33 <sup>1</sup>	5.00	5.00					
15 May 2013	2.00	2.13 <sup>1</sup>	2.00	2.00	2.00				
18 September 2013	4.00	4.26 <sup>1</sup>	4.00	4.00	4.00				
14 May 2014	3.25	3.46 <sup>1</sup>	3.25	3.25	3.25	3.25			
17 September 2014	17.00	18.11 <sup>1</sup>	17.00	17.00	17.00	17.00			
30 April 2015	7.00	7.46 <sup>1</sup>	7.00	7.00	7.00	7.00	7.00		
17 September 2015	3.00	3.20 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00		
31 May 2016	7.00	7.46 <sup>1</sup>	7.00	7.00	7.00	7.00	7.00		
20 September 2016	8.50	9.06 <sup>1</sup>	8.50	8.50	8.50	8.50	8.50		
31 March 2017	6.00	6.39 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00		
13 September 2017	9.00	9.59 <sup>1</sup>	9.00	9.00	9.00	9.00	9.00		
08 December 2017	4.00	4.26 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00	4.00	
17 May 2018	3.00	3.20 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00	3.00	
21 September 2018	2.00	2.13 <sup>1</sup>	2.00	2.00	2.00	2.00	2.00	2.00	
17 May 2019	5.00	5.33 <sup>1</sup>	5.00	5.00	5.00	5.00	5.00	5.00	
20 September 2019	4.00	4.26 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00	4.00	
06 December 2019	2.00	2.13 <sup>1</sup>	2.00	2.00	2.00	2.00	2.00	2.00	
08 January 2020	4.00	4.26 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00	4.00	
07 May 2020	6.00	6.39 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00	6.00	6.00
17 December 2020	5.00	5.33 <sup>1</sup>	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Total dividends paid<sup>2</sup></b>	<b>139.80</b>	<b>135.81</b>	<b>118.50</b>	<b>113.00</b>	<b>101.75</b>	<b>95.75</b>	<b>75.50</b>	<b>35.00</b>	<b>11.00</b>

<sup>1</sup> - The dividends paid after the merger, on the Company's shareholdings arising from former MIG 3 VCT shareholdings, have been restated for the merger conversion ratio.

<sup>2</sup> - The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to Shareholders by date of allotment is shown on pages 80, 81 and above.

## Timeline of the Company

July 2004	Company launched as Matrix Income & Growth VCT plc advised by Matrix Private Equity Partners LLP
June 2005	Company completed first fundraising
September 2005	Matrix Income & Growth 3 VCT plc launched and advised by Matrix Private Equity Partners LLP
April 2006	Matrix Income & Growth 3 VCT plc completed first fundraising
May 2010	Matrix Income & Growth 3 VCT plc merged into Matrix Income & Growth VCT plc
June 2012	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP. Matrix Income & Growth VCT plc changed its name to Mobeus Income & Growth VCT plc to be consistent with the Investment Adviser's change of name
November 2013	The Company is awarded 'VCT of the Year' at the 2013 Investment Week Investment Company of the Year Awards
2010 – 2015	The Company launched and completed five successful fundraisings with the other Mobeus VCTs
May 2016	New Investment Policy approved by Shareholders to provide growth capital to investee companies
September 2017	The Company launched a fundraising to raise up to £25 million
March 2018	The Company closed its fundraising, having raised £25 million
October 2019	The Company launched a fundraising to raise up to £15 million
January 2020	The Company announced the fundraise was fully subscribed
April 2020	The Company closed its fundraising, having raised £15 million

# 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 as part of the Performance data appendix on page 82. Dividends paid in the year and dividends paid in respect of a year are shown in Note 6.

## 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) both at the end date of a period under review, plus cumulative dividends paid up to that end date since launch in October 2004.

## EBITDA

Earnings before interest, tax, depreciation and amortisation. It can be seen as a proxy for the level of cash flow generated by a business.

## Gross Profit

The profit a company makes after deducting the costs associated with making and selling its products, or the costs associated with providing its services.

## Internal Rate of Return (“IRR”) (APM)

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. Generally speaking, the higher an investment’s IRR, the more successful it is.

## Net asset value or NAV

The value of the Company’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 Company.

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 believe that this is the most meaningful method for Shareholders to assess the investment 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 Company in the future. This is calculated by dividing Investment Adviser fees of £1,695,355 and running costs of £424,396 (per Note 4a and 4c on pages 57 and 58), the latter being reduced by IFA Trail commission fees and one off professional fees, by average net assets throughout the year of £78,861,599.

## Realised gain/(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.

## Revenue

The total amount of income generated by the sale of goods or services related to a company’s primary operations.

## Share price Total Return (APM)

As NAV Total Return, but the Company’s mid-market share price (source: Panmure Gordon & Co) 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 year/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 value 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

Clive Boothman  
Bridget Guérin  
Catherine Wall

## Company's registered office

30 Haymarket  
London  
SW1Y 4EX

## Adviser, Promoter, Company Secretary and Administrator

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[www.mobeus.co.uk](http://www.mobeus.co.uk)

## Company Registration Number:

5153931

## Company LEI number:

213800HKOSEVWS7YPH79

## Email

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