The Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Accounts
for the year ended 30 September 2013

mobeus
EQUITY PARTNERS

Investment Objective

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

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

The Company invests in companies at various stages of development. In some instances this may include investments in new and secondary issues of companies which may already be quoted on the Alternative Investment Market ("AiM") or PLUS.

Investment Policy

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

Contents

Financial Highlights

Share price total return of 15.0% for the year.

Net asset value (NAV) total return of 14.9% for the year.

The Directors are recommending a final dividend of 4.0 pence per Share, which will bring total dividends in respect of the year to 10 pence per Share. This payment will bring cumulative dividends paid since 1 January 2008 to 44.5 pence per Share.

Five Year Performance Summary

The net asset value (NAV) per Ordinary Share of 1 penny ("Share") at 30 September 2013 was 113.9 pence

The table below shows the recent past performance of the Company's existing class of Shares for each of the last five years. Detailed performance data, including a table of dividends paid to date, for all fundraising rounds since 2000, is shown in the Performance Data Appendix on pages 70 – 71.

	Net assets (£m)	NAV per Share (p)	Cumulative dividends paid per Share (p)	Cumulative NAV total return per Share to Shareholders (p)	Share price (p)[1]	Cumulative share price total return per Share to Shareholders (p)
As at 30 September 2013	60.5	113.9	40.5	154.4	99.5	140.0
As at 30 September 2012	50.6	109.6	28.5	138.1	97.0	125.5
As at 30 September 2011	49.2	120.8	4.5	125.3	91.6	96.1
As at 30 September 2010	36.6	99.0	0.5	99.5	87.0	87.5
As at 30 September 2009	11.0	93.2	0.0	93.2	94.5	94.5

[1] Source: London Stock Exchange.

Dividends proposed (not included in the above table)

A final dividend of 4.0 pence per Share, comprising 1.25 pence from income and 2.75 pence from capital will be recommended to Shareholders at the Annual General Meeting of the Company to be held on 12 February 2014. If approved, the dividend will be paid on 12 March 2014 to Shareholders on the Register on 21 February 2014 and bring cumulative dividends paid per Share since 1 January 2008 to 44.5 pence.

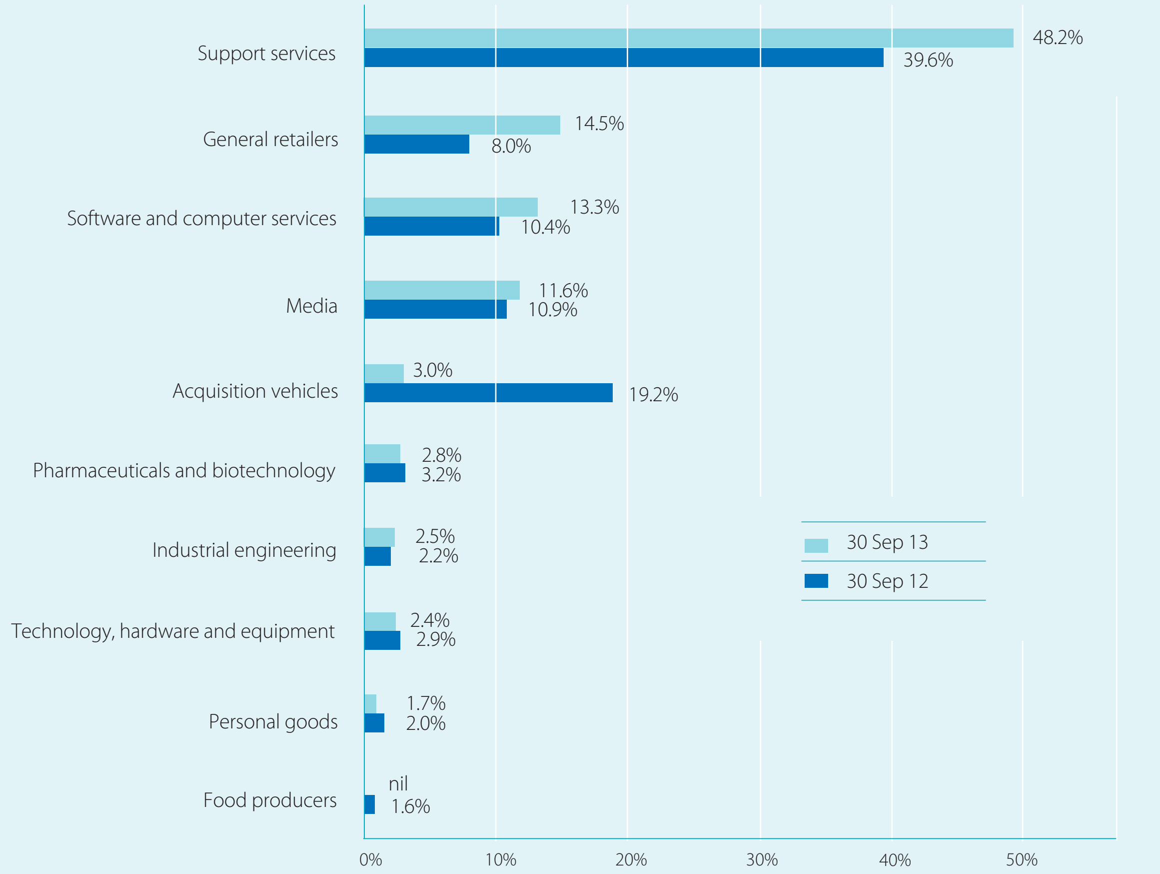
Discount

The Board's current intention is to continue with its existing buy-back policy with the objective of maintaining the discount to NAV at which the Shares trade at 10% or less. The discount for the Company's Shares at 30 September 2013 was 10.0% (2012: 9.4%) based on a NAV at 30 June 2013 of 110.5 pence.

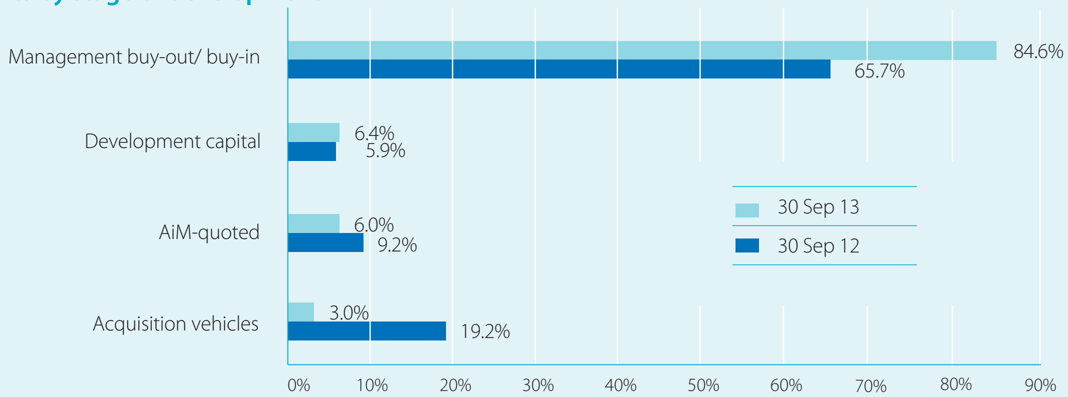
Financial Highlights

Investments at valuation at 30 September 2013

Investments by market sector



Investments by stage of development



Chairman's Statement

I am pleased to present to Shareholders the Annual Report of the Company for the year ended 30 September 2013.

Overview

In my statement at the half-year stage, I reported on a period of strong performance from many companies in the portfolio in spite of continuing uncertainty in the UK and global economies. I am pleased to report that this trend has largely continued in the second half of the year. At the year-end, the underlying net asset value ("NAV") had increased in the second half of the year by a further 6.1%, reflecting primarily further increases in the value of the investment portfolio, as a number of individual investee companies have continued to make good progress. The positive trend in deal flow noted by the Manager at the half-year has also been sustained and a number of promising opportunities are being reviewed from a healthy pipeline, the first of which has completed after the year-end.

Performance

The Company's NAV total return per Share rose by 14.9% during the year to 30 September 2013.

I am pleased to report that, using the benchmark of NAV total return, the VCT is ranked first over three years, second over five years and fourth over ten years among generalist VCTs by the Association of Investment Companies (AIC) (based on statistics prepared by Morningstar) at 31 October 2013. This is an encouraging indication of the consistency of the VCT's performance in the long-term as well as the strong performance in recent years, where the increase in the NAV has arisen from several excellent realisations.

The rise in NAV total return compares with an increase of 34.2% in the FTSE SmallCap Index and an increase of 13.3% in the FTSE AiM All-Share Index, both on a total return basis.

The NAV per Share at 30 September 2013 was 113.9 pence (30 September 2012: 109.6 pence).

Cumulative dividends paid and proposed to date since 1 January 2008 amount to 44.5 pence per Share.

For detailed data on the performance of your investment in the Company, may I refer you to the Performance Data Appendix on pages 70 – 71 of this Annual Report. This provides information on NAVs and cumulative dividends paid per Share for the individual allotment dates in each of the VCT's fundraisings.

The portfolio

Over the year, the portfolio as a whole achieved a net increase of £5.9 million in unrealised gains and £1.1 million in realised gains, net of transaction costs. The portfolio under management was valued at £34.0 million at the year-end representing 101% of cost and an increase of 20.9% in valuation over the year on a like for like basis.

During the year £6.7 million was placed into new and existing investments (including a total of £3.9 million held in four acquisition vehicles). Two of these were to support new MBOs of Gro-Group and Veritek Global using existing investments in the acquisition vehicles Fosse Management and Madacombe Trading respectively. Two additional investments were made to support strategic acquisitions by existing portfolio companies, namely, ATG Media, of Bidspotter Inc in the US using Peddars Management, and Motorclean, of Forward Valeting Services using Almsworthy Trading.

Following the year-end in November 2013, the VCT completed a further investment of £1.8 million into the acquisition vehicle Culbone Trading to support the MBO of Virgin Wines, one of the UK's leading online retailers of wine. The Company's investment in this company now totals £2.8 million.

Realisation proceeds totalling £6.5 million were received from seventeen companies. Of this total £2.8 million were loan repayments and £1.7 million was received as total proceeds from the disposal of Image Source.

Full details of the investment activity during the year and a summary of the performance highlights can be found in the Investment Manager's Review on pages 5 – 10 of this Annual Report.

Cash available for investment

The Board continues to consider and monitor credit risk in respect of its cash balances extremely carefully.

The Company has diversified its holdings of cash available for investment during the year as it is no longer adding to its investment in money market funds in response to a change in VCT regulations. However, it continues to hold £12.8 million in a selection of money market funds with AAA credit ratings at 30 September 2013. The balance of cash and current asset investments of £13.1 million is held in deposit accounts with a number of well-known financial institutions across a range of maturities. However, whilst several of the larger UK banks remain in a recovery stage, systemic risk remains. In addition, the £2 million invested in acquisition vehicles is also held in money market funds (reduced to £1 million following the use of Culbone Trading to support the MBO of Virgin Wines after the year-end). The Company is currently well-positioned both to take advantage of favourable investment opportunities as they arise and, if required, to make investments to support the existing portfolio. Cash and liquidity fund balances as at 30 September 2013 amounted to £25.9 million.

Revenue Account

The revenue return has shown a large increase in the year, with a figure of £1.5 million compared with last year's return of £1.0 million, an improvement of £0.5 million.

An increase in income for the year and a reduction in running costs are the two primary reasons for this improvement. Loan interest income has risen by £0.4 million due to a number of new investments, such as Gro-Group and Veritek Global, in addition to follow-on loans to ATG Media and Motorclean. The VCT has also received a number of interest arrears payments from investee companies that have improved their financial position during the year, e.g. Aquasium, Blaze Signs and Newquay Helicopters (formerly British International).

Dividend income has fallen by a nominal amount in the year, although the majority of investee companies have increased their dividend (e.g. ATG, Focus, Tessella). This comparative fall has arisen as a result of significant dividend receipts in 2012 from Brookerpaks and Image Source, which investments have both since been realised. However, in 2013, bank deposit interest has increased significantly in comparison to previous years as the VCT has spread cash on deposit amongst several well-known financial institutions.

Investment management fees charged to the revenue return have increased by less than £0.1 million, in line with the growth in the Company's net assets. Running costs have fallen by £0.1 million to £0.4 million. This fall is mainly due to a large reduction in trail commission payable to intermediaries, as the trail commission cap for many older holdings was reached last year. Commission is still payable, where appropriate, on the more recent linked fundraisings.

Dividends

A final dividend of 4.0 pence per Share, comprising 1.25 pence from income and 2.75 pence from capital, will be recommended to Shareholders at the Annual General Meeting of the Company to be held on 12 February 2014, for payment to Shareholders on the register on 21 February 2014, on 12 March 2014.

Enhanced buyback facility (EBF)

The VCT offered an EBF to Shareholders in January 2013 and this took place in April 2013. A total of 8.1 million Shares were bought-back by the Company in respect of the two tax years 2012/13 and 2013/14 (representing 17.0% of the Shares in issue at the date of launch of the EBF). 7.9 million new Shares were allotted by the VCT under the EBF as a result of this buy-back. The costs of the EBF were solely borne by the Shareholders who participated in it.

Share buy-backs

During the year ended 30 September 2013, the Company bought back a further 0.9 million of the Company's own Shares (year to 30 September 2012: 1.0 million) representing 2.0% (2012: 2.5%) of the Shares in issue at the beginning of the year at a total cost of £0.9 million (year to 30 September 2012: £0.9 million) net of expenses. All Shares bought-back by the Company were subsequently cancelled by the Company.

The Board regularly reviews its buyback policy and has maintained the discount to NAV at which the Company's Shares trade over the last year at around 10%. At 30 September 2013, the mid-market price for the Company's Shares was 99.5 pence, representing a discount of 10.0% to the NAV at 30 June 2013 of 110.5 pence.

Fundraising

The Company raised £8.3 million gross of issue costs in the Mobeus Linked VCT Offer launched on 29 November 2012.

A further Linked Offer to raise £24 million in aggregate for the Company, together with the other Mobeus VCTs was launched on 28 November 2013. This fundraising by the Company anticipates a higher rate of new investment in the year ahead and the increased assets will spread the Company's fixed running costs over a larger asset base.

Industry awards for the Manager

Your Board is pleased to report to Shareholders that the Manager was named VCT House of the Year 2013 for the second consecutive year at the unquote" British Private Equity Awards 2013. The award recognised the high level of consistency achieved by the Manager during the year under consideration in maintaining high standards in all areas of its activity including deals, exits, portfolio management and fundraising.

Annual Report

Shareholders may be aware that a number of significant changes have been introduced by legislation which affect the way in which companies are now required to present information in the narrative sections of their annual reports. In particular, you will see that this year's annual report contains a Strategic Report (pages 18 – 22) for the first time. This includes the Company's investment objective and policy and describes how these have been met in the year under review as well as giving information about the risks faced by the Company and the regulatory environment within which it operates. We are considering improvements to the way in which the information is presented and will seek, in future, to make the report more concise by, in particular, reducing the amount of duplication. We are aware that with a September year-end, the Company is in the vanguard of implementing these new requirements but may I assure you that the review process is proceeding actively, as you will see in next year's report.

Outlook

Since the half-year, the outlook for the UK economy appears to have improved; recent data suggests the economy is growing and will continue to grow. The UK Government appears to be trying to create a more optimistic mood, ahead of the election in 2015, with its measures aimed at the housing market designed to boost growth. Some business surveys reveal a cautious optimism in the corporate sector. The Financial Times and The Daily Telegraph have both featured articles on mid-sized companies which they describe as a resurgent sector of the economy. This is an area in which we are seeking to increase our participation as some of our more successful investee companies look to increase their size and profitability by making significant acquisitions. Other commentators are more pessimistic about how solid such a recovery may be. The Board and the Manager remain wary of potential shocks to this recovering trend from, for example, Western governments' levels of debt, a Eurozone or banking crisis.

Our cautious approach of wishing to identify the right opportunities in the recent uncertain markets has meant that we have only invested in well-run profitable companies operating in niche markets that we believe have the potential to grow and to deliver attractive returns to Shareholders. Downside risk to Shareholders is minimised by specifically structuring the terms of deals to include loan stock as well as equity. We believe that this strategy underpins the quality of the investment portfolio currently held within the VCT. The Company also holds a significant level of liquidity that is available to use for future deals that we anticipate the Manager will bring to the Company. We perceive that the banking sector largely remains reluctant to lend to the small business sector, which is creating opportunities for your Company, evident in the number of quality investment opportunities the Manager is evaluating.

If growth in the UK economy is sustained, the economic prospects should improve further for our existing and future portfolio companies. A number of portfolio companies have performed well in the recent challenging environment. If these companies continue to produce good performance, the Company should be able to deliver good returns for Shareholders.

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

Colin Hook
Chairman

16 December 2013

Investment Manager's Review

Overview

The portfolio has continued to perform strongly during the year resulting from the strong trading performance of a number of companies in the portfolio. This year has seen a high level of investment activity both in terms of new investment and disposals. We have supported two new MBOs and two significant acquisitions by successful existing portfolio companies. A number of investee companies have made partial repayments of their loan stock during the year, reflecting their improving confidence and cashflow.

We are benefitting from a positive dealflow which we believe is a symptom both of improved business confidence and the continued perception that the UK banking industry is reluctant to lend to smaller businesses. Both the number and quality of the deals that we have considered in recent months have increased . We are confident that a number of new deals will complete over the coming months.

New Investment

A total of £6.5 million was invested into new deals during the year under review.

In March 2013, the Company completed a new investment of £2.3 million, to support the MBO of Gro-Group Holdings Limited. The amount invested included £1 million from the Company's existing investment in the acquisition vehicle Fosse Management. Devon based Gro-Group created the original, and now internationally renowned, Gro-bag which has become the number one baby sleep bag brand in the UK and Australia. Market penetration of the product has increased from zero to around 90% since the company was founded in 2000 and turnover has grown to £12 million.

In July 2013, the VCT completed a further new investment of £2.3 million (including the VCT's existing investment of £1 million in the seed company, Madacombe Trading) to support the MBO of Veritek Global Limited, a Europe-wide provider of installation, maintenance and support services for blue-chip owners of a wide range of complex imaging and printing equipment. The company has revenues in excess of £25 million and around 300 staff across ten countries.

The investment management team has focussed on opportunities for expansion by acquisition within the existing portfolio and as a result of this the VCT has funded two substantial strategic acquisitions by Fullfield (trading as Motorclean) and ATG Media. Both of these transactions have significantly increased the size and market share of the companies involved and improved the trading position and potential for further growth of these companies.

In the first of these, in February 2013, the VCT provided an additional £0.9 million, via the acquisition vehicle Almsworthy Trading, to finance Motorclean's acquisition of Forward Valeting Services. The transaction created the UK's largest provider of car cleaning and valeting services to the motor industry with a turnover in excess of £35 million and around 450 dealership sites across the country. It brought the VCT's total investment in this company to £2.4 million.

In April 2013, a further £1 million was invested into ATG Media, using the VCT's existing investment of £1 million in the acquisition vehicle Peddars Management (the remainder of which was returned to the Company), to enable it to acquire Bidspotter Inc, a US based business engaged in providing live bidding and auction software to industrial and commercial liquidation auctioneers. This new investment brought the VCT's total investment in this company to £1.9 million.

These transactions were specifically structured to enhance the value of existing successful investments. We will continue to pursue similar opportunities as they arise as we are conscious that a materially lower investment risk is likely to be involved when we back what we know are successful management teams within the portfolio, compared to a first investment into a new portfolio company.

Following the year-end in November 2013, the VCT completed a further investment of £1.8 million into the acquisition vehicle Culbone Trading to support the MBO of Virgin Wines, one of the UK's leading online retailers of wine. The Company's investment in this company now totals £2.8 million.

Follow-on Investment

A further loan of less than £0.1 million was advanced to support the working capital requirements of Newquay Helicopters (formerly British International). This was used to provide working capital pending the disposal of the company's major trading subsidiary, which has now occurred. The company has now repaid the principal and premium of the first two loan stocks, together with all interest arrears, for total cash proceeds of £0.9 million over the life of this investment. The capital proceeds of £0.6 million compare with an investment cost of £0.5 million. This is a pleasing outcome and there is the prospect of further returns of capital as the company realises its remaining assets and activities.

Realisations

The year has seen a continuation of realisation activity. Most significant of these was the disposal of the Company's remaining loan and equity investment in Image Source Group for total proceeds of £1.7 million during February and March 2013. Over the life of the investment, total proceeds were £3.5 million compared to cost of £2.5 million, being 143% of cost. A few months prior to this realisation, Image Source merged with Cultura Creative in October 2012 to create Europe's largest independent image business.

The Company also realised its remaining investment in Brookerpaks, an importer and distributor of garlic and vacuum-packed vegetables, in November 2012, for proceeds of £0.6 million compared to the equity investment cost of less than £0.1 million; the overall cash return from this investment was £1.9 million, or a 3.8 times multiple of original investment cost.

Also in November 2012, the VCT sold a total of 1.3 million of its shares in IDOX plc, representing 23.1% of the VCT's holding at the previous year-end, for total proceeds of £0.5 million.

Two AIM listed companies received recommended offers in the first few months of the Company's financial year which both successfully completed in the early months of 2013. The Company's remaining investment in Tikit was acquired by British Telecommunications plc in January 2013 at a price of 416 pence per share, realising approximately

£0.3 million. This, in addition to a series of further disposals of Tikit shares earlier in the financial year and in previous years, brought total proceeds over the life of this investment to £1.3 million or almost 2.7 times cost of £0.5 million. ANT was acquired in February 2013 by Espial Group Inc, a company listed on the Toronto Stock Exchange, at a price of 20.5 pence per share. The transaction recovered the 30 September 2012 valuation of £0.1 million compared with cost of £0.5 million.

In March 2013, the VCT sold part of its loan stock, and its entire equity investment, in Faversham House for net proceeds of £0.2 million. Faversham's progress had fallen short of expectations and we took the opportunity to agree with management a phased realisation of our holding. The Company's residual loan stock investment in this company, valued at 30 September 2013 at £0.1 million, was realised following the year-end. On a total return basis (including interest received) we have recovered 93% of original cost of £0.5 million.

Two payments totalling £0.4 million were received during the year in respect of the deferred consideration due from the sale of App-DNA to Citrix Systems Inc in November 2011. A further payment of £0.5 million has been received following the year-end in November 2013.

The Company has continued to benefit from the profitability and strong cash generation of a number of investee companies. It has received partial loan stock repayments totalling £1.9 million in the twelve months covered by this report from Blaze Signs (£0.6 million), EMaC (£0.4 million), DiGiCo (£0.3 million), Focus (£0.2 million), Westway (£0.2 million), Duncary 8 (£0.1 million), and Tessella (£0.1 million), in addition to the significant partial realisation of Newquay Helicopters mentioned above.

Following the year-end in December 2013, the Company realised its investment in Alaric Systems, which develops software for payment processing and fraud prevention, through a sale to a subsidiary of NCR Corporation for cash proceeds of £2.5 million. The realisation contributed to total receipts of £2.7 million by the Company over the life of the investment, representing a return of over 4.4 times original cost of £0.6 million. The Company may become entitled to receive additional sale proceeds of up to £0.5 million over the period to December 2017, which is currently held in escrow.

Investment outlook

The increase in the number and quality of investment opportunities that we have seen in recent months is encouraging. We see this as a result of the upturn in business confidence in the UK. We are being approached by sellers with much more realistic expectations of the value of their businesses and the commitment to see deals through to completion. As a result of our cautious approach to new investment during the downturn, the Company still retains a strong level of liquidity which will enable it to take advantage of this more positive environment. We believe that the current encouraging performance of the portfolio, and the improved outlook for new investment will create value for Shareholders in the medium term.

Largest Investments in the Portfolio

ATG Media Holdings Limited

www.antiquestradegazette.com

Cost	£1.9 million
Valuation	£3.7 million

Basis of valuation:
Earnings multiple

Equity % held
8.5%

Income receivable in year
£128,672

Business
Publisher and on-line auction platform operator

Location
London

History
Management buyout

Audited financial information

	£million
Year ended	30 September 2012
Turnover	£10.9
Operating profit	£2.7
Net assets	£4.6
Year ended	30 September 2011
Turnover	£8.9
Operating profit	£1.8
Net assets	£3.2

Fullfield Limited

www.motorclean.net

Cost	£2.4 million
Valuation	£2.9 million

Basis of valuation:
Earnings multiple

Equity % held
13.2%

Income receivable in year
£190,899

Business
Provider of vehicle cleaning and valet services

Location
Laindon, Essex

History
Management buyout

Audited financial information

	£million
Year ended	31 March 2013
Turnover	£25.2
Operating profit	£1.2
Net assets	£2.6
Period ended	31 March 2012[1]
Turnover	£17.3
Operating profit	£1.2
Net assets	£2.4

Ingleby (1879) Limited

www.emac.co.uk

Cost	£1.5 million
Valuation	£2.5 million

Basis of valuation:
Earnings multiple

Equity % held
9.4% (fully diluted)

Income receivable in year
£160,890

Business
Provider of service plans for the motor trade

Location
Crewe

History
Management buyout

Audited financial information

	£million
Year ended	31 December 2012[1]
Turnover	£6.1
Operating profit	£2.3
Net assets	£2.5
Year ended	31 December 2011[1]
Turnover	£5.0
Operating profit	£0.9
Net assets	£1.5

[1] The financial information quoted above relates to the operating subsidiary, EMaC Limited and includes figures relating to the performance of this company prior to the MBO which completed in October 2011.

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

Gro-Group Holdings Limited

www.gro.co.uk

Cost	£2.3 million
Valuation	£2.3 million

Basis of valuation:
Cost

Equity % held
12.8%

Income receivable in year
£94,195

Business
Manufacturer and distributor of baby sleep products

Location
Ashburton, Devon

History
Management buyout

Audited financial information

	£million
Year ended	30 June 2012[1]
Turnover	£10.9
Operating profit	£0.9
Net assets	£1.1
Year ended	30 June 2011[1]
Turnover	£11.0
Operating profit	£0.9
Net assets	£0.9

[1] The financial information quoted above is for Gro-Group Holdings Limited prior to the MBO which completed in March 2013.

Madacombe Trading Limited

www.veritekglobal.com

Cost	£2.3 million
Valuation	£2.3 million

Basis of valuation:
Cost

Equity % held
14.6%

Income receivable in year
£46,303

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

History
Management buyout

Audited financial information

	£million
Year ended	31 March 2013[1]
Turnover	£24.7
Operating profit	£1.5
Net assets	£6.2
Year ended	31 March 2012[1]
Turnover	£25.4
Operating profit	£1.6
Net assets	£7.0

[1] The financial information quoted above is for Veritek Global Limited prior to the MBO which completed in July 2013.

Tessella Holdings Limited

www.tessella.com

Cost	£1.6 million
Valuation	£2.2 million

Basis of valuation:
Earnings multiple

Equity % held
7.5%

Income receivable in year
£170,256

Business
Provider of science powered technology and consulting services

Location
Abingdon, Oxfordshire

History
Management buyout

Audited financial information

	£million
Year ended	31 March 2013[1]
Turnover	£20.9
Operating profit	£3.0
Net assets	£5.6
Year ended	31 March 2012[1]
Turnover	£18.5
Operating profit	£0.3
Net assets	£2.4

[1] The financial information quoted above relates to the operating subsidiary, Tessella Limited and includes figures relating to the performance of this company prior to the MBO which completed in July 2012.

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

Largest Investments in the Portfolio

Alaric Systems Limited*

www.alaric.com

Cost	£0.6 million
Valuation	£2.1 million

Basis of valuation:
Discounted realisation proceeds

Equity % held
6.9%

Income receivable in year
£Nil

Business
Provider of software for retail credit card payment systems

Location
London

History
Development capital

Audited financial information

	£million
Year ended	31 March 2013
Turnover	£9.8
Operating profit	£1.7
Net assets	£3.9
Year ended	31 March 2012
Turnover	£8.7
Operating profit	£1.8
Net assets	£3.3

IDOX plc

www.idoxplc.com

Cost	£0.5 million
Valuation	£1.6 million

Basis of valuation:
Bid price (AiM quoted)

Equity % held
1.2%

Income receivable in year
£29,168

Business
Development and supply of knowledge management products

Location
London

History
AiM flotation

Audited financial information

	£million
Year ended	31 October 2012
Turnover	£57.9
Operating profit	£13.8
Net assets	£38.9
Year ended	31 October 2011
Turnover	£38.6
Operating profit	£9.5
Net assets	£34.4

EOTH Limited

www.equipuk.com

Cost	£1.4 million
Valuation	£1.4 million

Basis of valuation:
Earnings multiple

Equity % held
2.5% (fully diluted)

Income receivable in year
£132,425

Business
Supplier of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands

Location
Alfreton, Derbyshire

History
Acquisition capital

Audited financial information

	£million
Year ended	31 January 2013
Turnover	£27.3
Operating profit	£2.5
Net assets	£7.7
Year ended	31 January 2012
Turnover	£15.5
Operating profit	£1.8
Net assets	£6.2

* This investment was sold after the year-end for cash proceeds of £2.5 million.

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

Blaze Signs Holdings Limited

www.blaze-signs.com

Cost	£0.6 million
Valuation	£1.2 million

Basis of valuation:
Earnings multiple

Equity % held
12.5%

Income receivable in year
£192,199

Business
Manufacturer and installer of signs

Location
Broadstairs, Kent

History
Management buyout

Audited financial information

	£million
Year ended	31 March 2013
Turnover	£22.7
Operating profit	£2.3
Net assets	£3.3
Year ended	31 March 2012
Turnover	£20.9
Operating profit	£1.8
Net assets	£2.9

ASL Technology Holdings Limited

www.asl-group.co.uk

Cost	£1.8 million
Valuation	£1.1 million

Basis of valuation:
Earnings multiple

Equity % held
9.6%

Income receivable in year
£Nil

Business
Provider of printer and photocopier services

Location
Cambridge

History
Management buyout

Audited financial information

	£million
Year ended	30 September 2012
Turnover	£13.4
Operating profit	£0.7
Net assets	£0.2
Year ended	30 September 2011
Turnover	£9.6
Operating profit	£0.7
Net assets	£1.5

CB Imports Group Limited

www.countrybaskets.co.uk

Cost	£1.0 million
Valuation	£1.1 million

Basis of valuation:
Earnings multiple

Equity % held
5.8%

Income receivable in year
£77,449

Business
Importer and distributor of artificial flowers, floral sundries and home décor products

Location
East Ardsley, West Yorkshire

History
Management buyout

Audited financial information

	£million
Year ended	31 December 2012
Turnover	£24.4
Operating profit	£1.4
Net assets	£4.5
Year ended	31 December 2011
Turnover	£23.1
Operating profit	£1.0
Net assets	£4.4

The remaining 29 investments in the portfolio (including the two acquisition vehicles in the portfolio at 30 September 2013) had a current cost of £15.8 million and were valued at 30 September 2013 at £9.7 million.

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

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

Investment Portfolio Summary
for the year ended 30 September 2013

	Ordinary Shares Cost at 30-Sep-13 £	Ordinary Shares Valuation at 30-Sep-13 £	Other Investments[1] Cost at 30-Sep-13 £	Other Investments[1] Valuation at 30-Sep-13 £	Total Cost at 30-Sep-13 £
ATG Media Holdings Limited[12] Publisher and online auction platform operator	356,827	2,047,122	1,532,179	1,639,789	1,889,006
Fullfield Limited (trading as Motorclean)[9] Vehicle cleaning and valet services	619,980	487,338	1,785,485	2,400,474	2,405,465
Ingleby (1879) Limited (trading as EMaC) Provider of service plans for the motor trade	563,437	889,617	923,411	1,562,790	1,486,848
Gro-Group Holdings Limited (formerly Michco 1209 Limited)[10] Baby sleep products	226,161	226,161	2,115,125	2,115,125	2,341,286
Madacombe Trading Limited (trading as Veritek Global)[11] Maintenance of imaging equipment	61,522	61,522	2,228,337	2,228,337	2,289,859
Tessella Holdings Limited Provider of science powered technology and consulting services	291,723	621,979	1,353,395	1,591,509	1,645,118
Alaric Systems Limited[5] Software developer and provider of support services for retail credit card payment systems	565,156	2,064,071	–	–	565,156
I-Dox plc[4] Developer and supplier of knowledge management products	453,881	1,625,078	–	–	453,881
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	42,108	1,244,982	1,355,336	1,383,313
Blaze Signs Holdings Limited Manufacturer and installer of signs	401,550	968,194	219,960	281,385	621,510
ASL Technology Holdings Limited Printer and photocopier services	418,321	–	1,351,469	1,088,213	1,769,790
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	50,541	825,000	1,000,000	1,000,000
Westway Services Holdings (2010) Limited Installation, service and maintenance of air conditioning systems	57,941	825,558	137,200	199,496	195,141
Ackling Management Limited Company seeking to acquire businesses in the food manufacturing, distribution and brand management sectors	400,000	400,000	600,000	600,000	1,000,000
Culbone Trading Limited Acquisition vehicle used to support the MBO of Virgin Wines following the year-end.	400,000	400,000	600,000	600,000	1,000,000
Aquasium Technology Limited[5] Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	507,427	333,333	333,333	500,000
DiGiCo Global Limited Designer and manufacturer of digital audio mixing desks	1,571	205,081	571,123	571,123	572,694
Youngman Group Limited Manufacturer of ladders and access towers	100,052	–	900,000	700,992	1,000,052
RDL Corporation Limited Recruitment provider within the pharmaceutical, business intelligence and IT sectors	250,752	–	1,190,915	667,316	1,441,667
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	180,914	419,980	112,999	163,351	293,913
Machineworks Software Limited Provider of software for CAD and CAM vendors	20,471	574,339	–	–	20,471
Original Additions Topco Limited[7] Sale of false nails, nail accessories, false eyelashes, depilatory products, hair lightening and perming products	–	–	25,696	537,948	25,696
Duncary 8 Limited (trading as BG Consulting) Technical training business	126,590	133,369	383,333	383,333	509,923

Total valuation at 30-Sep-12 £	Additional investments £	Total valuation at 30-Sep-13 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2 3]	% of portfolio by value
2,270,884	1,000,013	3,686,911	83,701	44,971	416,014	–	–	8.5%	10.8%
1,652,768	916,368	2,887,812	190,899	–	318,676	–	–	13.2%	8.5%
1,878,124	–	2,452,407	160,890	–	965,559	–	391,276	9.4%	7.2%
–	2,341,286	2,341,286	94,195	–	–	–	–	12.8%	6.9%
–	2,289,859	2,289,859	46,303	–	–	–	–	14.6%	6.7%
1,745,351	–	2,213,488	125,377	44,880	568,370	–	100,233	7.5%	6.5%
468,495	–	2,064,071	–	–	1,595,576	–	–	6.9%	6.1%
2,058,371	46	1,625,078	–	29,168	27,384	51,234	513,500	1.2%	4.8%
1,383,313	–	1,397,444	132,425	–	14,131	–	–	2.5%	4.1%
1,448,159	–	1,249,579	192,199	–	410,891	–	609,471	12.5%	3.7%
654,155	–	1,088,213	–	–	434,058	–	–	9.6%	3.2%
1,128,228	–	1,050,541	72,023	5,426	(77,687)	–	–	5.8%	3.1%
838,782	–	1,025,054	27,794	–	416,733	–	230,461	4.7%	3.0%
1,000,000	–	1,000,000	–	–	–	–	–	12.5%	2.9%
1,000,000	–	1,000,000	–	–	–	–	–	12.5%	2.9%
677,971	–	840,760	174,207	–	162,789	–	–	16.7%	2.5%
876,497	–	776,204	73,835	–	203,510	–	303,803	1.6%	2.3%
700,992	–	700,992	78,151	(658)	–	–	–	8.5%	2.1%
1,271,194	–	667,316	118,947	12,738	(603,878)	–	–	13.0%	2.0%
636,574	–	583,331	17,839	24,230	108,288	–	161,531	2.1%	1.7%
479,459	–	574,339	–	28,150	94,880	–	–	9.2%	1.7%
537,948	–	537,948	–	–	–	–	–	0.0%	1.6%
814,025	–	516,702	19,387	28,964	(172,323)	–	125,000	25.5%	1.5%

Investment Portfolio Summary
for the year ended 30 September 2013

	Ordinary Shares Cost at 30-Sep-13 £	Ordinary Shares Valuation at 30-Sep-13 £	Other Investments[1] Cost at 30-Sep-13 £	Other Investments[1] Valuation at 30-Sep-13 £	Total Cost at 30-Sep-13 £
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	279,996	338,329	–	–	279,996
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the property sector	40,610	–	365,472	315,644	406,082
Vectair Holdings Limited Designer and distributor of washroom products	53,207	197,905	193	193	53,400
Newquay Helicopters (2013) Limited (formerly British International Holdings Limited) Helicopter service operator	112,500	112,500	84,324	84,324	196,824
Faversham House Holdings Limited Publisher, exhibition organiser and operator of websites for the environmental, visual communications and building services	–	–	144,859	144,859	144,859
Lightworks Software Limited Provider of software for CAD and CAM vendors	20,471	106,937	–	–	20,471
PXP Holdings Limited (trading as Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	965,371	45,195	–	–	965,371
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	165,256	–	385,596	31,370	550,852
Data Continuity Group Limited[5] Design, supply and integration of data storage solutions	163,345	29,632	–	–	163,345
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	145,314	–	309,147	28,297	454,461
Corero Network Security plc [5] Provider of e-business technologies	600,000	15,717	–	–	600,000
Sarantel Group plc [5] Developer and manufacturer of antennae for mobile phones and other wireless devices	1,881,252	–	–	–	1,881,252
Oxonica Limited[5] International nanomaterials group	2,524,527	–	–	–	2,524,527
NexxtDrive Limited[6] Developer and exploiter of mechanical transmission technologies	487,014	–	–	–	487,014
Aigis Blast Protection Limited[5] Specialist blast containment materials company	272,120	–	–	–	272,120
Legion Group plc (in administration) Provider of manned guarding, mobile patrols and alarm response services	150,000	–	–	–	150,000
Biomer Technology Limited[6] Developer of biomaterials for medical devices	137,170	–	–	–	137,170
Watchgate Limited Holding company	1,000	–	–	–	1,000

Total valuation at 30-Sep-12 £	Additional investments £	Total valuation at 30-Sep-13 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2 3]	% of portfolio by value
373,328	–	338,329	–	–	(34,999)	–	–	2.2%	1.0%
248,878	–	315,644	28,491	–	66,766	–	–	6.1%	0.9%
164,178	–	198,098	–	15,312	33,920	–	–	4.6%	0.6%
590,909	83,824	196,824	215,873	–	113,000	55,309	646,218	5.0%	0.6%
192,385	–	144,859	27,782	–	52,787	91,317	200,935	0.0%	0.4%
84,060	–	106,937	–	5,375	22,877	–	–	9.2%	0.3%
45,195	–	45,195	–	–	–	–	–	6.0%	0.1%
79,026	–	31,370	–	–	(47,656)	–	–	7.7%	0.1%
2,171	73,311	29,632	–	–	(45,850)	–	–	15.0%	0.1%
42,446	–	28,297	13,165	–	–	–	14,149	5.7%	0.1%
31,434	–	15,717	–	–	(15,717)	–	–	0.1%	–
17,019	–	–	–	–	(17,019)	–	–	0.8%	–
–	–	–	–	–	–	–	–	0.00%	–
–	–	–	–	–	–	–	–	4.5%	–
–	–	–	–	–	–	–	–	6.9%	–
–	–	–	–	–	–	–	–	0.0%	–
–	–	–	–	–	–	–	–	3.5%	–
–	–	–	–	–	–	–	–	33.3%	–

Investment Portfolio Summary
for the year ended 30 September 2013

	Ordinary Shares Cost at 30-Sep-13 £	Ordinary Shares Valuation at 30-Sep-13 £	Other Investments[1] Cost at 30-Sep-13 £	Other Investments[1] Valuation at 30-Sep-13 £	Total Cost at 30-Sep-13 £
Disposed of in year					
Image Source Group Limited Royalty free picture library	–	–	–	–	–
Brookerpaks Limited Importer and distributor of garlic and vacuum-packed vegetables	–	–	–	–	–
App-DNA Group Limited Provider of software repackaging services	–	–	–	–	–
Tikit Group plc[4] Supplier of IT solutions and support services to legal and accounting businesses	–	–	–	–	–
ANT plc[5] Provider of embedded browser/email software for consumer electronics and Internet appliances	–	–	–	–	–
Almsworthy Trading Limited[9] Acquisition vehicle used to provide acquisition finance to Fullfield Limited	–	–	–	–	–
Fosse Management Limited[10] Acquisition vehicle usedd to support the MBO of Gro-Group Limited	–	–	–	–	–
Madacombe Trading Limited[11] Acquisition vehicle used to support the MBO of Veritek Global Limited	–	–	–	–	–
Peddars Management Limited[12] Acquisition vehicle used to provide acquisition finance to ATG Media Limited	–	–	–	–	–
Total	**13,976,000**	**13,395,700**	**19,723,533**	**20,624,537**	**33,699,533**

Notes

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

2 The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 13 to the financial statements.

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

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

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

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

7 As part of the consideration on the disposal of Amaldis (2008) Limited, £537,948 of Original Additions Topco Limited loan stock was issued to the Company.

8 Unrealised gains of £5,011,080 shown above differ to that shown in the Income Statement of £5,900,080. The difference of £889,000 is a further unrealised gain, being the estimated fair value of contingent consideration, recognised at the balance sheet date.

9 £916,368 was further invested into Fullfield Limited (trading as Motorclean). This finance was provided by the acquisition vehicle Almsworthy Trading Limited and resulted in a net repayment to the Company of £83,632.

10 £1,000,000 of this investment into Gro-Group Limited was provided by Fosse Management Limited, one of the Company's acquisition vehicles.

11 £1,000,000 of this investment into Madacombe Trading (trading as Veritek Global Limited) was provided by Madacombe Trading Limited, one of the Company's acquisition vehicles.

12 £1,000,000 of this investment into ATG Media Holdings Limited was provided by Peddars Management, one of the Company's acquisition vehicles.

Total valuation at 30-Sep-12 £	Additional investments £	Total valuation at 30-Sep-13 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Gross proceeds £	% of equity held [2 3]	% of portfolio by value
925,470	–	–	29,338	533,750	–	724,089	1,649,559	–	–
509,209	–	–	–	41,621	–	90,781	600,000	–	–
–	–	–	–	–	–	14,582	406,220	–	–
247,350	103	–	–	–	–	62,709	310,285	–	–
131,319	–	–	–	–	–	3,283	134,602	–	–
1,000,000	–	–	–	–	–	–	83,632	–	–
1,000,000	–	–	1,947	–	–	–	–	–	–
1,000,000	–	–	3,591	–	–	–	–	–	–
1,000,000	–	–	1,123	–	–	–	–	–	–
31,205,667	**6,704,810**	**34,020,237**	**1,929,482**	**813,927**	**5,011,080[8]**	**1,093,304**	**6,480,875**		**100.0%**

Board of Directors

Colin Hook

Status:
Independent Non-Executive Chairman
Age: 71

Date of appointment: 13 October 2000.

Qualifications: MA

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

Last re-elected to the Board:
February 2013. Standing for re-election at the AGM in 2014.

Committee memberships:
Nominations and Remuneration Committee, Audit Committee, Investment Committee.

Number of Board and Committee meetings attended 2012/13: 14/14.

Remuneration 2012/13: £46,000.

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

Shared directorships with other I&G Directors: None.

Shareholding in the Company:
57,092 Ordinary Shares.

Jonathan Cartwright

Status:
Independent Non-Executive Director
Age: 60

Date of appointment: 1 August 2010.

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

Experience: Jonathan is a qualified Chartered Accountant. He has significant experience of the investment trust sector and of serving on the boards of both public and private companies in executive and non-executive roles. Jonathan joined Caledonia Investments plc in 1989, serving as finance director from 1991 to December 2009. Prior to this he was group financial controller at Hanson plc 1984 - 1989. He was a non-executive Director of Bristow Group Inc. (from 1996 to 2009) and of Serica Energy plc (from 2008 to 2012). He is non-executive chairman of BlackRock Income & Growth Investment Trust plc and also of Aberforth Geared Income Trust plc. He is also a non-executive director of Tennants Consolidated Limited. Jonathan has served on the Self-Managed Investment Trust Committee of the Association of Investment Companies (to December 2009).

Elected to the Board:
February 2011. Standing for re-election at the AGM in 2014.

Committee memberships:
Audit Committee (Chairman), Investment Committee, Nominations and Remuneration Committee/(Chairman since 5 December 2012).

Number of Board and Committee meetings attended 2012/13: 14/14.

Remuneration 2012/13: £41,000.

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

Relevant relationships with investee companies: None.

Shared directorships with other I&G Directors: None.

Shareholding in the Company:
11,981 Ordinary Shares.

Helen Sinclair

Status:
Non-Executive Director
Age: 47

Date of appointment: 29 January 2003.

Qualifications: MA, MBA

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc, based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and helped raise funds for Mobeus Income & Growth 2 VCT plc (formerly Matrix e-Ventures VCT plc). After leaving Matrix in 2005, she was a non-executive director of Hotbed Fund Managers Limited from 2006 to 2008. She is a non-executive director of Downing ONE VCT plc, Spark Ventures plc, is chairman of British Smaller Companies VCT plc and is a director of Octopus Eclipse VCT 3 plc (in liquidation) which recently completed a merger with Octopus Eclipse VCT plc. Helen also chairs the investment committees of the Third Sector Loan Fund and the Community Investment Fund which are part of Social and Sustainable LLP. Helen is also a director of Mobeus Income & Growth 4 VCT plc.

Last re-elected to the Board:
February 2013. Standing for re-election at the AGM in 2014.

Committee memberships:
Investment Committee (Chairman), Audit Committee, Nominations and Remuneration Committee (Chairman from 5 December 2011 to 5 December 2012).

Number of Board and Committee meetings attended 2012/13: 14/14.

Remuneration 2012/13: £36,000.

Relevant relationships with the Investment Manager or other service providers:
Mobeus Income & Growth 4 VCT plc is also managed by Mobeus.

Shared directorships with other I&G Directors: None.

Shareholding in the Company:
17,204 Ordinary Shares.

Strategic Report

The Directors present the Strategic Report of the Company for the year ended 30 September 2013. The Report has been prepared by the Directors in accordance with section 414A of the Companies Act 2006 ("the Act"). The purpose of the report is to inform Shareholders and provide them with sufficient information to enable them to assess the extent to which the Directors have performed their legal duty to promote the success of the Company in accordance with section 172 of the Act.

The Company's independent auditor is required to report on whether the information given in the Strategic Report is consistent with the financial statements. and its report is set out on pages 37 – 39.

Investment objective

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

Investment policy

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

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

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

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

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC").

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

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

Asset mix

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

Risk diversification and maximum exposures

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

Co-investment

The Company aims to invest in larger, more mature unquoted companies through investing alongside other VCTs advised by the Investment Manager with a similar investment policy.

Borrowing

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

Management

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

Strategic Report

Key Indicators used to measure performance

The Board believes that the following indicators, used in its own assessment of the Company, will provide Shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objective.

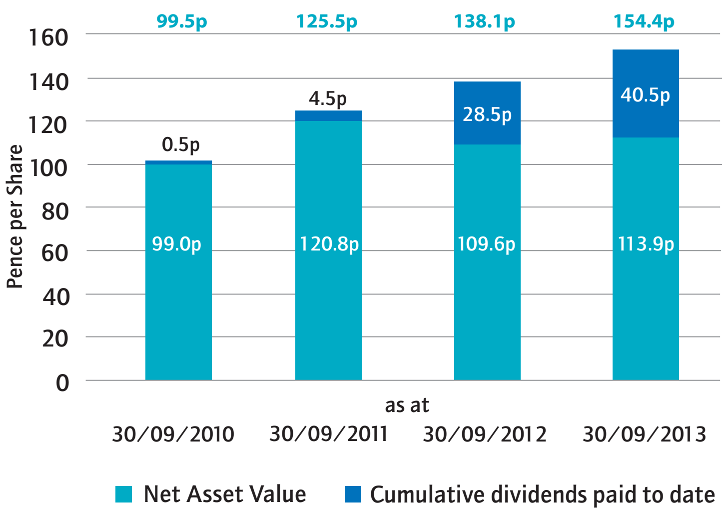
The Board places significant emphasis on the Company's performance against benchmarks and is satisfied that the VCT's performance remained ahead of the benchmarks used on a consistent basis. The Company's performance compared to VCTs in the generalist sector is referred to in the Chairman's Statement on page 3.

The figures quoted in the information given below are for the current share class (the former 'S' Share class raised in 2007/08). Detailed information in respect of the Company's performance by each fundraising can be found in the Performance Data Appendices on pages 70 – 71.

The Board believes the level of performance displayed in the charts below has met the Company's objectives.

For a full review of the Company's development and performance during the year and future prospects, please see the Chairman's Statement on pages 3 – 4 and the Investment Manager's Review and Investment Portfolio Summary on pages 5 – 16 of this Report. The Financial Highlights on page 1 provide further data on the Company's key performance indicators.

- **Net asset value per Share and cumulative NAV total Shareholder return***

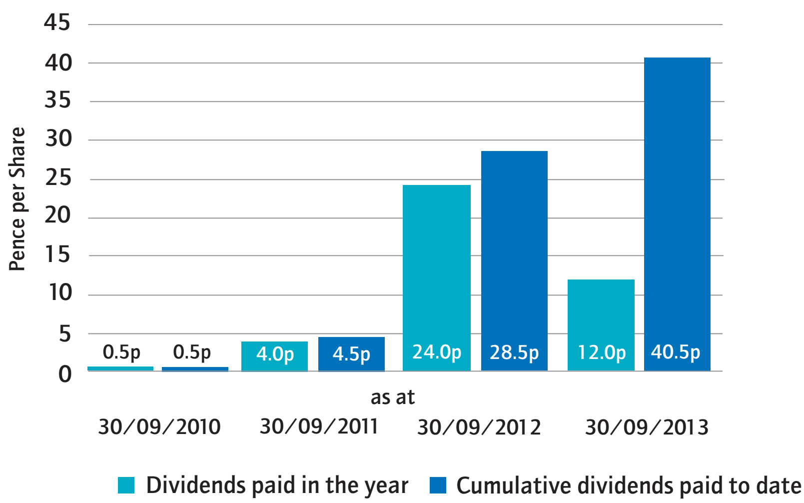


Cumulative NAV total Shareholder return

- Cumulative net asset value (NAV) per Share increased by 3.9% to 113.9 pence for the year ended 30 September 2013.
- Cumulative NAV total return to Shareholders increased by 11.8% to 154.4 pence for the year ended 30 September 2013.

* Cumulative NAV Total Shareholder Return is net asset value plus cumulative dividends paid since 1 January 2008 to date.

- **Dividends paid**



- Dividends paid in respect of the year ended 30 September 2013 will be 10 pence per Share, subject to Shareholder approval of the proposed final dividend.
- Cumulative dividends paid since 1 January 2008 are 40.5 pence per Share. Subject to approval of the payment of the final dividend of 4 pence per Share at the AGM, this figure will increase to 44.5 pence per Share.

- ## Ongoing Charges

The Ongoing Charges Ratio of the Company is as follows:

Ongoing charges *	2.8%

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

The Ongoing Charges Ratio replaces the Total Expense Ratio previously reported, although the latter will still form the basis of any expense cap that may be borne by the Manager. There was no breach of the expense cap for the year ended 30 September 2013 (2012: £nil)

Performance fee	0.2%
Ongoing Charges plus accrued performance fee	3.0%

Other key policies

Cash available for investment and liquidity

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

The Company has participated in the Mobeus VCTs' annual linked fundraising since 2010 in order to maintain a sufficient level of funds that can be deployed in meeting the day-to-day expenses of the Company and dividends distributions and purchases of the Company's own Shares. This enables money raised prior to 6 April 2012 to be allocated for future MBO investment.

Dividend policy

The Company has an annual target dividend of not less than 4p per Share which it has met or exceeded in respect of its last three financial years. However, the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.

Subject to certain conditions, VCT dividends are generally tax free to investors and attract VCT tax reliefs applicable for the tax year in which the shares are allotted.

The Company has instigated a dividend investment scheme in which Shareholders may participate. Dividends are reinvested into Shares at the average market price of the Shares for the five business days prior to the dividend being paid which is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per Share). Please see Shareholder Information on page 65 of this Annual Report for a further explanation of this.

Share buy-backs and discount policy

Subject to the Company having sufficient available funds and distributable reserves, it is the Board's current intention to pursue a buyback policy with the objective of maintaining the discount to NAV at which the Shares trade at approximately 10% or less. Details of the Company's own Shares bought back by the Company in respect of this policy are included in the Directors' Report on page 23.

Further policies

The Company has adopted a number of further policies relating to:

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

and these are set out in the Directors' Report on page 25.

Future prospects

The Company's performance record reflects the success of the strategy outlined above and has enabled the Company to maximise the stream of dividend payments to Shareholders. The Board believes that this model will continue to meet the Investment Objective and has the potential to continue to deliver attractive returns to Shareholders. For further details on the Company's future prospects, please see the Outlook paragraph in the Chairman's Statement on page 4.

Strategic Report

Principal risks, management and regulatory environment

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have established systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. Further details of these are contained in the section of the Corporate Governance Statement which discusses internal controls on pages 30 – 35. The Principal risks identified by the Board are set out below.

Risk	Possible consequence	How the Board manages risk
Economic risk	Events such as an economic recession and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	• *The Board monitors the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies.* • *It continually monitors developments in the macro-economic environment and in interest rates with the aim of minimising this risk.*
Risk of loss of approval as a Venture Capital Trust	The Company must comply with the provisions of section 274 of the ITA to ensure that its investors continue to qualify for VCT tax reliefs. Any breach of these rules may lead to the Company losing its approval as a VCT, which would mean that qualifying shareholders who have not held their shares for the designated period would have to repay the income tax relief they obtained and that future dividends paid by the Company would be subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	• *The Company's VCT qualifying status is continually reviewed by the Manager.* • *The Board receives regular reports from Pricewaterhouse Coopers LLP who have been retained by the Board to undertake an independent VCT status monitoring role.*
Investment and strategic risk	Inappropriate strategy or consistently weak VCT qualifying investment recommendations might lead to underperformance and poor returns to shareholders. 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.	• *The Board regularly reviews the Company's investment strategy.* • *Careful selection and review of the investment portfolio on a regular basis.*
Valuation risk	Investments may be valued inappropriately which may result in an inaccurate representation of the Company's net assets and net asset value per share. .	• *Review and approval of valuation recommendations from the Manager.* • *The Board challenges assumptions used in the valuations and considers sensitivity analyses where appropriate.* • *Monitoring of audited valuations published by co-investees.*
Regulatory risk	The Company is required to comply with the Companies Act, the Listing Rules of the UKLA and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.	• *Regulatory and legislative developments are kept under review by the Board.*
Financial and operating risk	The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	• *The Board carries out an annual review of the Internal controls in place and reviews the risks facing the Company at each quarterly Board meeting.* • *The Board considers the performance of the service providers annually.*

Risk	Possible consequence	How the Board manages risk
Market risk	Movements in the valuations of the VCT's investments will, inter alia, be connected to movements in UK Stock Market indices.	• *The Board receives quarterly valuation reports from the Manager.* • *The Manager alerts the Board about any adverse movements.*
Asset liquidity risk	The Company's investments may be difficult to realise.	• *The Board receives reports from the Manager and reviews the portfolio at each quarterly board meeting. It carefully monitors investments where a particular risk has been identified.*
Market liquidity risk	Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.	• *The Board has a share buyback policy which seeks to mitigate market liquidity risk. This policy is reviewed at each quarterly board meeting.*
Counterparty risk	A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company.	• *The Board regularly reviews and agrees policies for managing these risks. Full details can be found in the Chairman's Statement under 'Cash available for investment' on page 3 and in the discussion on 'credit risk' in Note 19 to the accounts on page 60 – 61.*

Please see Note 19 to the accounts on pages 58 – 64 for a detailed consideration of the Board's assessment of the risks to which the Company is exposed.

By order of the Board

Colin Hook
Chairman

16 December 2013

Directors' Report

The Directors present the Annual Report and Accounts of the Company for the year ended 30 September 2013.

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

Status as a Venture Capital Trust ("VCT")

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

Investment Company Status

The Company revoked its status as an investment company on 30 November 2005 as defined by section 266 of the Companies Act 1985 ("the 1985 Act") subsequently superseded by section 833 of the Companies Act 2006 ("the Companies Act") and does not intend to re-apply for such status.

Principal risks, management and regulatory environment

A summary of the principal risks faced by the Company is set out on pages 21 – 22 of the Strategic Report.

Share capital

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

Issue and buy-back of Shares

During the year under review, the Company issued a total of 16,039,294 (2012: 6,419,219) Shares. Of this total, 7,411,346 (2012: 4,984,383) Shares were issued under the VCT Linked Offer for Subscription launched on 29 November 2012; 752,016 Shares (2012: 1,434,836) were issued under the Company's Dividend Investment Scheme; and 7,875,932 (2012: nil) Shares were issued under the Enhanced Buyback Facility offered to Shareholders in January 2013 ("EBF").

During the year the Company bought-back a total of 9,066,731 (2012: 995,611) of its own Shares.

8,129,688 of these Shares (2012: nil) were bought-back as part of the EBF representing 17.6% (2012: Nil%) of the Shares in issue at the beginning of the year.

The Board considers that it is in the best interests of the Company and its Shareholders for the Company to make market purchases of its own Shares in order to provide Shareholders with an opportunity to exit their investment at a fair price.

Purchases have been made at a discount of 10% or less to the latest published NAV per Share. Shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to make market purchases of up to 6.9 million of its own Shares representing 14.99% of the issued Share capital of the Company on 17 December 2012, at the AGM held on 13 February 2013. This authority has been in place throughout the year under review. For further details please see Note 15a to the accounts on page 57 of this Annual Report. A resolution to renew this authority will be proposed to Shareholders at the forthcoming AGM.

A further 937,043 Shares were bought-back outside of the EBF under this shareholder authority at a cost of £909,213 (2012: £913,087) representing 2.0% (2012: 2.5%) of the Shares in issue at the beginning of the year.

The Shares bought back were subsequently cancelled by the Company.

Issued ordinary share capital

The issued Ordinary Share capital of the Company as at 30 September 2013 was £530,882 (2012: £461,157) and the number of Ordinary Shares in issue as at this date was 53,088,219 (2012: 46,115,656.

Results and dividend

The revenue return after taxation attributable to Shareholders for the period was £1,486,480 (2012: £989,722).

The Directors are proposing a final dividend in respect of the year ended 30 September 2013 of 4.0 pence per Share comprising 2.75 pence from capital and 1.25 pence from income. Subject to approval at the Annual General Meeting of the Company to be held on 12 February 2014, the dividend will be payable to Shareholders on the Register on 21 February 2014 and will be paid on 12 March 2014.

The Company paid two interim dividends during the year totalling 12 pence per Share of which 6 pence per Share was paid on each of 8 February 2013 and 27 June 2013 in respect of the years ended 30 September 2012 and 2013 respectively.

Total dividends paid in respect of the year ended 30 September 2013 will therefore amount to 10 pence per Share comprising 2.25 from income and 7.75 from capital (2012: 26 pence per Share comprising 23 pence from capital and 3 pence from income).

Cumulative dividends paid per Share since 1 January 2008 amount to 40.5 pence (pre-Merger: 0.5 pence; post-Merger: 40.0 pence). The final dividend, if paid, will increase this figure to 44.5 pence per Share.

Dividend investment scheme

The Company's Dividend Investment Scheme ("the Scheme") will apply to the final dividend described above and elections under the Scheme should be received by the Scheme Administrator, Capita Registrars, no later than 25 February 2014.

During the year under review, 573 Shareholders, who between them held a total of 5,563,191 Ordinary Shares representing 11.6% of the Company were issued 359,828 Shares on 11 February 2013 in respect of the interim dividend of 6 pence per Share paid to Shareholders on 8 February 2013 at an issue price of 97.75 pence per Share and 620 Shareholders, who between them held a total of 6,275,666 Shares representing 11.8% of the Company were issued 392,188 Shares on 1 July 2013 in respect of the interim dividend of 6 pence per Share paid to Shareholders on 27 June 2013 at an issue price of 96.0 pence per Share.

The issue price used for both dividends was equal to the average of the middle market price for the Shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the payment date.

Directors

The names of the Directors appear below and in the biographical notes on page 17 of this Annual Report.

The Directors' interests in the issued Ordinary Shares of the Company as at 30 September 2013 were:

	Colin Hook	Jonathan Cartwright	Helen Sinclair
At 30 September 2013			
Ordinary Shares	57,092	11,981	17,204
% of issued share capital	0.11%	0.02%	0.03%
At 30 September 2012			
Ordinary Shares	51,338	10,591	17,535
% of issued share capital	0.11%	0.02%	0.04 %

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

	Colin Hook	Jonathan Cartwright	Helen Sinclair
Shares allotted under the Company's Dividend Investment Scheme	6,679	1,390	–
Shares bought back by the Company under the EBF	(29,659)	–	(10,605)
Shares allotted under the EBF	28,734	–	10,274
Total movement in shares held by each Director during the year	5,754	1,390	(331)

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

Copies of the Directors' appointment letters will be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.

It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. None of the Directors held interests in any investee companies during the year.

No options over the share capital of the Company have been granted to the Directors. The Company does not have any employees.

All the Directors regularly carry out continuing professional development and this is considered annually as part of the performance review of the Board.

Powers of the directors

The powers of the Directors have been granted by company law, the Company's articles of association ("Articles") and resolutions passed by the Company's members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot Shares, disapply the pre-emption rights of members and buy-back 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 next AGM of the Company to be held on 12 February 2014.

Appointment and replacement of directors

The Company's Articles and the Companies Act 2006 contain provisions relating to the appointment, election and replacement of Directors. These are set out in the paragraph headed 'Terms of appointment' on page 27 of the Directors' Remuneration Report.

Additional disclosures

Articles of association

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

Substantial interests

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

Voting rights of shareholders

Each Shareholder has one vote on a show of hands, and on a poll one vote per Share held, 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 have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting

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

Restrictions on voting rights

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

Going concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Management Report which is included within the Chairman's Statement, the Investment Portfolio Summary, the Investment Manager's Review and the Directors' Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position and is currently raising additional funds. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well diversified. The major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 19 on pages 58 – 64. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditor's right to information

So far as the Directors in office at 30 September 2013 are aware, there is no relevant audit information of which the auditors are 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' Report

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 30 September 2013, please see Note 22 to the accounts on page 64.

Social and environmental policies

Human rights policy

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

Diversity

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

Anti-bribery policy

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

The Board will not tolerate bribery under any circumstances in any transaction in which the Company is involved.

The Board values its reputation for ethical behaviour and for financial probity and reliability. The Directors are committed to working to the highest ethical standards throughout the business.

The Board expects and requires each of the Company's service providers to work to the same standard.

Environmental and social responsibility

The Board seeks to conduct the Company's affairs responsibly and considers relevant social and environmental matters when appropriate, particularly with regard to investment decisions. The Company has adopted electronic communications to minimise the amount of paper it uses in sending communications to Shareholders. It uses mixed sources paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its Circulars and Annual and Half-Year Reports.

Global greenhouse gas emissions for the year to 30 September 2013

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

Annual General Meeting

The notice of the Annual General Meeting to be held on 12 February 2014 is set out on pages 67 – 69 of this Annual Report. Proxy forms for the meeting are enclosed with Shareholders' copies of this Annual Report.

Resolutions 1 to 10 will be proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be passed and resolutions 11 and 12 will be proposed as special resolutions requiring the approval of 75% of the votes cast at the meeting to be passed. The following is an explanation of the principal business to be proposed at the meeting.

The Directors believe that the proposed resolutions are in the best interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Annual report and accounts (Resolution 1)

Shareholders will be asked to receive and adopt the annual report and accounts of the Company for the year ended 30 September 2013, including the auditor's report thereon.

Remuneration policy and report (Resolutions 2 and 3)

Following a change in legislation, Shareholders will have the opportunity to vote for the first time on the Company's Remuneration Policy which is set out on page 27 of this Report (resolution 2). The result of this resolution will be binding upon the Directors. A second resolution will be put to the meeting for the approval of the Annual Remuneration Report which describes how the policy will be implemented during the coming year (Resolution 3).

Independent auditor (Resolutions 4 and 5)

With effect from 28 March 2013, the Company's auditor, PKF (UK) LLP ("PKF") merged with BDO LLP to become part of BDO LLP ("BDO") . The Board has subsequently appointed BDO as the Company's auditor to fill the casual vacancy arising as a result of the resignation of PKF following the merger. The Company wrote to Shareholders on 28 May 2013 informing them of this change. Resolution 4 proposes to appoint BDO as auditor to the Company and resolution 5 seeks authority for the Directors to determine the remuneration of the auditor.

Re-election of the Directors (Resolutions 6 to 8)

All three Directors will be standing for re-election at this year's AGM.

In accordance with the AIC Code, Colin Hook, who has served on the Board for 12 years, has agreed to retire annually from the Board.

Helen Sinclair sits on the Board of Mobeus Income & Growth 4 VCT plc, which is also managed by Mobeus, and as such she is not considered to be independent of the Manager. She has also has served on the Board for 10 years. For these two reasons, she has agreed to retire annually from the Board.

Jonathan Cartwright is due to retire from the Board by rotation at the AGM.

Following a review of each Director's performance, the remaining Directors agreed that each continues to make a significant contribution to the Company and the Board is pleased to recommend the re-election of each Director to Shareholders.

Final Dividend (Resolution 9)

The Directors are proposing a final dividend in respect of the year ended 30 September 2013 of 4.0 pence per Share comprising 2.75 pence from capital and 1.25 pence from income. Subject to approval at the Annual General Meeting of the Company to be held on 12 February 2014, the dividend will be payable to Shareholders on the Register on 21 February 2014 and will be paid on 12 March 2014.

Authorities for the Directors to allot shares (Resolution 10) and disapply pre-emption rights of members (Resolution 11)

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 shareholdings.

Resolution 10 will enable the Directors to allot new Shares up to an aggregate nominal amount not exceeding £159,250 representing approximately 30% of the issued share capital of the Company as at the date of the notice of the meeting.

Under section 561(1) of the 2006 Act, if the Directors wish to allot new shares or sell treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. It is proposed by Resolution 11 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £106,162 in connection with offer(s) for subscription; (ii) with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company at a subscription price per share which is less than the net asset value per share; and (iii) 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 these allotments may be used in whole or in part to purchase the Company's shares in the market.

In accordance with Resolution 11, the Directors are authorised to allot Shares pursuant to the Company's Dividend Investment Scheme at their mid market price, even if this is less than net asset value per Share.

Both resolutions 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 2015. The Directors may allot securities after the expiry dates given above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the annual general meeting of the Company held on 13 February 2013.

The Directors launched a Linked Offer for Subscription with Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc and Mobeus Income & Growth 4 VCT plc on 28 November 2013 to raise up to £6 million for each VCT and it is the Directors' intention that new Shares may be issued pursuant to this Offer under these authorities (to the extent that existing authorities do not apply). It is further intended to allot Shares under the Dividend Investment Scheme in respect of the proposed final dividend to be paid to Shareholders on 12 March 2014. The Directors have no further immediate intention of exercising the above powers.

Authority to make market purchases of the Company's own shares (Resolution 12)

This resolution authorises the Company to purchase its own Shares pursuant to section 701 of the 2006 Act. The authority is limited to an aggregate of 7,950,000 Shares (representing approximately 14.99% of the issued share capital of the Company as at the date of this annual report) 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 such purchase and (ii) the price stipulated by Article 5(i) of the Buyback and Stabilisation Regulation. The minimum price that may be paid for a Share is 1 penny, being the nominal value thereof.

Venture Capital Trusts experience restricted market liquidity in their shares. The Board believes that it is in the best interests of the Company and Shareholders for the Company to be in a position to make occasional market purchases of its Shares to improve liquidity and to provide Shareholders with the opportunity to exit their investment at a fair price. This resolution will enable the Directors to carry out this policy. The policy is constantly reviewed by the Board to ensure that share buybacks remain in the best interests of Shareholders as a whole.

Shareholders should note that the Directors will not exercise this authority unless they believe to do so would result in an increase in net assets per Share and would be in the interests of Shareholders generally. The Directors currently intend to cancel all Shares purchased under this authority. 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 2015 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.

By order of the Board

Mobeus Equity Partners LLP

Secretary

16 December 2013

Directors' Remuneration Report

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

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments on page 28 of this report and this is explained further in its report to Shareholders on pages 37 – 39.

Ordinary resolutions with be proposed at the Annual General Meeting of the Company to be held on 12 February 2014 for the approval of the Directors' Remuneration Policy and the Annual Remuneration Report as set out below.

Remuneration statement by the Chairman of the Nomination & Remuneration Committee

In determining the Company's remuneration policy, the Board seeks to determine a level of fees appropriate to attract and retain individuals of sufficient calibre to lead the Company in achieving its strategy.

The basic Directors' fees have remained at £35,000 (Chairman) and £25,000 (Director) per annum since 1 January 2006.

The Board acknowledges that the work of the Audit Committee had increased in both complexity and volume in recent years with increased demands on the Directors for consideration of compliance and corporate governance. In recognition of this an additional supplement of £5,000 per annum has been paid to members of the Audit Committee with effect from 1 October 2012.

An additional payment of £5,000 was made to Jonathan Cartwright in respect of the year ended 30 September 2013 for additional work carried out in respect of the Incentive fee.

Directors' Remuneration Policy

The remuneration policy is set by the Board. The Directors' fees are reviewed annually by the Nominations and Remuneration Committee which makes recommendations to the Board on the amount of fees to be paid to the Directors and on any changes. When considering the level of Directors' fees, the Committee takes account of the duties and responsibilities of each role and the value and amount of time that a Director is required to commit to the Company. It further considers remuneration levels elsewhere in the Venture Capital Trust industry for companies of a similar size and structure together with other relevant information. The Committee has access to independent advice where and when it considers it appropriate. However, it was not considered necessary to take any such advice during the year under review.

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

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.

Recruitment remuneration

Remuneration of any new Director will comply with the Remuneration Policy set out herein, as modified from time to time.

Shareholders views on remuneration

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

Full details of the fees paid to Directors during the year are given in this report. Since all the Directors are non-executive, the Company is not required to comply with the provisions of the Listing Rules and the UK Corporate Governance Code in respect of Directors' remuneration, except in so far as they relate specifically to non-executive directors. The Company does not operate any incentive plans for the Directors. The Company does not provide pension benefits to any of the Directors. Details of the Directors' remuneration are disclosed below and in Note 5 to the Accounts on page 48.

Directors' shareholdings and share interests

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. Full details of each Director's interest in the Company's shares are set out on page 24 of the Directors' Report.

This policy applied throughout the year ended 30 September 2013 and will continue to apply to the current year ending 30 September 2014.

Terms of appointment

The Articles provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. One-third of the Directors retire from office by rotation at each Annual General Meeting and the etiring Directors then become eligible for re-election in accordance with the Articles. Colin Hook and Helen Sinclair have both agreed to offer themselves for re-election annually. Both of these Directors have served on the Board for more than ten years and Helen Sinclair is considered to be a non-independent director as explained further on page 30.

All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

Annual Remuneration Report

The Company's Directors' Remuneration Policy as set out on page 27 will continue to be implemented throughout the year ending 30 September 2014 as described below.

Nominations and Remuneration Committee

The remuneration of individual Directors is determined by the Nominations and Remuneration Committee within the framework set by the Board. The Committee comprises the full Board and is chaired by Jonathan Cartwright (Helen Sinclair until 5 December 2012). The Committee meets at least once a year and met once during the year under review with full attendance from all its members.

It is responsible for reviewing the remuneration of the Directors and the Company's remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly.

Total individual emoluments and compensation paid to Directors

(Audited information)

	Total Directors' fees year to:	
	30-Sept-13	30-Sept-12
	£	£
Colin Hook	46,000	51,000
Jonathan Cartwright	41,000	41,000
Helen Sinclair	36,000	41,000

Aggregate fees paid in respect of qualifying services amounted to £123,000 (2012: £133,000). No sums were paid to third parties in respect of any of the director's services during the year under review.

The table below displays the maximum payment that is receivable per annum (excluding payments made in respect of specific additional work) by each Director, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director Role	Components of Pay Package Directors' fees	Investment Committee Supplement	Audit Committee Supplement	Total Remuneration
Colin Hook Chairman	£35,000	£6,000	£5,000	£46,000
Jonathan Cartwright Chairman, Audit and Nomination & Remuneration Committees	£25,000	£6,000	£5,000	£36,000*
Helen Sinclair Chairman, Investment Committee	£25,000	£6,000	£5,000	£36,000
Performance conditions	None	None	None	None
Company Strategy	To provide investors with an attractive return, by maximising the stream of dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments.	Oversight and implementation of the Company's Investment Policy.	Compliance and risk management.	

Remuneration Policy

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

* An additional payment of £5,000 was made to Jonathan Cartwright bringing his total director's fees to £41,000 for the year ended 30 September 2013.

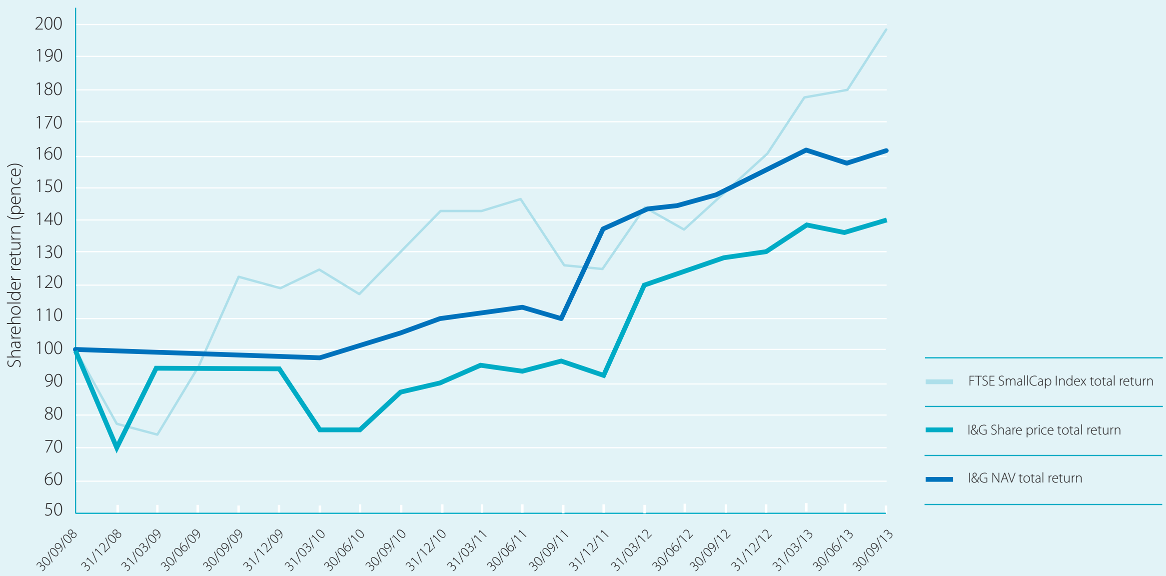
Directors' Remuneration Report

Total shareholder return

The graph below charts the total cumulative shareholder return of the Ordinary Shares (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) over the last 5 years commencing on 30 September 2008, compared to the FTSE SmallCap Index. The FTSE SmallCap is an industry recognised index of listed companies. The Board considers it to be an appropriate index against which to measure the Company's performance. The total shareholder return has been rebased to 100 at 30 September 2008.

The Net Asset Value (NAV) total return has been shown separately on the graph because the Directors believe it is a more accurate reflection of the Company's performance.

Total shareholder return of the ordinary shares compared to the FTSE SmallCap Index



The NAV and share price total returns for the Company shown above exclude the benefit of tax reliefs received by Shareholders at the time of investment.

The share price and net asset value (NAV) total return comprise the share price and NAV per share respectively plus cumulative dividends paid per share, assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

The former 'O' Share class was merged with the former 'S' Share class on 29 March 2010. The Ordinary Share class is therefore the former 'S' Share class which became the Ordinary Share class on that date. This graph therefore shows the performance of the former 'S' Share class up until the merger on 29 March 2010.

An explanation of the performance of the Company is given in the Chairman's Statement on pages 3 – 4 and in the Investment Manager's Review and Investment Portfolio Summary on pages 5 – 16 and the Strategic Report on pages 18 – 22.

Signed on behalf of the Board by:

Mobeus Equity Partners LLP

Secretary

16 December 2013

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2012 ("the AIC Code") for the financial year ended 30 September 2013. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as a VCT.

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

The AIC Code was endorsed by the Financial Reporting Council (FRC) on 22 January 2013. The FRC has confirmed that in complying with the AIC Code, the Company will meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The AIC Code is available online at: www.theaic.co.uk/system/files/policy-technical/AICCodeofCorporateGovernanceFeb2013_0.pdf

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

The Board considers that the Company has fully complied with the AIC Code and the relevant provisions of the UK Code, as set out below.

Compliance with the UK Code

The UK Code includes provisions relating to:

- The role of the chief executive
- Executive directors' remuneration
- The requirement for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company, being an externally managed VCT. The Company has therefore not reported further in respect of these provisions.

The Board has further considered the principles detailed in the UK Code and believes that, insofar as they are relevant to the Company's business, the Company has complied with the provisions of the UK Code throughout the financial year ended 30 September 2013 with the following exceptions:

The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. As recommended in the AIC Code, this role is fulfilled, as appropriate, by the Chairman of the Audit Committee.

As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. A Director's appointment may be terminated on three months' notice being given by the Company. For further information please see the Directors' Remuneration Report on page 27.

The Board

The Company has a Board of three non-executive Directors. All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

Director's independence and conflicts of interest

The Board has considered whether each Director is independent in character and judgment and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. Helen Sinclair remains a Director of Mobeus Income & Growth 4 plc and is therefore not considered to be independent of the Manager. With this exception, the Board has concluded that all three Directors are independent.

The Directors have declared any existing or potential conflicts of interest and these are reviewed and authorised by the Board as appropriate in accordance with the procedures under the Articles and applicable rules and regulations. The Articles allow the Directors not to disclose information relating to a conflict where to do so would amount to a breach of confidence. The Nominations and Remuneration Committee undertakes an annual review of the authorisations given by the Board. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest.

For the reasons described above, as well as in terms of their professional and personal integrity and experience, the Board has no hesitation in emphasising to Shareholders the independent nature of each individual Director in terms of both their character and judgement. Full biographical details on each Director as recommended in the AIC Code are included on page 17.

The Board assessed the independence of the Chairman on appointment and concluded that he fully met the independence criteria as identified in the UK Code, as re-stated in principle 1 of the AIC Code. As recommended by the AIC Code, the remaining Directors monitor the continuing independence of the Chairman, and inform the Chairman of their discussions. The significant directorships and time commitments of the Chairman and the other Directors are considered by the Board and are disclosed on page 17.

The Directors were subject to election by Shareholders at the first annual general meeting after their appointment, and retire by rotation thereafter. For further details please see the Directors' Remuneration Report on page 27. The Directors are therefore not appointed for specific terms.

Recruitment and appointment of new Directors

Appointment letters for new directors include an assessment of the expected time commitment for each Board position and new directors are asked to give an indication of their other significant time commitments. The Board has adopted a formal process of recruitment for the appointment of new directors including, as appropriate, the use of advertising and recruitment consultants as well as drawing on Board members' extensive range of business contacts to attract the optimum number of high quality candidates. The Board will consider diversity, including gender, in making

Corporate Governance Statement

future appointments. The selection process involves interviews with the Board and meetings with Partners of the Manager. New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board, the Manager and the Administrator.

Tenure

The Board has considered a policy on tenure and agreed that for a Company of this size and structure, it is not appropriate to insist on a director's period of service being limited to a set number of years or to set an age limit for the retirement of directors. The AIC Code does not explicitly make recommendations on the overall length of tenure for directors and has stated that it does not believe that there is any evidence that an individual director's lengthy service on a board may compromise his independence in the case of investment companies. It has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of its Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board. In particular, the Board considers that the Chairman's service of twelve years as a Director of Company is an asset that he brings to the Board.

Performance review

The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has carried out an annual performance evaluation review in respect of the year ended 30 September 2013. As part of its review, the Directors considered the performance of each of the Directors and of the Board as a whole in relation to specific areas of their activity: composition, procedures, investment matters, shareholder value, individual performance and relationships with the Company's main service providers. The performance of the Chairman is assessed separately. The Board as a whole discusses the outcome of the performance evaluation, and led by the Chairman, considers and agrees a plan of action to rectify any shortfalls where appropriate

A formal training programme has not been required during the year under review as all the Directors are experienced directors of listed companies. All of the Directors participate in continuing professional development and regularly attend conferences and workshops relevant to the VCT industry.

Board committees

The Board has established three Committees 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 via the Company's website: www.incomeandgrowthvct.co.uk.

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

Investment Committee

The Investment Committee comprises all three Directors, Helen Sinclair (Chairman), Colin Hook and Jonathan Cartwright. The Committee meets as necessary to consider the investment proposals put forward by the Manager. The Committee advises the Board on the development and implementation of the Investment Policy and leads the process for the ongoing monitoring of investee companies and the Company's investment therein. Investment guidelines have been issued to the Manager and the Committee ensures that these guidelines are adhered to. New investments and divestments are approved by written resolution of the Committee following discussion between Committee members and are subsequently ratified by the Board. Investment matters are discussed extensively at Board meetings. During the year, the Committee formally approved 17 investment and divestment decisions and met informally on numerous occasions.

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

Nominations and Remuneration Committee

The Nominations and Remuneration Committee comprises all three Directors Jonathan Cartwright (Chairman), Colin Hook and Helen Sinclair (Chairman until 5 December 2012). The Committee meets at least once a year and comprises a majority of independent directors. The Committee held one formal meeting during the year, which was fully attended by all the Directors, and met informally on other occasions.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on page 28.

In considering nominations, it is responsible for making recommendations to the Board concerning new appointments of Directors to the Board and its Committees; the periodic review of the composition of the Board and its Committees; and the annual performance review of the Board, the Directors and the Chairman including the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members. No appointments have been made during the year under review.

Audit Committee

The Audit Committee comprises all three Directors, Jonathan Cartwright (Chairman), Colin Hook and Helen Sinclair. The Committee meets at least twice a year to review the half-year and annual financial statements before submission to the Board, including meeting with the independent auditor. The Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor. It is responsible for monitoring the effectiveness of the Company's internal control systems and for reviewing the scope and results of the audit and ensuring its cost effectiveness. The Audit Committee held four formal meetings during the year with full attendance from each of the Directors on each occasion. The Committee met informally on other occasions.

A summary of the Audit Committee's principal activities during the year is provided below:

Financial statements
The Committee has carefully reviewed the Half-Year and Annual Reports to Shareholders for the year under review prior to submission to the Board for approval.

Key risks and Internal control
The Board has identified the key risks faced by the Company and established appropriate controls. The Committee monitors these controls and reviews any incidences of non-compliance. The Committee has monitored the system of internal of controls throughout the year under review as described in more detail on pages 34 – 35. It received a report on exceptions at its annual and half-yearly results meetings and reviewed a schedule of key risks at each quarterly board meeting.

Valuation of investments
The valuation of the investments in the portfolio are agreed quarterly by the Investment Committee for recommendation to the Board. The Audit Committee monitors this process where necessary and ensures that adequate controls are in place.

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

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

Incentive fee
The Committee reviews the calculations undertaken at the year-end of any potential incentive fee payable to the Manager with respect to the year then ended, in accordance with the terms of the Performance Incentive Agreement.

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

Compliance with the VCT tests
The Company engages the services of PwC to advise on its compliance with the legislative requirements relating to VCTs. A report on the Company's compliance with the tests is produced by PwC on a bi-annual basis and reviewed by the Committee for recommendation to the Board.

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 Manager being present.

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

– demonstrated strong technical knowledge and a clear understanding of the business;
– indicated professional scepticism in key judgements and raising any significant issues in advance of the audit process commencing;
– maintained 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;
– the ability to communicate clearly and promptly with the members of the Committee and the Manager and produce comprehensive reports on its findings;
– demonstrated that it has appropriate procedures and safeguards in place to maintain its independence and objectivity; and
– charged justifiable fees in respect of the scope of services provided.

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditor to ensure that independence is maintained. The Audit Committee has concluded that it is in the interests of the Company to purchase tax compliance services from the external auditor given its knowledge of the Company. The Committee believes that audit independence has been maintained as the fees involved are relatively small compared to those for the audit, the work is undertaken by separate teams and does not involve undertaking any management role in preparing the information reported in the accounts.

The auditor prepares an audit strategy document on an annual basis. This provides information on the audit team and timetable, audit scope and objectives, evaluation of materiality, initial assessment of key audit and accounting risks, confirmation of independence and proposed fees. This is reviewed and approved by the Audit Committee and provides the Committee with an opportunity to consider the audit approach and to raise any queries with the auditor. The Chairman meets with the Auditor at the audit planning stage. The outcome of the review together with any actions that have arisen are formally minuted and a summary is submitted to the Board for consideration.

Corporate Governance Statement

The Audit Committee assesses the effectiveness of the external audit process annually and makes a recommendation to the Board on the re-appointment of the auditor. As part of its review, the Audit Committee considers the performance of the auditor and whether it has met the agreed audit plan, the quality of its reporting in its management letter and the cost-effectiveness of the service provided as well as the manner in which it has handled key audit issues and responded to the Committee's questions. The Committee concluded that the re-appointment of BDO as auditor was in the best interests of the Company and of Shareholders and its recommendation was endorsed by the Board. It is the Company's policy that the audit services contract should be put out to tender at least every ten years. However, should the Committee be dissatisfied with the standard of service received from the incumbent auditor in the interim, a tender process would be undertaken. A tender was last undertaken in 2007 and the Board has been satisfied with the performance of the auditor since this date.

Non-audit services

The Committee regularly reviews and monitors the external auditor's independence and objectivity, and as part of this, it reviews the nature and extent of other services supplied by the auditor to ensure that independence is maintained. The Audit Committee concluded that it was in the interests of the Company to purchase the non-audit services from the auditor due to its greater knowledge of the Company and hence efficiency.

The Audit Committee was satisfied that the nature of the services provided did not result in a self-review threat as the audit work was undertaken by a separate team, nor did the quantum of fees trigger such a threat.

Investment management and service providers

Mobeus acts as Investment Manager and 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 Manager, and the other service providers including the auditor, VCT status adviser, solicitors, bankers and registrars.

Particular emphasis is placed on reviewing the Investment Manager, and this forms part of the Board's overall internal control procedures as discussed elsewhere. 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.

As part of this annual review, the Board considers the quality and continuity of the investment management team, the investment process and the results achieved to date. The Board concluded that the Manager had returned a good performance and that the Company's investment portfolio had performed well. The Board places significant emphasis on the Company's performance against benchmarks and is satisfied that the VCT's performance remained ahead of the benchmark used on a consistent basis. The Board further considered the Manager's commitment to the promotion of the Company and was satisfied that this was prioritised highly by the Manager as evidenced by the Linked VCT fundraisings which had taken place annually since 2010. The strategy of investing primarily in MBOs of established companies was successful. The Board believe that the Investment Manager had continued to exercise independent judgement while producing consistent valuations which reflected fair value.

The Directors believe that the continued appointment of Mobeus as investment manager to the Company on the terms currently agreed is in the interests of Shareholders and this was formally approved by the Board on 18 September 2013.

The principal terms of the Company's Investment Manager's Agreement with the Manager dated 29 March 2010 and the previous contractual arrangements prior to this date are set out in Note 3 to the Accounts on page 47 of this Annual Report. The Board seeks to ensure that the terms of this Agreement represent an appropriate balance between cost and incentivisation of the Manager.

The arrangements governing future potential incentive fees for Mobeus related to the Company's performance are currently under discussion. If required, any approval from Shareholders of the proposed changes to the terms of the incentive fee will be sought in due course.

Board meetings and the relationship with the Manager

The Board meets at least quarterly and is in regular contact with the Manager between these meetings. The Board held nine formal meetings during the year with full attendance from each of the Directors. The Board met informally on other occasions.

The Board and the Manager aim to work together in a supportive, cooperative and open manner. The Board has overall responsibility for the Company's affairs including the determination of its investment policy. The Manager takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board and the Board has agreed policies with the Manager covering key operational issues. All investment, divestment and variation decisions are made by the Board having considered formal recommendations from the Manager. The Manager updates the Board on developments at each of the investee companies, including decisions and discussions at Board meetings, if appropriate, through quarterly valuation reports, presentations to quarterly Board meetings of the VCT and otherwise when specific issues requiring the Board's attention emerge. The Board has delegated to the Manager authority to attend and vote at General Meetings of each of the investee companies in the portfolio as its Corporate Representative. The Manager consults the Board concerning extraordinary agenda items particularly when a proposed resolution concerns an issue that may impact on the Company's economic interest. It is however authorised to vote as it thinks appropriate on standard agenda items.

The primary focus at Board meetings is the review of investment performance and associated matters as well as the monitoring of financial and other internal controls including maintenance of VCT status and the level of share price discount or premium. The Board regularly considers overall strategy and has since 2012 held, together with the Manager, an annual strategy meeting. The Board monitors the investments made by the Manager to ensure that the overall investment portfolio is in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy.

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 Nominations and Remuneration Committee and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business.

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns, which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board.

The Board has considered the appointment of a management engagement committee and has concluded that this is not necessary because the Board is comprised entirely of non-executive directors.

Custody of documents of title for unquoted investments

The Board has delegated to the Company Secretary responsibility for the safekeeping of the documents of title in respect of all the venture capital investments in the Company's portfolio. The Manager has recently received the required FCA permission to hold these on behalf of the Company. A system of controls has been agreed by the Audit Committee to monitor the safe-keeping and regular audit of these documents.

VCT status monitoring

The Company has retained PricewaterhouseCoopers LLP to advise on its compliance with the tax legislative requirements relating to VCTs. As such, they advise on compliance with requirements of the Venture Capital Trust tax legislation on the basis of information provided by Mobeus. Mobeus also seeks professional advice in relation to the application of the venture capital trust legislation to any company in which the Company is proposing to invest. The Directors monitor the continuing tests for the Company's VCT status at Board meetings.

Internal control

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

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment 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 in accordance with the Turnbull guidelines for internal control. 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. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers; controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. As part of this process, investment risk is spread by means of a diverse investment portfolio, as more fully described in the Investment Manager's Review and Investment Portfolio Summary on pages 5 – 16. The Board reviews a schedule of key risks at each Board meeting which identifies the risk, controls, any deficiencies that have arisen in the quarter and action to be taken. Each Board meeting reviews the management accounts, and annual or half-yearly reports arising therefrom, prepared by the administrator.

Both the Administrator and Investment Manager report by exception on matters that may be of relevance to financial reporting and on other matters as appropriate on a quarterly basis.

The Board has delegated, contractually to third parties, the management of the investment portfolio, the procurement of safekeeping services for the documents of title to the Company's assets, the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the Investment Services Agreement with the Manager. The Directors carry out an Annual Review of the performance of, and contractual arrangements with, the Investment Manager.

Corporate Governance Statement

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

- Full internal controls are in place for the preparation and reconciliation of the valuations prepared by the Manager;
- Independent reviews of the valuations of investments within the portfolio are undertaken quarterly by the Board and annually by the external auditor;
- Bank and money-market fund reconciliations are carried out monthly by the Administrator;
- The information contained in the Annual Report and other financial reports is reviewed separately by the Audit Committee prior to consideration by the Board; and
- The Board reviews all financial information prior to publication.

This system of internal control and the procedure for the review of control systems referred to above has been in place and operational throughout the year under review and up to the date of this Report. The assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the relevant service providers. The last review took place on 3 December 2013. The Board has identified no significant problems with the Company's internal control mechanisms.

Shareholder communications

The Board has a duty to promote the success of the Company and to ensure that its obligations to Shareholders are met. The Company communicates with Shareholders and solicits their views where it is appropriate to do so. The Manager publishes a twice-yearly VCT shareholder newsletter which contains information on the portfolio and recent investment and corporate activity. Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors and the Manager and to discuss issues affecting the Company with them. The Manager organises an annual shareholder workshop in which Shareholders are encouraged to participate.

Shareholders may contact the Chairman of the Audit Committee if they have concerns which contact through the Chairman or Manager has failed to resolve or for which such contact is inappropriate.

The Board approves the Annual Report to Shareholders. The Board normally has a direct involvement in the content of communications regarding major corporate events even if the Manager is asked to act as spokesman.

The notice of the Annual General Meeting accompanies this Annual Report, which is normally sent to shareholders allowing a minimum of 20 working days before each meeting. Separate resolutions are proposed for each substantive issue. The number of proxy votes received for each resolution is announced after each resolution has been dealt with on a show of hands and is published on the Company's website www.incomeandgrowthvct.co.uk.

Additional disclosures in the Directors' Report

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

By order of the Board

Mobeus Equity Partners LLP

Secretary

16 December 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration 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. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed,, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

(a) the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', give a true and fair view of the assets, liabilities, financial position and the profit of the Company.

(b) the management report, included within the Chairman's Statement, Investment Manager's Review, Investment Portfolio Summary Strategic Report and Directors' 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 report and accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

The names and functions of the Directors are stated on page 17.

For and on behalf of the Board:

Colin Hook

Chairman

16 December 2013

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

We have audited the financial statements of The Income & Growth VCT plc for the year ended 30 September 2013 which comprise the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 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.

Our assessment of risks of material misstatement

We identified the following risks that we consider to have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of investments, particularly unquoted investments. This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the funds, derived using those valuations.

  We challenged the assumptions inherent in the valuation of unquoted investments, which are mainly valued on an earnings multiple basis, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. Our audit procedures included reviewing the historical financial statements and recent management information available for the unquoted investments used to support assumptions about maintainable earnings used in the valuations, considered the earnings multiples applied by reference to observed listed company market data and challenged the adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted. Where alternative assumptions could reasonably be applied, we developed our own point estimates and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

  Where other valuation approaches were adopted, in addition to challenging the assumptions used, we considered the appropriateness of the valuation techniques adopted by reference to both the circumstances of the investee company and the International Private Equity and Venture Capital Valuation guidelines.

  We also considered the controls over the valuation of quoted investments and tested the prices used to independent sources.

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

  We considered the controls relating to revenue recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments. We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest. We also tested dividends receivable through comparing actual income to expectations set based on independent published data on dividends declared by the investee companies held. We tested the categorisation of dividends received from investee companies between revenue and capital.

- Completeness of expenditure, in view of industry practice to compare the performance of funds, partly based on the level of their on-going charges, as well as the existence of an expense cap on the management fee which could increase the risk of management override in the recognition of costs. We agreed recurring costs to expectations set based on prior years flexed for known changes, agreed engagement terms with suppliers and agreement to invoices on a sample basis. We also confirmed the extent to which ad-hoc costs incurred on the fundraising represented obligations at the end of September 2013 and we confirmed the appropriateness of the classification of costs of the share buy-back and top-up offer being charged to reserves.

- Performance incentive fee arrangements, which are significant and have given rise to significant expenses in recent periods. We reviewed the calculation of performance incentive fees paid and accrued against the agreements under which they are payable. As the determination of whether decreases in the value of investments below cost represent realised losses may be pertinent to setting the base position for future performance incentive fee arrangements, we challenged the reasons given for treating losses on investments as realised, reviewing documentation or market data provided to support the treatment adopted as well as considering whether there were any indicators that some recovery of value may be achievable and whether this had been taken into account in the determination of realised losses.

The Audit Committee's consideration of these key issues is set out on pages 31 – 33.

Purpose of this 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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

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

We determined materiality for the financial statements as a whole to be £650,000. In determining this, we based our assessment on a percentage of fixed asset investments held at fair value which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the company's control environment, our judgment was that performance materiality for the financial statements should be 75% of materiality for the financial statements as a whole, namely £480,000. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our materiality of £650,000 for the financial statements as a whole.

International Standards on Auditing (UK & Ireland) also require the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net realised returns of the company. We determined materiality for this area to be £150,000.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 30 to 35 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 24 in relation to going concern;
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

We have nothing to report in respect of these matters.

Jason Homewood
(Senior statutory auditor)
For and on behalf of BDO LLP,
statutory auditor
London
United Kingdom

16 December 2013

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

Income Statement
for the year ended 30 September 2013

	Notes	Year ended 30 September 2013 Revenue £	Capital £	Total £	Year ended 30 September 2012 Revenue £	Capital £	Total £
Net unrealised gains on investments	9	–	5,900,080	5,900,080	–	2,364,362	2,364,362
Net gains on realisation on investments	9	–	1,093,304	1,093,304	–	5,243,190	5,243,190
Income	2	2,488,388	533,750	3,022,138	2,004,297	–	2,004,297
Investment Manager's fees	3a	(321,777)	(965,335)	(1,287,112)	(290,664)	(871,993)	(1,162,657)
Investment Managers' performance fees	3b	–	(106,778)	(106,778)	–	(3,503,000)	(3,503,000)
Other expenses	4	(412,241)	–	(412,241)	(499,164)	–	(499,164)
Provision for litigation cost no longer required		–	–	–	–	1,337,456	1,337,456
Profit on ordinary activities before taxation		1,754,370	6,455,021	8,209,391	1,214,469	4,570,015	5,784,484
Taxation on profit on ordinary activities	6	(267,890)	267,890	–	(224,747)	224,747	–
Profit on ordinary activities after taxation for the financial year		**1,486,480**	**6,722,911**	**8,209,391**	**989,722**	**4,794,762**	**5,784,484**
Basic and diluted earnings per Ordinary Share:	8	**2.98p**	**13.45p**	**16.43p**	**2.26p**	**10.97p**	**13.23p**

All the items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year. The total column is the Profit and Loss Account of the Company. There were no other recognised gains and losses in the year.

Other than the revaluation movements arising in investments held at fair value through profit and loss, there were no differences between the profit as stated above and at historical cost.

The notes on pages 44 – 64 form part of these financial statements.

Balance Sheet
as at 30 September 2013
Company number: 4069483

	Notes	as at 30 September 2013 £	as at 30 September 2012 £
Fixed assets			
Investments at fair value	9	34,020,237	31,205,667
Current assets			
Debtors	10	1,384,798	727,598
Current investments	11	22,799,201	17,523,440
Cash at bank	18	3,095,005	4,861,440
Total current assets		27,279,004	23,112,478
Creditors: amounts falling due within one year	12	(830,369)	(3,766,160)
Net current assets		26,448,635	19,346,318
Net assets		**60,468,872**	**50,551,985**
Capital and reserves			
Called up share capital	14	530,882	461,157
Share premium account	15	15,634,572	11,898,621
Capital redemption reserve	15	287,932	197,265
Capital reserve – unrealised	15	8,902,232	1,611,146
Special reserve	15	13,193,594	12,721,596
Profit and loss account	15	21,919,660	23,662,200
Equity shareholders' funds		**60,468,872**	**50,551,985**
Basic and diluted net asset value per share			
Ordinary Shares	16	**113.90p**	**109.62p**

The notes on pages 44 – 64 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 16 December and were signed on its behalf by:

Colin Hook
Director

Reconciliation of Movements in Shareholders' Funds
for the year ended 30 September 2013

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Opening shareholders' funds		50,551,985	49,152,799
Share capital bought back in the year – including expenses	15	(9,898,671)	(913,037)
Share capital subscribed for in the year – net of expenses	15	17,647,874	6,293,673
Profit for the year		8,209,391	5,784,484
Dividends paid in the year	7	(6,041,707)	(9,765,934)
Closing shareholders' funds		**60,468,872**	**50,551,985**

The notes on pages 44 – 64 form part of these financial statements.

Cash Flow Statement
for the year ended 30 September 2013

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Operating activities			
Investment income received		2,747,369	1,955,985
Other income		469	4,861
Investment management fees paid		(1,287,112)	(1,162,657)
Investment Managers' performance fees paid		(3,050,234)	–
Other cash payments		(310,007)	(561,556)
Net cash (outflow)/inflow from operating activities	17	(1,899,515)	236,633
Investing activities			
Acquisition of investments	9	(2,788,442)	(13,255,722)
Disposals of investments	9	6,559,171	26,468,137
Net cash inflow from investing activities		3,770,729	13,212,415
Equity Dividends			
Payment of equity dividends	7	(6,049,507)	(9,765,934)
Net cash (outflow)/inflow before liquid resource management and financing		(4,178,293)	3,683,114
Management of liquid resources			
Increase in monies held pending investment	18	(5,275,761)	(5,840,979)
Financing			
Shares issued as part of joint fundraising offer for subscription and dividend investment scheme	14	8,802,776	6,293,673
Shares issued as part of the enhanced buyback facility	15c	250,000	–
Shares bought back as part of enhanced buyback facility (including expenses)	15c	(394,360)	–
Purchase of own shares		(970,797)	(851,788)
		7,687,619	5,441,885
(Decrease)/Increase in cash for the year	**18**	**(1,766,435)**	**3,284,020**

The notes on pages 44 – 64 form part of these financial statements.

Notes to the Accounts
for the year ended 30 September 2013

1. Accounting policies

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

a) Basis of accounting

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

b) Presentation of the Income Statement

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

c) Investments

All investments held by the Company are classified as "fair value through profit and loss", and are valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

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

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

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

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

or:-

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

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

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

d) Current investments

Monies held pending investment are invested in financial instruments are repayable within one year and as such are treated as current investments, and have been valued at fair value.

Notes to the Accounts
for the year ended 30 September 2013

e) Income

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

Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income once redemption is reasonably certain. Until such date interest is accrued daily and included within the valuation of the investment, where appropriate.

f) Capital reserves

(i) *Realised (included within the Profit and Loss Account reserve)*
The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments; and
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies.
- 100% of performance incentive fees.

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

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and realised capital reserves are now shown within the Income Statement for the year.

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

g) Expenses

All expenses are accounted for on an accruals basis.

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

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

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.

h) Taxation

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

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

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

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

2. Income

	2013 £	2012 £
Income		
– from equities	813,927	305,650
– from OEIC funds	48,954	96,138
– from loan stock	1,929,482	1,540,777
– from bank deposits	229,306	56,871
	3,021,669	1,999,436
Other income	469	4,861
Total income	**3,022,138**	**2,004,297**
Total income comprises		
Revenue dividends received	329,131	401,788
Capital dividends received	533,750	–
Interest	2,158,788	1,597,648
Other income	469	4,861
Total Income	**3,022,138**	**2,004,297**
Income from investments comprises		
Listed UK securities	29,168	38,549
Listed overseas securities	48,954	96,138
Unlisted UK securities	2,714,241	1,807,878
Total Income	**2,792,363**	**1,942,565**

Total loan stock interest due but not recognised in the year was £294,421 (2012: £352,133).

Notes to the Accounts
for the year ended 30 September 2013

3a. Investment Manager's fees

	Revenue 2013 £	Capital 2013 £	Total 2013 £	Revenue 2012 £	Capital 2012 £	Total 2012 £
Mobeus Equity Partners LLP	**321,777**	**965,335**	**1,287,112**	**290,664**	**871,993**	**1,162,657**

Under the terms of a revised investment management agreement dated 29 March 2010, Mobeus Equity Partners LLP ("Mobeus") (formerly Matrix Private Equity Partners LLP ("MPEP")) provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2.4% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter. One sixth of this fee is subject to minimum and maximum limits of £150,000 (2012: £150,000) and £170,000 (2012: £170,000) per annum respectively.

The investment management expense disclosed above is stated after applying a cap on expenses excluding IFA trail commission and exceptional items set at 3.25% of closing net assets at the year-end. In accordance with the investment management agreement any excess expenses are wholly borne by the Investment manager. The excess expenses during the year attributable to the Investment Manager amounted to £nil (2012: £nil).

3b. Investment Managers' performance fees

	Revenue 2013 £	Capital 2013 £	Total 2013 £	Revenue 2012 £	Capital 2012 £	Total 2012 £
Portfolio						
Mobeus Equity Partners LLP	–	38,811	38,811	–	453,000	453,000
Mobeus Equity Partners LLP/Foresight Group LLP	–	67,967	67,967	–	3,050,000	3,050,000
	–	**106,778**	**106,778**	**–**	**3,503,000**	**3,503,000**

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

However, two amendments were made to this agreement for Mobeus, the ongoing Investment Manager. Firstly, the High Watermark was increased by £811,430, being the 'S' Share Fund's shortfall in total net assets from net asset value of £1 per 'S' Share, at 31 December 2009. Secondly, only 70% of any new investment made by Mobeus after the Merger will be added to the calculation of the Embedded Value, the value of the Investment Manager's portfolio and the value of any realisations, for the purposes of assessing any excess.

Under the above agreements, the Investment Manager (Mobeus) is entitled to a further Incentive fee for the year ended 30 September 2012 of £38,811 (on the Mobeus portfolio to be paid to Mobeus) (2012: £453,000). This further sum has arisen from a revision of the calculation of the fee due for the previous year. No fee is payable upon the Mobeus portfolio for the year ended 30 September 2013. £67,967 is payable on the ex-Foresight portfolio for the year ended 30 September 2013, to be shared between Mobeus and Foresight (2012: £3,050,000).

Under the terms of the Linked Offer for Subscription launched on 29 November 2012 and which closed on 30 April 2013 ("the Offer"), Mobeus were entitled to fees of 5.5% of gross investment subscriptions up to 30 December 2012 and 3.25% of gross investment subscriptions after 30 December 2012. This amount totalled £942,656 across all three VCTs involved in the Offer, out of which all costs associated with the Offer were met.

Under the terms of a Linked Offer for Subscription launched 28 November 2013, Mobeus will be entitled to fees of 3.25% of the investment amount received from investors. Based upon a fully subscribed offer of £24 million this would equal £780,000, across all four VCTs involved in the Offer, out of which all the costs associated with the Offer will be met.

4. Other expenses

	2013 £	2012 £
Directors' remuneration (including NIC) (see note 5)	136,788	148,254
IFA trail commission	55,896	140,782
Broker's fees	12,000	12,000
Auditors' fees – Audit of company (see note a)	29,915	31,980
– other services supplied relating to taxation	5,280	5,160
– other services supplied pursuant to legislation	3,660	5,904
– other services (see note b)	6,000	7,800
VCT monitoring fees	12,000	12,180
Registrar's fees	36,705	41,126
Printing	27,970	37,529
Legal & professional fees	16,205	4,232
Director's insurance	6,280	7,553
Listing and regulatory fees	36,429	33,479
Sundry	2,155	2,460
Running Costs	387,283	490,439
Provision against loan interest receivable (note c)	24,958	8,725
Other expenses	**412,241**	**499,164**

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

Note a: Included within this figure is £2,400 (2012: £5,880) in respect of additional fees paid to the auditor as part of the audit.

Note b: Included within this figure are fees of £6,000 (2012: £7,800) paid to the auditor relating to the review of the Investment Managers' performance fee calculation for the year ended 30 September 2012.

Note c: Provision against loan interest receivable above relates to an amount of £24,958 (2012: £8,725), being a provision made against loan stock interest regarded as collectable in previous years.

5. Directors' remuneration

	2013 £	2012 £
Directors' emoluments		
Colin Hook	46,000	51,000
Helen Sinclair	36,000	41,000
Jonathan Cartwright	41,000	41,000
	123,000	133,000
Employer's NIC and VAT	13,788	15,254
	136,788	**148,254**

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable. The Company has no employees other than Directors.

Notes to the Accounts
for the year ended 30 September 2013

6. Tax on ordinary activities

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	267,890	(267,890)	–	224,747	(224,747)	–
Total current tax charge/(credit)	**267,890**	**(267,890)**	**–**	**224,747**	**(224,747)**	**–**
Corporation tax is based on a rate of 20% (2012: 20%)						
b) Profit on ordinary activities before tax	1,754,370	6,455,021	8,209,391	1,214,469	4,570,015	5,784,484
Profit on ordinary activities multiplied by small company rate of corporation tax in the UK of 20% (2012: 20%)	350,874	1,291,004	1,641,878	242,894	914,003	1,156,897
Effect of:						
UK dividends	(56,035)	(106,750)	(162,785)	(61,130)	–	(61,130)
Unrealised gains not taxable	–	(1,180,016)	(1,180,016)	–	(472,872)	(472,872)
Realised gains not taxable	–	(218,661)	(218,661)	–	(1,048,638)	(1,048,638
Litigation costs	–	–	–	–	(267,491)	(267,491)
Income not yet taxable	–	–	–	165	–	165
Unrelieved expenditure	–	–	–	–	693,069	693,069
Impact of marginal rate	53,467	(53,467)	–	42,818	(42,818)	–
Losses brought forward	(80,416)	–	(80,416)	–	–	–
Actual current tax charge	**267,890**	**(267,890)**	**–**	**224,747**	**(224,747)**	**–**

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

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

There is no potential liability to deferred tax (2012: £nil). There is an unrecognised deferred tax asset of £1,060,000 (2012: £1,143,000).

7. Dividends paid and payable

	2013 Revenue £	2013 Capital £	2013 Total £	2012 Revenue £	2012 Capital £	2012 Total £
Dividends on equity shares						
Ordinary Shares (formerly 'S' Shares) Interim – year ended 30 September 2012 – 3p income and 3p capital paid on 8 February 2013 (2012: Special Interim 20p – capital)	1,431,155	1,431,155	2,862,310	–	8,138,244	8,138,244
Ordinary Shares (formerly 'S' Shares) – Interim – year ended 30 September 2013 – 1p income and 5p capital paid on 27 June 2013	529,900	2,649,497	3,179,397	–	–	–
Ordinary Shares (formerly 'S' Shares) – Final – year ended 30 September 2012: – nil p revenue and nil p capital (2011 – 2p revenue and 2p capital)	–	–	–	813,845	813,845	1,627,690
Total paid in year	**1,961,055**	**4,080,652**	**6,041,707***	**813,845**	**8,952,089**	**9,765,934***

* - Of these amounts £710,241 (30 September 2012: £1,256,231) was re-invested in new shares, issued as part of the DRIS scheme. The amount of £6,041,707 above is £7,800 less than the amount shown in the cash flow statement, which was re-claimed after the year-end on shares subject to a share buyback.

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

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

	2013 £	2012 £
Revenue available by way of dividends for the year	1,486,480	989,722
Interim income dividend for the year – 1p (2012: 3p)	529,900	1,383,480
Proposed final income dividend for the year – 1.25p (2012: final nil)	663,603	–
Total income dividends for the year	1,193,503	1,383,480

Notes to the Accounts
for the year ended 30 September 2013

8. Basic and diluted* earnings per share

	2013 £	2012 £
Total earnings after taxation:	8,209,391	5,784,484
Basic and diluted earnings per share (Note a)	**16.43p**	**13.23p**
Revenue profit from ordinary activities after taxation	1,486,480	989,722
Basic and diluted revenue earnings per share (Note b)	**2.98p**	**2.26p**
Net unrealised capital gains on investments	5,900,080	2,364,362
Net realised capital gains on investments	1,093,304	5,243,190
Capital dividend	533,750	–
Provision for litigation cost no longer required	–	1,337,456
Capitalised management fees less taxation	(697,445)	(647,246)
Investment Managers' performance fees	(106,778)	(3,503,000)
Total capital return	6,722,911	4,794,762
Basic and diluted capital earnings per share (Note c)	**13.45p**	**10.97p**
Weighted average number of shares in issue in the year	49,959,629	43,710,889

* Diluted earnings per share in each case are the same as basic earnings per share due to the potential extra shares that may be issued to settle the Investment Manager's incentive fee having no effect on the weighted average number of shares in issue at the year end.

Notes:

a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.

b) Revenue earnings per share is the revenue profit after taxation divided by the weighted average number of shares in issue.

c) Capital earnings per share is the total capital gain after taxation divided by the weighted average number of shares in issue.

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9. Investments

	2013 £	2012 £
Traded on AiM	1,979,124	2,858,821
Unquoted equity shares	11,416,576	8,999,239
Unquoted preference shares	34,963	35,430
Loan stock	20,589,574	19,312,177
Total	**34,020,237**	**31,205,667**
Analysis of gains for the year		
Brought forward net unrealised (losses)/gains now realised	(1,391,006)	13,104,074
Realised gains during the year	1,104,312	5,328,445
Transaction costs	(11,008)	(85,255)
Total realised gains for the year	(297,702)	18,347,264
Unrealised gains for the year	5,900,080	2,364,362
Total gains for the year	**5,602,378**	**20,711,626**

Summary of movement on investments during the year

	Traded on AiM or OFEX £	Unquoted ordinary shares £	Preference shares £	Qualifying loans £	Total £
Cost at 30 September 2012	3,897,666	12,457,883	57,647	19,567,792	35,980,988
Impairment	(940,626)	(4,179,304)	–	–	(5,119,930)
Unrealised (losses)/gains	(98,219)	720,660	(22,217)	(255,615)	344,609
Valuation at 30 September 2012	**2,858,821**	**8,999,239**	**35,430**	**19,312,177**	**31,205,667**
Purchases at cost	149	73,311	–	2,714,982	2,788,442
Sales – proceeds	(958,387)	(1,216,446)	(10,000)	(4,296,042)	(6,480,875)
Reclassification	–	(1,235,263)	2,671	1,232,592	–
Realised gains	118,892	320,626	5,000	659,794	1,104,312
Unrealised gains/(losses)	(40,351)	4,475,109	1,862	966,071	5,402,691
Valuation at 30 September 2013	**1,979,124**	**11,416,576**	**34,963**	**20,589,574**	**34,020,237**
Cost at 30 September 2013	3,215,129	10,760,871	50,318	19,673,215	33,699,533
Impairment	(2,376,252)	(4,516,905)	(787)	(227,462)	(7,121,406)
Unrealised gains/(losses) at 30 September 2013	1,140,247	5,172,610	(14,568)	1,143,821	7,442,110
Valuation at 30 September 2013	**1,979,124**	**11,416,576**	**34,963**	**20,589,574**	**34,020,237**

Transaction costs on the purchase and disposal of investments of £11,008 were incurred in the year. These are excluded from realised gains shown above of £1,104,312, but were included in arriving at gains on realisation of investments in the Income Statement of £1,093,304. Also, unrealised gains above of £5,402,691 differ from that shown in the Income Statement of £5,900,080. The difference of £497,389 is a further unrealised gain for the year. This further gain is the estimated fair value of contingent consideration, recognised at the balance sheet date of £889,000 for 2013, which has been included within other debtors in note 10, net of the fair value of contingent consideration recognised for 2012 of £391,611. This £889,000 contingent consideration also explains part of the difference between unrealised gains/(losses) at 30 September 2013 above of £7,442,110 and that shown on note 15 of £8,902,232. The remaining £571,123 relates to the current balance of proceeds received in the form of loan stock as part of the secondary buyout of DiGiCo Europe Limited in December 2011.

Reconciliation of cash movements in investment transactions

The difference between disposals in the investments note above of £6,480,875 and the disposals figure per the Cash Flow Statement of £6,559,171 is £78,296. This relates to transaction costs of £11,008 and an unsettled trade debtor at the previous year end of £89,304 received in the year.

Notes to the Accounts
for the year ended 30 September 2013

Provisions and write-offs against unlisted investments

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

	Total Provisions at end of year £	Net Write-offs in year £
Financial Year		
2013	10,475,290	2,001,476
2012	11,991,733	313,850
2011	11,206,678	1,881,554
2010	11,575,422	2,524,527
2009	10,537,427	300,000
2008	8,588,728	1,439,350
2007	6,690,435	592,011

Details of the movements in unrealised gains and losses in the year are disclosed within the Investment Portfolio Summary on pages 11-16

Major movements in investments

Image Source Group Limited was disposed of during the year realising net proceeds of £1,649,559. The carrying value at 30 September 2012 was £925,470. Brookerpaks Limited was disposed of during the year realising net proceeds of £599,990, and realised a net gain of £90,791 for the year. Tikit Group plc was realised for net proceeds of £310,162 realising a gain of £62,832 in the year.

Net unrealised gains of £5,402,691 include a valuation uplift of, £1,595,576 relating to Alaric Systems Limited, £965,559 relating to Ingleby (1879) Limited (trading as EMaC), £568,370 relating to Tessella Holdings Limited and valuation reductions of £603,878 for RDL Corporation Limited and £172,323 for Duncary 8 Limited.

During the year, the Company has treated five investments as wholly or partly permanently impaired totalling £2,076,476, with £75,000 eliminated on assets disposed of.

10. Debtors

	2013 £	2012 £
Amounts due within one year:		
Accrued income	475,659	226,319
Prepayments	12,339	14,327
Other debtors	896,800	486,952
	1,384,798	**727,598**

11. Current Investments

	2013 £	2012 £
Monies held pending investment	**22,799,201**	**17,523,440**

This comprises cash of £12,790,694 invested in five (four Dublin based and one UK based) OEIC money market funds, subject to immediate access, and £10,008,507 in bank deposits of varying maturities over the next year at four financial institutions. These sums are regarded as monies held pending investment.

12. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	6,900	65,621
Other creditors	15,731	13,663
Accruals	807,738	3,686,876
	830,369	**3,766,160**

13. Significant interests

At 30 September 2013 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Total investment (at value) £	Percentage of investee company's total equity £
ATG Media Holdings Limited	3,686,911	8.53%
Fullfield Limited (trading as Motorclean)	2,887,812	13.17%
Ingleby (1879) Limited (trading as EMaC)	2,452,407	9.39%
Gro-Group Holdings Limited	2,341,286	12.75%
Madacombe Trading Limited (trading as Veritek Global)	2,289,859	14.55%
Tessella Holdings Limited	2,213,488	7.48%
Alaric Systems Limited	2,064,071	6.93%
Blaze Signs Holdings Limited	1,249,579	12.50%
ASL Technology Holdings Limited	1,088,213	9.55%
CB Imports Group Limited	1,050,541	5.79%
Westway Services (2010) Holdings Limited	1,025,054	4.72%
Ackling Management Limited	1,000,000	12.50%
Culbone Trading Limited	1,000,000	12.50%
Aquasium Technology Limited	840,760	16.67%
Youngman Group Limited	700,992	8.49%
RDL Corporation Limited	667,316	13.04%
Machineworks Software Limited	574,339	9.21%
Duncary8 Limited	516,702	25.49%
The Plastic Surgeon Holdings Limited	315,644	6.09%
Vectair Holdings Limited	198,098	4.63%
Newquay Helicopters (2013) Limited (formerly British International Limited)	196,824	4.99%
Lightworks Software Limited	106,937	9.21%
PXP Holdings Limited	45,195	5.95%
Racoon International Holdings Limited	31,370	7.71%
Data Continuity Group Limited	29,632	15.04%
Monsal Holdings Limited	28,297	5.67%*
Watchgate Limited	–	33.33%
Nexxtdrive Limited	–	4.45%*
Biomer Technology Limited	–	3.54%*

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

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

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

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for the year ended 30 September 2013

Mobeus also advises Mobeus Income and Growth VCT plc, Mobeus Income and Growth 2 VCT plc and Mobeus Income and Growth 4 VCT plc who have investments as at 30 September 2013 in the following:

	Mobeus Income and Growth VCT plc* at cost £	Mobeus Income and Growth 2 VCT plc at cost £	Mobeus Income and Growth 4 VCT plc at cost £	Total at cost £	% of equity held by funds managed by Mobeus %
DiGiCo Global Limited	1,694,022	871,812	871,812	3,437,646	11.0
ASL Technology Holdings Limited	1,912,945	1,360,130	1,257,135	4,530,210	34.0
Ingleby (1879) Limited (trading as EMaC)	1,395,183	867,447	1,000,522	3,263,152	30.0
Tessella Holdings Limited	1,582,804	854,688	1,195,791	3,633,283	24.0
Fullfield Limited (trading as Motorclean)	2,576,537	1,624,768	1,793,231	5,994,536	41.0
Newquay Helicopters (2013) Limited (formerly British International Holdings Limited)	519,382	355,866	98,412	973,660	34.9
ATG Media Holdings Limited	3,122,265	1,631,933	1,889,006	6,643,204	38.4
EOTH Limited	1,298,031	817,185	951,471	3,066,687	8.0
Ackling Management Limited	1,000,000	1,000,000	1,000,000	3,000,000	50.0
Culbone Trading Limited	1,000,000	1,000,000	1,000,000	3,000,000	50.0
CB Imports Group limited	2,000,000	–	1,000,000	3,000,000	24.0
RDL Corporation Limited	1,558,334	374,870	1,000,000	2,933,204	45.2
Gro-Group Holdings Limited	1,927,551	1,096,102	1,540,061	4,563,714	37.6
Madacombe Trading Limited (trading as Veritek Global)	2,045,276	967,781	1,620,086	4,633,143	44.0
Blaze Signs Holdings Limited	727,471	644,930	283,252	1,655,653	52.5
Monsal Holdings Limited	1,260,007	821,982	678,300	2,760,289	40.0
Youngman Group Limited	1,000,052	1,000,052	500,026	2,500,130	29.7
Racoon International Holdings Limited	1,213,035	878,527	406,805	2,498,367	49.0
Focus Pharma Holdings Limited	715,818	375,416	439,223	1,530,457	13.0
PXP Holdings Limited	1,277,722	57,143	33,376	1,368,241	32.9
The Plastic Surgeon Holdings Limited	478,421	392,264	458,837	1,329,522	30.0
Faversham House Holdings Limited	156,581	111,335	102,906	370,822	0.0
Westway Services (2010) Holdings Limited	394,551	–	130,298	524,849	13.0
Omega Diagnostics plc	305,000	214,998	199,998	719,996	9.8
Legion Group plc	150,106	150,106	150,102	450,314	0.0
Lightworks Software Limited	222,584	25,727	9,329	257,640	48.9
Machineworks Software Limited	222,584	25,727	9,329	257,640	48.9
Vectair Holdings Limited	138,574	60,293	24,732	223,599	24.0
Duncary 8 Limited	–	–	101,995	101,995	30.6
Watchgate Limited	1,000	–	1,000	2,000	100.0

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

14. Called up share capital

	2013 £	2012 £
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 53,088,219 (2012: 46,115,656)	**530,882**	**461,157**

Under the Joint VCT Offer for Subscription launched on 29 November 2012 and which closed on 30 April 2013, 7,411,346 ordinary shares were allotted at allotment prices ranging from 112.6 - 116 pence per share, raising net proceeds of £8,092,535.

Under the terms of the Dividend Investment Scheme, a total of 752,016 (2012: 1,434,836) Ordinary shares were allotted during the year for a total consideration of £710,241 (2012: £1,256,231).

During the year the Company purchased 937,043 (2012: 995,611) of its own ordinary shares for cash (representing 2.03% (2012: 2.45%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £909,213 (2012: £913,037).

Under the terms of the Enhanced Buyback Facility ("EBF") offered to shareholders on 25 January 2013, the EBF transaction was completed in two tranches, on 4 April 2013 and 8 April 2013. Across both dates, a total of 8,129,688 ordinary shares were bought back at a price of 108.8 pence per share, and immediately following this 7,875,932 ordinary shares were allotted at a price of 112.3 pence per share.

15. Movement in share capital and reserves

	Called up share capital £	Share premium account £	Capital redemption reserve £	Capital reserve (unrealised) (non-distributable) £	Special reserve* (Note a) £	Profit and loss account* (Note b) £
At 30 September 2012	461,157	11,898,621	197,265	1,611,146	12,721,596	23,662,200
Shares bought back	(9,370)	–	9,370	–	(909,213)	–
Shares issued under Linked Offer for Subscription	74,114	8,018,421	-	–	–	–
Shares issued under Enhanced Buyback Facility (Note c)	78,758	8,766,340	-	–	–	–
Shares bought back under Enhanced Buyback Facility (Note c)	(81,297)	–	81,297	–	(8,845,098)	–
Expenses of shares issued and bought back via Enhanced Buyback Facility (Note d)	–	–	–	–	(144,360)	–
Dividends re-invested into new shares	7,520	702,721	–	–	–	–
Cancellation of Share Premium account (Note a)	–	(13,751,531)	–	–	13,751,531	–
Dividends paid	–	–	–	–	-	(6,041,707)
Transfer between reserves (Note a)	–	–	–	–	(3,380,862)	3,380,862
Other expenses net of taxation	–	–	–	–	–	(804,223)
Net unrealised gains on investments	–	–	–	5,900,080	–	–
Gains on disposal of investments (net of transaction costs)	–	–	–	-	–	1,093,304
Realisation of previously unrealised gains	–	–	–	1,391,006	–	(1,391,006)
Profit for the year	–	–	–	–	–	2,020,230
At 30 September 2013	**530,882**	**15,634,572**	**287,932**	**8,902,232**	**13,193,594**	**21,919,660**

* - Distributable reserves total £35,113,254 (2012: £36,383,796). The Special reserve has been treated as distributable in determining the amounts available for distribution.

See overleaf for explanatory Notes a) – d).

Notes to the Accounts
for the year ended 30 September 2013

Note a – The cancellation of £13,751,531 from the Share Premium Account (as approved at the meeting on 22 February 2013 and by the court order dated 13 March 2013 has increased the Company's special reserve out of which it can fund buy-backs of shares as and when it is considered by the Board to be in the interests of the Shareholders, and to absorb any existing and future realised losses. As a result, the Company has a special reserve of £13,193,594. The transfer of £3,380,862 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company this year.

The Shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006 at the Annual General Meeting held on 13 February 2013. The authority was limited to a maximum number of 6,912,700 Ordinary Shares (this being approximately 14.99% of the issued Share capital at the date of the Notice of the meeting). This authority will, unless previously revoked or renewed, expire on the conclusion of the Annual General Meeting of the Company to be held on 12 February 2014. The minimum price which may be paid for an Ordinary Share is 1 penny per share, the nominal value thereof. The maximum price that may be paid for an Ordinary Share is an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authorities provide that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract. A resolution to renew these authorities will be proposed at the Annual General Meeting to be held on 12 February 2014.

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

Note c Reconciliation of the Cash Flow Statement to Reserves above

The Cash flow Statement discloses an inflow of funds £250,000, and an outflow of funds of £394,360 from shares bought back under the Enhanced Buyback Facility ("EBF") including expenses. The amount of £394,360 is comprised of an initial £250,000 remitted to the Company's broker to finance the EBF and £144,360 of expenses related to the EBF (see note d). With the initial receipt of £250,000 from the Company, the Company's broker and registrars then processed £8,845,098 of shares bought back under the EBF, and £8,845,098 of shares issued under the EBF. As these cash movements did not pass through the Company's bank accounts, the Cash Flow Statement does not reflect the full figures disclosed in the reserve movements above.

Note d – These are the expenses of the Enhanced Buyback Facility ("EBF") of £144,360. These costs are borne by those Shareholders who participated in the EBF. No fees were charged by the Investment Manager. The EBF transaction was completed in two tranches, on 4 April 2013 and 8 April 2013. Across both dates, a total of 8,129,688 ordinary shares were bought back at a price of 108.8 pence per share, and immediately following this 7,875,932 ordinary shares were allotted at a price of 112.3 pence per share.

16. Net asset value per share

	2013	2012
Net assets	£60,468,872	£50,551,985
Number of shares in issue	53,088,219	46,115,656
Basic and diluted net asset value per share	**113.90p**	**109.62p**

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

	2013 £	2012 £
Profit on ordinary activities before taxation	8,209,391	5,784,484
Net unrealised gains on investments	(5,900,080)	(2,364,362)
Net gains on realisation of investments	(1,093,304)	(5,243,190)
Increase in debtors	(241,315)	(40,047)
(Decrease)/increase in creditors and accruals	(2,874,207)	2,099,748
Net cash (outflow)/inflow from operating activities	**(1,899,515)**	**236,633**

18. Analysis of changes in net funds

	Cash £	Liquid resources £	Total £
At beginning of year	4,861,440	17,523,440	22,384,880
Cash flows	(1,766,435)	5,275,761	3,509,326
At 30 September 2013	**3,095,005**	**22,799,201**	**25,894,206**

Of the cash held at bank, £620,000 remains held in a separate trust account, to discharge creditors and accruals extant at the date of the cancellation of the share premium account in February 2013.

19. Financial instruments

The Company's financial instruments in both years comprise:

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

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

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2013:

	2013 (Book value) £	2013 (Fair value) £	2012 (Book value) £	2012 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	34,020,237	34,020,237	31,205,667	31,205,667
Current investments	22,799,201	22,799,201	17,523,440	17,523,440
Cash at bank	3,095,005	3,095,005	4,861,440	4,861,440
Loans and receivables				
Accrued income	475,659	475,659	226,319	226,319
Other debtors	896,800	896,800	486,952	486,952
Liabilities at amortised cost or equivalent				
Other creditors	(830,369)	(830,369)	(3,766,160)	(3,766,160)
Total for financial instruments	60,456,533	60,456,533	50,537,658	50,537,658
Non financial instruments	12,339	12,339	14,327	14,327
Total net assets	**60,468,872**	**60,468,872**	**50,551,985**	**50,551,985**

The investment portfolio principally consists of unquoted investments 94.2%; (2012: 90.8%) and AiM quoted stocks 5.8%; (2012: 9.2%). The investment portfolio has a 100% (2012:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 56.3% (2012: 61.7%) of net assets at the year-end.

Current investments include money market funds and bank deposits not accessible within 24 hours, discussed under credit risk below, which represent 42.8% (2012: 34.7%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit risk and cash flow interest rate risk, although liquidity risk and currency risk are 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.

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Market price risk

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

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

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

Market price risk sensitivity

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

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

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

The sensitivity analysis below assumes that each of these sub categories of investments (shares, preference shares and loan stocks) held by the Company produces a movement overall of 20%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

	2013 Profit and net assets £	2012 Profit and net assets £
If overall share prices increased/(decreased) by 20% (2012: 20%), with all other variables held constant – increase/(decrease)	6,804,047/(6,804,047)	6,241,133/(6,241,133)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	12.82p/(12.82)p	13.53p/(13.53)p

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

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:

	2013 £	2012 £
Loan stock investments	20,589,574	19,312,177
Current investments	22,799,201	17,523,440
Accrued income and other debtors	1,372,459	713,271
Cash at bank	3,095,005	4,861,440
	47,856,239	**42,410,328**

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them and, where they do, such security ranks beneath any bank debt that an investee company may owe. The accrued income and other debtor shown above was all due within two months of the year-end.

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

Repayable within	2013 £	2012 £
0 to 1 year	1,303,073	286,366
1 to 2 years	2,019,553	3,234,875
2 to 3 years	1,173,156	1,500,000
3 to 4 years	8,063,632	3,703,748
4 to 5 years	8,030,160	9,410,574
> 5 years	–	1,176,614
Total	**20,589,574**	**19,312,177**

Included within loan stock investments above are loans at a carrying value of £971,999 (2012: £333,333) which are past their repayment date but have been re-negotiated. Loans which are past their repayment date but which have not been renegotiated have a carrying value of £1,312,204 (2012: £2,062,778), of which £264,198 was repaid in October 2013. These loan stock investments are usually made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk above.

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

	0 - 6 months £	6 - 12 months £	over 12 months £	2013 Total £
Loans to investee companies past due	–	–	**2,803,977**	**2,803,977**

	0 - 6 months £	6 - 12 months £	over 12 months £	2012 Total £
Loans to investee companies past due	–	**1,388,070**	**2,091,075**	**3,479,145**

There is a risk of default by the money market funds above, which could suffer defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The 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. These money market funds are triple A rated funds, and so credit risk is considered to be relatively low in recent circumstances. The cash at bank figure of £3,095,005 is held with NatWest Bank plc, and funds within current investments held in bank deposits are spread across four well-known financial institutions, and 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.

Cash flow interest rate risk

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

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

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

The interest rate profile of the Company's net assets at 30 September 2013 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	13,395,700	–	–	13,395,700		
Preference shares	–	34,963	–	34,963	4.09%	1.04
Loan stocks	–	19,227,031	1,362,543	20,589,574	7.51%	3.54
Current investments	–	10,008,507	12,790,694	22,799,201	0.96%	0.21
Cash	–	–	3,095,005	3,095,005		
Debtors	1,372,459	–	–	1,372,459		
Creditors	(830,369)	–	–	(830,369)		
Total for financial instruments	13,937,790	29,270,501	17,248,242	60,456,533		
Other non financial assets	12,339	–	–	12,339		
Total net assets	**13,950,129**	**29,270,501**	**17,248,242**	**60,468,872**		

The interest rate profile of the Company's financial net assets at 30 September 2012 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	11,858,060	-	-	11,858,060		
Preference shares	-	35,430	-	35,430	4.03%	1.48
Loan stocks	-	14,996,827	4,315,350	19,312,177	6.30%	3.43
Current investments	-	2,000,000	15,523,440	17,523,440	0.49%	-
Cash	-	-	4,861,440	4,861,440		
Debtors	713,271	-	-	713,271		
Creditors	(3,766,160)	–	–	(3,766,160)		
Total for financial instruments	8,805,171	17,032,257	24,700,230	50,537,658		
Other non financial assets	14,327	–	–	14,327		
Total net assets	**8,819,498**	**17,032,257**	**24,700,230**	**50,551,985**		

Floating rate cash earns interest based on LIBOR rates.

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

Cash flow interest rate sensitivity

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

	2013 £ Profit and net assets	2012 £ Profit and net assets
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	218,054/(218,054)	213,602/(213,602)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.41p/(0.41)p	0.46p/(0.46)p

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds (all accessible on an immediate basis) and bank deposits of £10,008,507, which are accessible at varying points over the next 12 months.

Currency risk

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

Notes to the Accounts
for the year ended 30 September 2013

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy. The Company has one class of assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss at 30 September 2013 £	Level 1 £	Level 2 £'	Level 3 £	Total
Equity investments	1,979,124	-	11,416,576	13,395,700
Preference shares	-	-	34,963	34,963
Loan stock investments	-	-	20,589,574	20,589,574
Current Investments	22,799,201	-	-	22,799,201
Total	**24,778,325**	**–**	**32,041,113**	**56,819,438**

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

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

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

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

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

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

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2012	8,999,239	35,430	19,312,177	28,346,846
Purchases	73,311	-	2,714,982	2,788,293
Sales	(1,216,446)	(10,000)	(4,296,042)	(5,522,488)
Reclassification at value *	(1,235,263)	2,671	1,232,592	-
Total gains/(losses) included in gains/(losses) on investments				
in the Income Statement:				-
– on assets sold	320,626	5,000	659,794	985,420
– on assets held at the year end	4,475,109	1,862	966,071	5,443,042
Closing balance at 30 September 2013	**11,416,576**	**34,963**	**20,589,574**	**32,041,113**

* - The equity of an acquisition vehicle was exchanged for equity and loan stock issued by the eventual acquirer of the target business.

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

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

	30 September 2013 £	30 September 2012 £
Valuation methodology		
Cost (reviewed for impairment)	2,341,683	6,590,909
Asset value supporting security held	700,992	700,992
Recent investment price	4,704,637	5,970,926
Earnings multiple	22,229,730	15,084,019
Discounted realisation proceeds	2,064,071	–
	32,041,113	**28,346,846**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2013 and 30 September 2012:

Change in valuation methodology (2012 to 2013)	Carrying value as at 30 September 2013 £	Explanatory note
Recent investment price to earnings multiple	6,839,543	More appropriate basis for determining fair value
Earnings multiple to discounted realisation proceeds	2,064,071	More appropriate basis for determining fair value

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV guidelines. The directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 September 2013.

FRS 29 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternatives, the value of the unquoted investments would be £2,453k or 7.2% lower. Using the upside alternatives the value would be increased by £3,816k or 11.2%. In arriving at both these figures, a 5% change to earnings multiples was applied, for the upside alternatives, for one investment, the share of expected proceeds was used and for the downside alternatives, for one investment, the Company's maintainable earnings was revised downwards.

20. Management of capital

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

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

Although, as 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.

21. Segmental analysis

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

22. Post balance sheet events

On 4 October 2013, Blaze Signs Holdings Limited repaid its loan stock, realising proceeds of £264,198 including premium of £60,969.

On 10 October 2013, DiGiCo Global Limited repaid £27,219 of its loan stock.

In November and December 2013, Faversham House Holdings Limited fully repaid its outstanding loan stock generating net proceeds of £165,442 including £21,005 premium.

On 8 November 2013, £2,843,557 was invested into Virgin Wines Online Limited, including £1,000,000 from acquisition vehicle Culbone Trading Limited.

On 14 November 2013, £492,579 of deferred consideration as part of the sale of App-DNA Limited in December 2011, was received.

On 29 November 2013, Focus Pharma Holdings Limited repaid all its remaining loan stock realising £162,543 including £50,351 premium.

On 3 December 2013, the Company realised its investment in Alaric Systems Limited through a sale to a subsidiary of NCR Corporation for cash proceeds of £2,542,018. The Company may become entitled to receive additional sale proceeds of up to £0.5 million over the period to December 2017, which is currently held in escrow.

Shareholder Information

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

The Investment Manager circulates a twice-yearly newsletter to its VCT shareholders in January and July of each year. The newsletter includes information on the investment portfolio, the latest performance figures and details of the VCT's latest investment activity.

Net asset value per share

The Company's NAV per share as at 30 September 2013 was 113.9 pence per share. The Company announces its unaudited NAV on a quarterly basis.

Dividend

The Directors are recommending a final dividend in respect of the year ended 30 September 2013 of 4.00 pence per share (comprising 2.75 pence from capital and 1.25 pence from income). The dividend will be paid on 12 March 2014 to Shareholders on the Register on 20 February 2014.

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

Financial calendar

Late December 2013	Annual Report for the year ended 30 September 2013 to be circulated to Shareholders
21 February 2014	Record date for Shareholders to be eligible for final dividend
12 February 2014	Annual General Meeting
12 March 2014	Final dividend in respect of the year ended 30 September 2013 to be paid to Shareholders.
Late May 2014	Announcement of Half-Yearly Results and circulation of Half-Yearly Report for the six months ended 31 March 2014 to Shareholders
30 September 2014	Year-end

Annual General Meeting

The next Annual General Meeting of the Company will be held on at 11.00 am on 12 February 2014 **at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG**. Please try to arrive 10 minutes before the meeting starts when tea and coffee will be served to Shareholders. A short presentation will be given by the Investment Manager during the AGM. The Notice of the meeting is included on pages 67 – 69 of this Annual Report. A proxy form for use at the Meeting is enclosed separately with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to arrive no later than 11.00 am on 10 February 2014.

Dividend Investment Scheme

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

- The dividend is tax free to you;

- Shareholders are allotted new ordinary shares which will, subject to your particular circumstances, attract VCT tax reliefs applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2011/12 tax year for investments up to £200,000 in any one tax year; and

- The Scheme also has one other, particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per share).

Selling your shares

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

Shareholder workshop

The Investment Manager held a further successful shareholder workshop in January 2013 from which we received positive feedback. Shareholders should have already received an invitation to attend the next workshop to be held on 21 January 2014 at the same venue, the Royal College of Surgeons in Lincoln's Inn Fields (nearest tube station: Holborn) in Central London. The workshop will include presentations from the Investment Manager on the portfolio as a whole and from at least one successful entrepreneur from one of the VCT's investee companies.

Mobeus website

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

Shareholder enquires:

For enquiries concerning the Fund, please contact the Investment Manager, Mobeus Equity Partners LLP, on 020 7024 7600 or by e-mail to i&g@mobeusequity.co.uk.

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

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

VCT investor line: 0871 664 0324
www.capitashareportal.com.

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

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an annual general meeting of The Income & Growth VCT plc ("the Company") will be held at 11.00 am on Wednesday, 12 February 2014 at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions:-

1. To receive and adopt the annual report and accounts of the Company for the year ended 30 September 2013 ("Annual Report"), including the auditor's report thereon.

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

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

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

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

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

7. To re-elect Jonathan Cartwright as a director of the Company.

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

9. To approve the payment of a final dividend in respect of the year ended 30 September 2013 of 4 pence per ordinary share of 1 penny each in the Company ("Share"), payable on 12 March 2014 to Shareholders on the register on 21 February 2014.

10. 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 Shares of 1 penny each in the Company ("Share") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £159,250, provided that the authority conferred by this resolution shall expire (unless renewed, revoked or varied by the Company in general meeting) 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 2015 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.

11. That, subject to the passing of resolution 10 set out in this notice and in substitution for any existing authorities, the directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 9 set out in this notice, or by way of 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:

    (i) the allotment and issue of equity securities up to an aggregate nominal value representing £106,162 in connection with offer(s) for subscription;

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

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

    in each case where the proceeds of the allotment may be used in whole or in part to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) 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 2015, 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 may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

(i) the aggregate number of Shares which may be purchased shall not exceed 7,950,000 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99 per cent of the Shares in issue at the date of passing of this resolution;

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

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

(iv) the authority conferred by this resolution shall by the Company in general meeting expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date falling fifteen months after the pasing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2015; and

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

By order of the Board

Mobeus Equity Partners LLP
Secretary

The Income & Growth VCT plc
Registered Office
30 Haymarket
London SW1Y 4EX

16 December 2013

Notice of the Annual General Meeting

Notes:

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

2. Shareholders may appoint a proxy either by completing the hard copy of the proxy form provided with this Annual Report or electronically at www.capitashareportal.com. To register to vote electronically via the Share Portal, you will need to enter your Investor Code which is provided on your proxy form for the meeting. The proxy form, or other instrument appointing a proxy, must be received (a) by post or (during normal business hours only) by hand at the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or (b) online, via the Share Portal, in each case so as to be received not later than 11.00 am on Monday, 10 February 2014 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

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

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

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

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

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Annual General Meeting (and the number of votes that may be cast thereat) will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. 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.

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

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

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

11. As at 16 December 2013 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 53,088,219 ordinary shares of 1 penny each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 16 December 2013 were 53,088,219.

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

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

Investor Performance Appendix

Share price as at 30 September 2013 99.50 pence[1]
NAV per Share as at 30 September 2013 113.90 pence

Performance data for all fundraising rounds

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

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 30 September 2013. The NAV basis enables Shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per Share[3] (p)	Cumulative total return per Share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2012 (NAV basis)
Funds raised – O Fund[4] (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	**60.62**	52.77	**128.17**	**139.09**	**9.74%**
Funds raised 2007/08 – S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	**70.00**	40.50	**140.00**	**154.40**	**11.79%**
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	**73.36**	40.00	**139.50**	**153.90**	**11.83%**
28 February 2011	107.90	**75.53**	38.00	**137.50**	**151.90**	**12.00%**
22 March 2011	105.80	**74.06**	38.00	**137.50**	**151.90**	**12.00%**
1 April 2011	105.80	**74.06**	36.00	**135.50**	**149.90**	**12.18%**
5 April 2011	105.80	**74.06**	36.00	**135.50**	**149.90**	**12.18%**
10 May 2011	105.80	**74.06**	36.00	**135.50**	**149.90**	**12.18%**
6 July 2011	106.00	**74.20**	36.00	**135.50**	**149.90**	**12.18%**
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	**74.48**	12.00	**111.50**	**125.90**	**14.85%**
4 April 2012	106.40	**74.48**	12.00	**111.50**	**125.90**	**14.85%**
5 April 2012	106.40	**74.48**	12.00	**111.50**	**125.90**	**14.85%**
10 May 2012	106.40	**74.48**	12.00	**111.50**	**125.90**	**14.85%**
10 July 2012	111.60	**78.12**	12.00	**111.50**	**125.90**	**14.85%**

Investor Performance Appendix

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per Share[3] (p)	Total return per Share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2012 (NAV basis)
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	**81.20**	12.00	**111.50**	**125.90**	–
28 March 2013	112.60	**78.82**	6.00	**105.50**	**119.90**	–
4 April 2013	112.60	**78.82**	6.00	**105.50**	**119.90**	–
5 April 2013	112.60	**78.82**	6.00	**105.50**	**119.90**	–
10 April 2013 pre RDR[5]	115.30	**80.71**	6.00	**105.50**	**119.90**	–
10 April 2013 post RDR[5]	112.60	**78.82**	6.00	**105.50**	**119.90**	–
7 May 2013	112.60	**78.82**	6.00	**105.50**	**119.90**	–

[1] - Source: London Stock Exchange.

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

[3] - For derivation, see table below.

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

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

Cumulative dividends paid per Share

	Funds raised 2000/01 O Share Fund (p)	Funds raised 2007/08 S Share Fund (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2013 (p)
27 June 2013	4.55[1]	6.00	6.00	6.00	6.00
08 February 2013	4.55[1]	6.00	6.00	6.00	6.00
15 February 2012	3.02[1]	4.00	4.00		
27 January 2012	15.16[1]	20.00	20.00		
28 March 2011	1.52[1]	2.00	2.00		
22 February 2011	1.52[1]	2.00	2.00		
29 March 2010: Merger of O Fund and S Fund					
17 March 2010	2.00	0.50			
16 February 2009	4.00				
15 February 2008	2.00				
24 October 2007	2.00				
15 February 2007	3.75				
14 February 2006	3.25				
04 February 2005	1.25				
11 February 2004	1.25				
12 February 2003	1.75				
18 February 2002	1.20				
	52.77	**40.50**	**40.00**	**12.00**	**12.00**

[1] - The dividends paid after the merger, on the former The Income & Growth VCT plc - O Fund shareholdings have been restated to take account of the merger conversion ratio.

The precise amount of dividends paid to Shareholders by date of allotment is shown in the tables on page 70 and above.

Corporate Information

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Jonathan Cartwright
Helen Sinclair

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* Calls cost 10p per minute plus network extras. Lines are open 8.30am to 5.30 pm. Mon-Fri.

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