The Income & Growth VCT plc

A Venture Capital Trust

Annual Report & Financial Statements
for the year ended 30 September 2021

Since 1857
Gresham House
Specialist asset management

The Income & Growth VCT plc ("the Company") is a Venture Capital Trust ("VCT") listed on the London Stock Exchange. Its investment portfolio is advised by Gresham House Asset Management Limited ("Gresham House", "Investment Adviser") (formerly by Mobeus Equity Partners LLP). For further details, see the Chairman's Statement on page 2.

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YOUR PRIVACY

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

Financial Highlights

For the financial year ended 30 September 2021

As at 30 September 2021:
Net assets: **£119.09 million**
Net asset value per share: **100.45 pence**

- Net asset value ("NAV") total return[1] per share was 50.5%.
- Share price total return[1] per share was 64.7%[2].
- Dividends paid/payable in respect of the year total 9.00 pence per share. This brings cumulative dividends paid[1] to Shareholders in respect of the past five years to 56.00 pence per share.
- The Company realised investments totalling £14.44 million of cash proceeds and generated net realised gains in the year of £4.16 million.
- Unrealised gains of £39.48 million generated in the year from strong portfolio performance.
- £8.09 million was invested into six new companies and seven follow-on investments.

[1] - Definitions of key terms and alternative performance measures shown above and throughout this report are provided in the Glossary of terms on page 88.

[2] - Further details on the share price total return are shown in the Performance section of the Strategic Report on page 7.

Performance Summary

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

Reporting date As at 30 September	Net assets (£m)	NAV per share (p)	Share price[1] (p)	Cumulative dividends paid per share (p)	Cumulative total return per share to Shareholders[2] (NAV basis) (p)	(Share price basis) (p)	Dividends paid and proposed per share in respect of each year (p)
2021	119.09	100.45	93.00	136.50	236.95	229.50	9.00[3]
2020	83.13	70.06	59.50	131.50	201.56	191.00	14.00
2019	81.73	79.12	75.50	113.00	192.12	188.50	6.00
2018	82.58	78.32	69.50	108.00	186.32	177.50	6.00
2017	64.35	81.24	73.00	102.50	183.74	175.50	21.00

[1] Source: Panmure Gordon & Co (mid-market price).

[2] Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (share price basis) plus cumulative dividends paid since launch of the current share class. The details of the share price total return per share calculation are shown in the Strategic Report on page 7.

[3] Dividends paid and proposed per share in respect of 2021 include the second interim dividend of 4.00 pence referred to below.

Dividends payable post year-end in respect of the year ended 30 September 2021

A second interim dividend of 4.00 pence per share has been declared and is scheduled to be paid on 7 January 2022, to Shareholders on the register on 10 December 2021.

Detailed performance data for each of the Mobeus VCT's fundraisings is provided in the Performance Data Appendix on pages 85 to 86. The tables, which give cumulative total return per share information for each allotment date on both a NAV and share price basis, are also available on the Company's website at www.incomeandgrowthvct.co.uk where they can be downloaded by clicking on "table" under "Reviewing the performance of your investment".

Chairman's Statement

Change in Management Arrangements

Following the communication to all Shareholders sent by the Chairmen of each of the Mobeus-advised VCTs on 10 September 2021, I am pleased to report the sale of the Mobeus Equity Partners LLP VCT fund and investment management business to a subsidiary of Gresham House plc, completed with effect from 30 September 2021. As a result, the Mobeus-advised VCTs' investment advisory arrangements have been novated from Mobeus to Gresham House Asset Management Limited (Gresham House).

The Board believes that the agreement to the novation of the investment advisory arrangements was in the interests of the Mobeus VCTs' shareholders and the Company will benefit from scale advantages, continuity, portfolio diversification and investment in capability at Gresham House.

The Board is pleased that Clive Austin and Trevor Hope, the two leading partners involved with managing the Mobeus VCTs' investment portfolios, will remain responsible for the investment, portfolio, and fund management of the Mobeus VCTs, alongside the investment and operations teams. They will be supported in the transition by Mobeus founder partners Mark Wignall and Rob Brittain who will act as consultants to Gresham House.

I present the Company's Annual Report for the year to 30 September 2021

Overview

At the time of the previous Annual Report, I was able to report on the Company's resilient performance over what was a time of material global uncertainty and market volatility.

Twelve months later, I am pleased to say that it has been a year of continued strong trading and portfolio value growth to 30 September 2021. The Company achieved an exceptional NAV total return per share of 50.5% for the year (2020: 11.9%).

Although this period has been marked by continued challenges, the portfolio has proven to be resilient and adaptive in facing them. The way in which businesses have been able to identify and capitalise on new opportunities in the changing UK consumer and business environment has been gratifying. The threat of global supply chain issues in logistics, materials and labour is expected to remain for some months, though for the most part, trading for the Company's largely service and software-based portfolio has not been significantly impacted to date.

Despite Brexit concerns and considerable COVID-19 related restrictions across the year, M&A activity has remained buoyant and the Investment Adviser continues to see a healthy deal flow. The Company deployed £8.09 million of investment capital and generated £14.44 million in realisation proceeds from investment activity during the year. In that time, it added six new investments to its portfolio, provided follow-on funding into seven existing portfolio companies and supported the successful admission to AIM of a further two of its investments.

Shareholders should note that the portfolio now features a notable value concentration in AIM-listed stocks (14.1% of net assets as at 30 September 2021). With this additional AIM exposure, there is the natural potential for a higher level of volatility in the value of the Company's portfolio and subsequent NAV returns. Following an initial uplift in value following two IPOs in March 2021, there has been a subsequent reduction in the value of these quoted assets in the quarter to 30 September 2021 as the companies were impacted by trading announcements and wider market sentiment. This decline however, has been more than offset by the strong performance and growth within the unquoted investments over the same period.

We are witnessing a clear demonstration of the benefits of what is now a diverse and maturing portfolio. Following the 2015 VCT rule change, the revised investment strategy is now bearing fruit as more of these young growth investments are starting to achieve significant scale and value - a view increasingly validated as third-party investment transactions have brought significant up-ratings in values of portfolio businesses, such as MPB, MyTutor and Bella & Duke.

Performance

The Company's NAV total return per share was 50.5% for the year to 30 September 2021 (2020: 11.9%), and the share price total return was 64.7% (2020: 3.3%). This difference arises principally due to the timing of NAV announcements and is explained more fully under Performance in the Strategic Report on page 7.

The positive NAV total return for the year was principally the result of significant unrealised gains in the value of investments still held, as well as realised gains achieved via exits and partial realisations of several portfolio companies. The combination of these strong unrealised and realised portfolio returns has generated a performance fee of £1.10 million that is payable to our Investment Adviser, the first such fee in over three years. A positive revenue return driven by strong dividend receipts has also contributed to shareholder returns.

At the year-end, the Company was ranked 5th out of 39 Generalist VCTs over five years and 9th out of 30 Generalist VCTs over ten years, in the Association of Investment Companies' analysis of NAV Cumulative Total Return. Shareholders should note that these figures do not reflect the fourth quarter NAV per share increase disclosed in this Report. For further details on the performance of the Company, please refer to the Strategic Report on pages 5 to 35.

Dividends

The Board continues to be committed to providing an attractive dividend stream to Shareholders and is pleased to have announced a second interim dividend of 4.00 pence per share, to be paid on 7 January 2022 to Shareholders on the register on 10 December 2021.

This second interim dividend, together with a first interim dividend of 5.00 pence per share paid on 23 July 2021, to Shareholders on the register on 25 June 2021, brings dividends paid and payable in respect of the financial year ended 30 September 2021 to 9.00 pence per share. This brings cumulative dividends paid/payable since inception to 140.5 pence per share.

The Company has met or exceeded the annual dividend payment target of at least 6.00 pence per share in respect of each financial year for the last ten years.

As Shareholders have been advised previously, the gradual move of the portfolio to younger growth capital investments as well as the realisations of older, more mature companies that have provided a good income yield are likely to make dividends harder to achieve from income and capital returns alone in any given year. The Board continues to monitor the sustainability of the annual dividend target. Shareholders should also note that there may continue to be circumstances where the Company is required to pay dividends in order to maintain its regulatory status as a VCT, for example, to stay above the minimum percentage of assets required to be held in qualifying investments. Such dividends may cause the Company's NAV per share to reduce by a corresponding amount.

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("DIS") provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share. New VCT shares attract the same tax reliefs as shares purchased through an Offer for Subscription. As part of the 5.00 pence per share dividend paid on 23 July 2021, 1,178,669 Ordinary shares were allotted to participants of the DIS at a price of 89.71 pence per share.

Shareholders wishing to take advantage of the scheme for any future dividends can join the DIS by completing a mandate form available on the Company's website, under the 'Dividends' heading, at: www.incomeandgrowthvct.co.uk, or alternatively, Shareholders can opt-out by contacting Link Group, using their details provided under Corporate Information on page 89.

Investment Portfolio

The portfolio movements across the year were as follows:

	£m
Portfolio value at 30 September 2020	50.86
New and follow-on investments	8.09
Disposal proceeds	(14.44)
Net realised gains	4.16
Valuation movements	39.48
Portfolio value at 30 September 2021	**88.15**

During the year, the Company invested a total of £8.09 million into six new and seven existing portfolio companies (2020: £8.39 million; five new, four existing).

New investments totalling £5.08 million were made into Connect Childcare (a nursery management software provider), Northern Bloc (a vegan ice cream producer), Vivacity Labs (an artificial intelligence and Urban Traffic Control system), Caledonian Leisure (a provider of UK experience and leisure breaks), Legatics (a SaaS LegalTech software business) and Vet's Klinic (a veterinary clinic roll out).

Additional funding of £3.01 million was provided across seven existing portfolio companies, including Parsley Box (an ambient meals provider), Bleach London (hair colourants brand), Arkk Consulting (a reporting requirements service provider), Caledonian Leisure (UK leisure breaks provider), Bella & Duke (a frozen raw dog food provider), Tapas Revolution (a Spanish restaurant chain), MyTutor (an online tutoring marketplace) and Andersen EV (a producer of premium EV chargers).

The Company generated £6.15 million in proceeds from the realisation of its investments in Vectair, Bourn Bioscience, Omega Diagnostics and Proactive Group during the year. In addition to £7.02 million of proceeds received from the partial realisations of Virgin Wines and Parsley Box (upon the admission of their shares to AIM as mentioned previously), the partial realisations of MPB Group and MyTutor, together with loan repayments and other capital receipts, the Company generated total proceeds of £14.44 million in the year to 30 September 2021.

Since the year-end, the Company has also made follow-on investments totalling £1.71 million into Preservica, an existing portfolio company and seller of proprietary digital archiving software.

The portfolio has performed very strongly over the Company's financial year. The overall value increased by £43.64 million (2020: £9.85 million), or 85.8% (2020: 19.6%) on a like-for-like basis, compared to the start of the year. This increase comprised a net unrealised uplift in portfolio valuations of £39.48 million and £4.16 million in net realised gains over the year. The portfolio was valued at £88.15 million at the year-end (30 September 2020: £50.86 million).

Within net realised gains, the principal contributors were the full realised gains of Bourn Bioscience (£1.44 million) as well as gains from the partial realisations of Parsley Box (£0.94 million), MPB Group (£0.82 million) and MyTutor (£0.58 million).

The portfolio's valuation at the year-end reflects the continued beneficial impact of changes in UK consumer and business behaviour brought on by the pandemic and lockdown restrictions, particularly for those businesses operating direct-to-consumer models. This also underscores the success of portfolio companies in adapting to a rapidly changing environment, diversifying their product offering in order to take advantage of opportunities that have arisen.

The flotation of both Virgin Wines and Parsley Box on the AIM market in March 2021 resulted in significant uplifts in valuation, as well as generating an element of realised returns. As part of the Virgin Wines transaction, the Company received repayment of its remaining loan stock, leaving Virgin Wines ungeared and, as part of the IPO of Parsley Box, the Company realised part of its equity holding, securing a 4.0x return on the cost of the shares sold. As was expected, these quoted stocks are subject to stock market movements and have brought an additional level of volatility to a portion of the portfolio. In the quarter to 30 September 2021, both investments saw a subsequent value decline in the face of changing market sentiment and, in the case of Parsley Box, announcement of results which were below market expectations. The Board however, remains confident in the future prospects of both businesses.

In contrast, there have been substantial unquoted valuation increases as a result of third-party investment transactions in MyTutor, MPB and Bella & Duke. It is gratifying that some growth investment companies in the portfolio have now started to achieve a scale that is attracting interest from larger private equity investors.

Although a minority of portfolio companies have been disadvantaged by the COVID-19 pandemic, principally as a result of staff shortages, closure of retail sites and interrupted supplies, these factors have only had a modest impact on overall shareholder returns.

Since the year-end, the Company's investment in Vian Marketing Limited (trading as Red Paddle) was sold generating proceeds received to date over the life of this investment of £5.97 million, which is a multiple on cost of 4.9x. To date, and in isolation, the impact of this sale is a 0.56 pence uplift in NAV per share compared to the 30 September 2021 NAV per share contained within this Annual Report. Further proceeds of up to £0.49 million may be receivable in due course.

Further details of the Company's investment activity and the performance of the portfolio are contained in the Investment Adviser's Review and the Investment Portfolio Summary on pages 24 to 29.

Revenue account

The results for the year are set out in the Income Statement on page 54 and show a revenue return (after tax) of 0.77 pence per share (2020: 2.07 pence per share). The revenue return for the year of £0.91 million has decreased from last year's comparable figure of £2.32 million. This decrease is mainly due to the significant receipt of loan interest income in the previous year upon the sale of the Auction Technology Group.

Liquidity & Fundraising

Cash and near cash resources held by the Company as at 30 September 2021 amounted to £29.85 million, or 25.1% of net assets.

As per the announcement made on 8 November 2021, the Company has stated its intention to raise additional funds through the launch of an Offer for Subscription expected to be in early 2022 with shares to be issued in the 2021/22 tax year.

Share buy-backs

During the year, the Company bought back and cancelled 1,285,499 of its own shares (2020: 1,858,177), representing 1.1% of the shares in issue at the beginning of the year (2020: 1.8%), at a total cost of £1.05 million, inclusive of expenses (2020: £1.24 million). It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy and currently seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

Shareholder Communications & Annual General Meeting

May I remind you that the Company has its own website which is available at: www.incomeandgrowthvct.co.uk.

The Investment Adviser has scheduled a virtual Shareholder Event for the morning of 25 February 2022. Details of how to access the Event are included either with your notification of, or with your hard copy of this Report. Further information in relation to the Shareholder Event can also be found on the Company's website.

Your Board is pleased to be able to hold the next Annual General Meeting ("AGM") of the Company in person at 2.00 pm on Wednesday, 23 February 2022 at the offices of Gresham House, 5th Floor, 80 Cheapside, London EC2V 6EE. A webcast will also be available at the same time for those Shareholders who cannot attend in person however, please note that you will not be able to vote via this method and so are encouraged to return your proxy form before the deadline of 21 February 2022. Information setting out how to join the meeting by virtual means will be shown on the Company's website. For further details, please see the Notice of the Meeting which can be found at the end of this Annual Report & Financial Statements, on pages 82 to 84.

Board Succession

Helen Sinclair has advised of her wish to retire from the Board immediately following the Annual General Meeting in February 2022. Helen has brought an enormous wealth of experience and breadth to the Company during her time as a director for which the Board is very grateful. The Board will be considering the composition and succession of the Board further in light of this.

Fraud Warning

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

The Board strongly recommends Shareholders take time to read the Company's Fraud warning section, including details of who to contact, contained within the Information for Shareholders section on pages 79 and 80.

Environmental, Social and Governance ("ESG")

The Board and the Investment Adviser believe that the consideration of environmental, social and corporate governance ("ESG") factors throughout the investment cycle will contribute towards enhanced Shareholder value.

Following the novation of the investment advisory agreement to Gresham House Asset Management Limited, who have a team which is focused on sustainability, the Board views this as an opportunity to enhance the Company's existing protocols and procedures through the adoption of the highest industry standards.

The future FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures commencing from 1 January 2021 do not currently apply to the Company but will be kept under review, the Board being mindful of any recommended changes.

Outlook

The year under review can be characterised as a continuation of the testing environment created for businesses in light of the COVID-19 pandemic and Brexit in 2020. However, much in the same way that we were able to report on its remarkable recovery one year ago, the Company has continued to achieve success in creating opportunities and building on them. This has been exemplified by strong trading performances and value growth across the portfolio and in exceeding expectations for the level of investment activity.

We anticipate that the direct and indirect effects of the COVID-19 pandemic and Brexit will continue to impact the UK economy and bring an element of uncertainty for some time to come. In particular, the emergence of new COVID variants may raise the possibility of further lockdown restrictions. However, your Board considers that your Company is well positioned to adapt as necessary.

The Board is grateful to Shareholders for their continued interest in an offer for subscription for the Company's shares and is pleased to have announced the Company's intention to raise additional funds in early 2022. The Board has been satisfied with the Company's ability to maintain a high rate of investment in quality opportunities over the year. It believes that the additional fundraising will provide necessary capital to continue to create value growth for Shareholders in what has, to date, proven to be a successful investment strategy.

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

Maurice Helfgott
Chairman
20 December 2021

Strategic Report

Company objective and business model

Objective

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

Summary of Investment Policy

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

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

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

The full text of the Company's Investment Policy is set out on page 30 of this Strategic Report.

Summary of VCT regulation

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

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

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

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

In addition, VCTs may not:

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

[1] VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 24 to 29.

The Company and its business model

The Company is a Venture Capital Trust and its objective and Investment Policy are therefore designed to ensure that it continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC") whilst maximising returns to Shareholders from both income and capital. A summary of the most important rules that determine VCT approval is set out on page 5.

It is a fully listed company on the London Stock Exchange and is therefore also required to comply with the Listing Rules governing such companies.

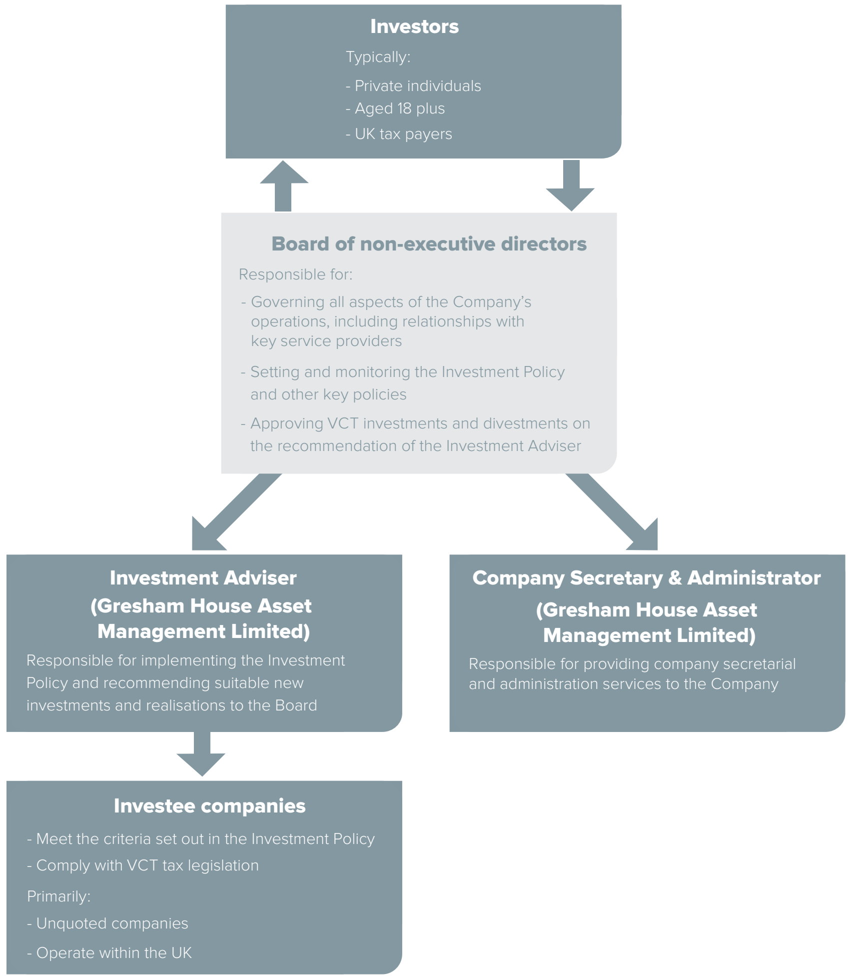
The Company is an externally advised fund and has a Board comprising Non-Executive Directors. The Board has overall responsibility for the Company's affairs, including the determination of its Investment Policy, subject to Shareholder approval. Investment advisory and operational support are outsourced to external service providers including the Investment Adviser, Company Secretary and Administrator and the Registrar, with the strategic and operational framework and key policies set and monitored by the Board.

Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser and are then subject to comment and approval by the Directors.

The Company usually invests alongside three other Mobeus VCTs in proportion to the relative net assets of each VCT. Following the acquisition of the VCT investment advisory business of Mobeus Equity Partners LLP on 30 September 2021 by Gresham House Management Limited, the Investment Manager of the two Baronsmead VCTs, the Company will co-invest alongside the Baronsmead VCTs and the Mobeus VCTs in new unquoted VCT qualifying investments in proportion to the relative net assets of each VCT (excluding Direct AIM investments).

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

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



Performance

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

1. **Annual and cumulative returns per share for the year;**
2. **The Company's performance compared with its peer group;**
3. **Dividends paid compared with dividend target;**
4. **Compliance with VCT legislation;**
5. **Share price and discount to NAV; and**
6. **Costs.**

Some of these are classified as alternative performance measures ("APMs") in line with Financial Reporting Council ("FRC") guidance. See Glossary of terms for details on page 88. APMs are measures of performance that are in addition to the data reported in the Financial Statements. It is intended that these will provide Shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 30 September 2021, and over the longer-term, through the application of its investment and other principal policies.

1. Annual and cumulative returns per share for the year

The Company's objective is to generate long-term growth returns from capital and income. To assess this, the Board monitors the growth in total returns per share, both on a NAV basis and a share price basis, adjusted for dividends paid in the year.

Total Shareholder returns per share for the year

The NAV and Share Price total returns per share for the year ended 30 September 2021 were 50.5% (2020: 11.9%) and 64.7% (2020: 3.3%) respectively, as shown below:

Total return (p)

	NAV basis (p)		Share price basis (p)
Closing NAV per share	100.45	Closing share price	93.00
Plus: dividend paid in year (Note 1)	5.00	Plus: dividend paid in year (Note 1)	5.00
NAV Total return for year	**105.45**	**Share price Total return for year**	**98.00**
Less: opening NAV per share	70.06	Less: opening share price	59.50
Increase in NAV total return for year per share (Note 2)	**+35.39**	**Increase in Share price total return for year per share**	**+38.50**
% NAV Total return for year	**50.5%***	% Share price total return for year	**64.7%***

* The Share Price return differs from the NAV total return because the share price at 30 September 2021 is by reference to the latest announced NAV per share, being 97.19 pence as at 30 June 2021, after adjusting for a dividend of 5.00 pence in the final quarter. Also, the opening share price of 59.50 pence per share was quoted by reference to the latest announced NAV per share as at 30 September 2020, being 62.52 pence as at 30 June 2020, after adjusting for total dividends of 14.00 pence in the final quarter. The NAV per share shown at the year-end will only be reflected in the share price once the year-end NAV is announced as part of this Annual Report.

Note 1: The dividend paid in the year was a 5.00 pence dividend in respect of the year ended 30 September 2021, paid on 23 July 2021, to Shareholders on the register on 25 June 2021.

For similar performance data to that shown above for each allotment in each fundraising since the inception of the Company (including the former 'O' Share Fund raised in 2000/01), please see the Performance Data Appendix on pages 85 and 86 of this Annual Report.

Note 2: NAV return per share for the year is comprised of:

Year ended 30 September	2021 (p)	2020 (p)
Gross portfolio capital returns	36.81	8.30
Gross income returns	1.65	3.09
Costs	(3.15)	(1.99)
Other movements	0.08	0.04
NAV return for the year (as above for 2021 only)	**+35.39**	**+9.44**

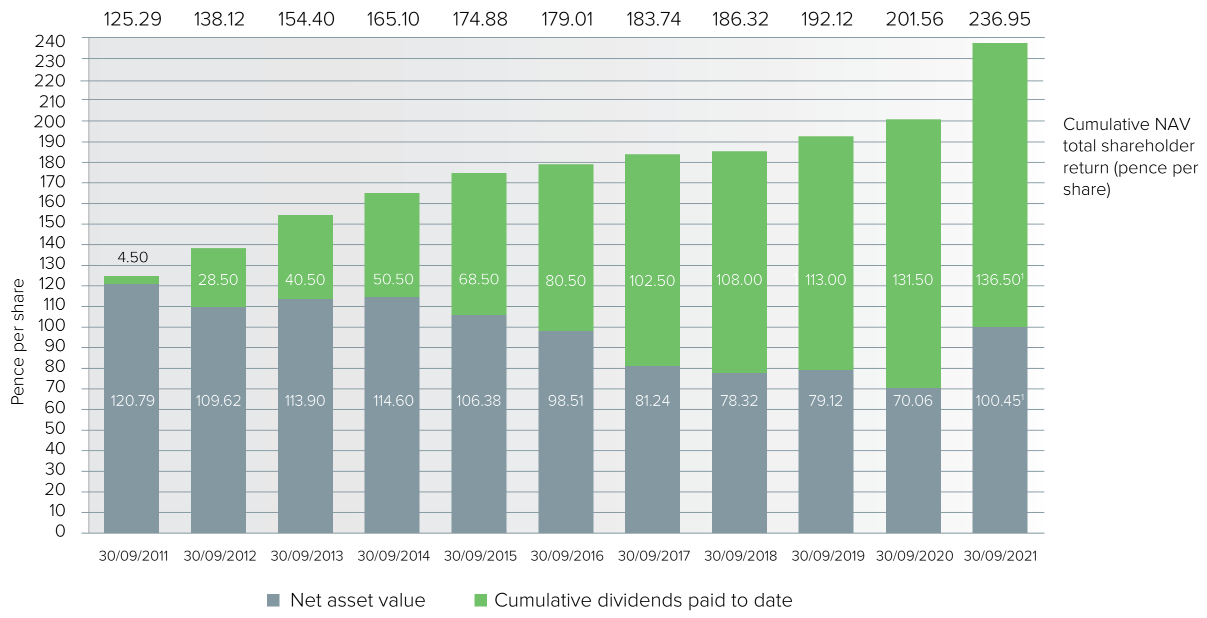
The contributions from the portfolio returns and income are shown before deducting attributable costs. They are explained below under the Review of Financial Results for the year. Costs are referred to in section 6 on page 10.

The Company does not consider it appropriate to set a specific annual cumulative return per share target for the year. However, Shareholders should note that the Board assesses these returns against the Company's ability to meet its current annual dividend target of six pence per share (explained in section 3 Dividends paid compared with dividend target).

Furthermore, before any performance fee is payable, Shareholders must benefit from cumulative NAV total return since 30 September 2013 of at least 6% per annum (5% for the year ended 30 September 2014) before deducting any performance fee for the year of calculation only. For details, see Note 4 to the Financial Statements.

Cumulative total shareholder returns per share (NAV basis)

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



[1] A second interim dividend of 4.00 pence per share is payable on 7 January 2022. Once paid, the NAV per share then prevailing will reduce by a corresponding 4.00 pence as well as cumulative dividends paid increasing by the same.

Internal rate of return ("IRR")

As at 30 September	2021	2020
Internal rate of return (NAV basis) (with tax relief)	13.7%	12.8%
Internal rate of return (NAV basis) (without tax relief)	9.2%	8.1%

These figures include initial income tax relief since the launch of the current share class in February 2008. The IRR is a measure of an investment's rate of return. It is calculated as the annual discount rate that equates the net investment cost (70.00 pence per share with income tax relief, 100 pence per share without tax relief), at the date of the original investment, with the value of subsequent dividends received and the latest NAV per share. This percentage return figure can be compared to percentage returns Shareholders have achieved elsewhere.

Review of financial results for the year

For the year ended	30 September 2021 £m	30 September 2020 £m
Capital return	40.95	8.82
Revenue return	0.91	2.32
Total return	**41.86**	**11.14**

The capital profit for the year of £40.95 million (34.54 pence of NAV return for the year per share held at the year-end, net of costs charged to capital) is due primarily to a net increase in unrealised valuations of the portfolio companies, the full exits of Bourn Bioscience and Vectair, as well as the part realisations of MPB, Parsley Box and MyTutor. The increase in capital return from £8.82 million to £40.95 million is due mainly to a larger net increase in the unrealised value of the portfolio.

The revenue profit for the year of £0.91 million (0.77 pence of NAV return for the year per share held at the year-end, net of costs charged to revenue) has decreased over the previous year. The revenue profit is derived from income, primarily from loan interest, outweighing revenue expenses. This has decreased mainly due to a large interest receipt arising from the realisation of Auction Technology Group in the prior year. This decrease was partially offset by lower revenue expenses, due to a fall in annual subscription fees and director recruitment fees.

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

The Board places emphasis on benchmarking the Company's performance against its peer group of generalist VCTs and aims to maintain the Company's performance within the top quartile of this peer group. This compares the percentage increase in NAV total return of the Company (assuming dividends are reinvested) to an index of generalist VCTs, which are members of the AIC over the last one, three, five and ten years based on figures published by Morningstar.

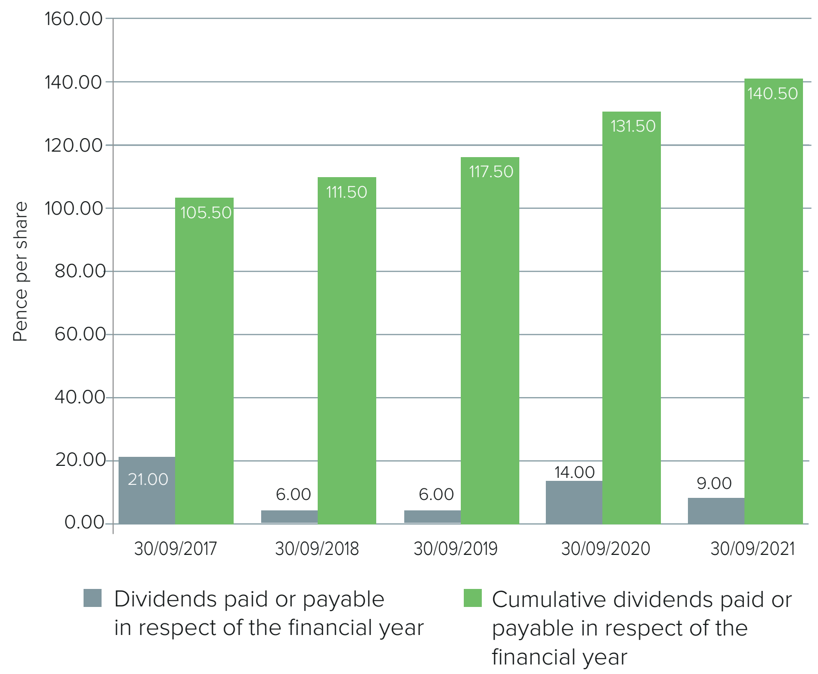
Period	I&G VCT NAV Total Return % (Rank)	Weighted average Generalist VCT NAV Total Return % (No. of VCTs)
One year	36.7%[1] (5th)	26.4% (41)
Three years	68.7% (4th)	31.6% (41)
Five years	83.2% (4th)	46.0% (39)
Ten years	200.3% (4th)	120.1% (30)

[1] This figure of 36.7% differs from that shown in section 1 of 50.5%, due to the former being based upon the latest announced NAV per share of 102.19 pence per share at 30 June 2021 less an interim dividend paid of 5.00 pence per share as well as assuming dividends are reinvested at each payment date.

On a NAV cumulative Total Return basis (which, compared to the figures above assumes dividends are not reinvested), the VCT was ranked 5th over one year (out of 41 VCTs) 3rd over three years (out of 41 VCTs), 5th over five years (out of 39 VCTs) and 9th over ten years (out of 30 VCTs) among generalist (including planned exit) VCTs at 30 September 2021. These statistics are produced by the AIC (based on information prepared by Morningstar).

3. Dividends paid compared with dividend target

The Company's objective is to provide Shareholders with an attractive stream of tax-free dividends. The Company's annual dividend target is six pence per share. However, the Board continues to review the sustainability of this target and the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and availability of cash and reserves.



Dividends paid or payable per share in respect of the financial year ended 30 September 2021 were 9.00 pence comprising of two interim dividends of 5.00 and 4.00 pence per share, paid/payable to Shareholders on 23 July 2021 and 7 January 2022, respectively. Cumulative dividends paid/payable to date since the inception of the current share fund are now 140.50 pence per share.[1]

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

4. Compliance with VCT legislation

In making their investment in a VCT, Shareholders become eligible for a number of tax benefits under VCT tax legislation, as long as the Company also complies with VCT tax legislation. To achieve this, the Company must meet a number of tests set by the VCT legislation, a summary of which is given in the table headed 'Summary of VCT regulation' on page 5. Throughout the year ended 30 September 2021, the Company continued to meet these tests.

5. Share price and discount to NAV

The Board recognises that Shareholders may wish to sell their shares from time to time and that the secondary market for VCT shares can be limited. The impact of this secondary market is that the Company's share price will typically trade at a level which is less than the Company's NAV per share. Subject to the Company having sufficient available funds and distributable reserves, it is the Board's intention to pursue a buyback policy with the objective of maintaining the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less. It has succeeded in carrying out this objective in the year.

This buyback policy provides a mechanism for the Company to enhance the liquidity of its shares and seek to manage the level and volatility of the discount to NAV at which its shares may trade as market liquidity in VCTs is normally very restricted. Continuing Shareholders benefit from the difference between the NAV and the price at which the shares are bought back and cancelled.

The discount for the Company's shares at 30 September 2021 was 4.3% (2020: 4.8%) based on the share price shown in the table on page 1 and the NAV at 30 June 2021 of 97.19 pence (after deducting a 5.00 pence per share dividend paid on 23 July 2021).

During the year ended 30 September 2021, Shareholders holding 1,285,499 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited, to purchase these shares at prices reflecting the Company's share buyback discount policy. The Company subsequently purchased these shares at prices of between 66.56 and 92.33 pence per share and cancelled them. During the year, the Company bought back 1.1% of the issued share capital of the Company at 1 October 2020.

6. Costs

Shareholders will be aware there are a number of costs involved in operating a VCT. Although Shareholders do not bear costs in excess of the expense cap of 3.25%, the Board aims to maintain the ratio before any performance fees at not more than 3%.

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

	2021	2020
Ongoing charges	2.3%	2.9%
Performance fee	1.0%	0.0%
Ongoing charges plus accrued performance fee	3.3%	2.9%

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

The Total Expense Ratio (which differs from the Ongoing charges ratio and forms the basis of any expense cap upon Investment Adviser fees, see Note 4 for further explanation) for the year was 2.1% (2020: 2.7%) of closing net assets. As a result, no breach has occurred of the expense cap of 3.25% of the closing net assets for the year ended 30 September 2021 (2020: £nil).

Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have increased from £1.83 million to £2.20 million. This increase reflects principally a higher level of net assets over the majority of the year. Also, the Investment Adviser performance incentive fee target return hurdle was achieved during the year resulting in an accrued performance fee of £1.10 million. The payment of the incentive fee principally reflects the strong NAV performance in the year as well as the profitable realisations of Vectair, Bourn Bioscience, Omega Diagnostics and Proactive, alongside the partial realisations of MPB, Parsley Box and MyTutor.

Other expenses have decreased from £0.53 million to £0.44 million, mainly due to reductions in annual subscription fees, director recruitment fees and the result of loan interest provisions recognised as an expense in the previous year.

Further details of these fees and expenses are contained in Notes 4 and 5 to the Financial Statements on pages 60 to 62.

Investment Adviser's Review

Change in Management Arrangements

As Shareholders will be aware, Gresham House Asset Management Limited ("Gresham") has acquired the VCT investment advisory business of Mobeus Equity Partners LLP ("Mobeus") and, as a result, the entire investment and operations teams of Mobeus joined Gresham on 1 October 2021.

At the time of writing, the integration is well underway having formed one of the largest and most experienced teams in the VCT sector. It is hoped that this combined investment team will be a major force in the supply of capital to the VCT sector and the team's enhanced market position should attract strong deal flow in order to produce attractive investment returns.

Portfolio Review

Having recovered from the COVID-19 related decline in value by the start of the Company's financial year, and with the economic uncertainty now dissipating to some extent, the portfolio continues on a positive trajectory.

Whilst markets helped deliver a buoyant recovery in 2020, the main driver of value growth in 2021 has been a continuation of strong underlying trading performance across the portfolio. This has been bolstered by a small number of significant re-ratings or sizeable fundraisings during the period.

A few portfolio companies have experienced disruption as a result of the UK lockdowns, but it is pleasing to report that a significant proportion have benefited from what appears to be a structural change in consumer purchasing habits and are now trading above their pre COVID-19 levels.

Overall, the majority of the portfolio has demonstrated a high degree of resilience, with the vast majority of companies by number showing revenue and/or earnings progression over the previous two years. Investments classified as Retailers now comprise over 44% of the portfolio by value, all of which are demonstrating the success of the direct-to-consumer business model. In the case of both Virgin Wines UK plc and Parsley Box Group plc, this strong performance led to successful AIM flotations in March 2021.

Significant up-ratings in the unquoted portfolio have been a consistent feature across the year, with third-party investment driving value uplifts in MPB, MyTutor and Bella & Duke most significantly. Whilst the portfolio has limited exposure to more challenging sectors such as hospitality and travel, software and other technology-enabled businesses have performed strongly. A small number of companies have struggled, though they are in the minority and their impact on overall shareholder return is minimal. Furthermore, some of these companies, such as Media Business Insight and RDL, have fundamentally re-engineered their businesses, which suggests a potentially more positive outlook.

It is noted that 19.1% of the invested portfolio value is now concentrated in the portfolio's AIM-listed investments (which equates to 14.1% of net assets). The AIM market has witnessed some volatility in the final quarter of the Company's financial year, with market sentiment reducing the initial value uplifts upon the IPOs of Virgin Wines and Parsley Box in March. Parsley Box was further impacted by its announcements of tougher trading conditions and supply constraints. Nevertheless, the Company's investments remain in a strong position and the Investment Adviser remains confident in their medium-term prospects. In line with market practice, in both cases the Company's shareholdings are subject to lock-up arrangements for a period post-flotation.

Strong trading activity levels have created investment opportunities for the Company as portfolio companies sought to enhance their positions by building capability in light of demand. A number of further investments were therefore made into the portfolio during the year. Gresham continues to review the opportunities for follow-on investments. M&A sentiment also remained buoyant with a continuing stream of attractive realisations throughout the period. The outlook for both follow-on investment and realisations continues to be positive.

The Company made investments totalling £8.09 million (2020: £8.39 million), comprising £5.08 million (2020: £4.46 million) into six new investments and £3.01 million (2020: £3.93 million) into seven existing investments. This level of new and follow-on investment is pleasing given the continued uncertainty and lockdown restrictions during the year under review.

A strong track record for the growth investments is now emerging which validates the strategic change arising from the change in VCT rules in 2015. Overall, it is reassuring to see that the more traditional investments, as well as the new growth investments, are continuing to make good progress.

The portfolio's valuation changes in the year are summarised as follows:

Investment Portfolio Capital Movement	2021 £m	2020 £m
Increase in the value of unrealised investments	40.81	10.16
Decrease in the value of unrealised investments	(1.33)	(6.73)
Net increase in the value of unrealised investments	**39.48**	**3.43**
Realised gains	4.26	6.53
Realised losses	(0.10)	(0.11)
Net realised gains in the year	**4.16**	**6.42**
Net investment portfolio movement in the year	**43.64**	**9.85**

Strategic Report

The portfolio movements in the year are summarised as follows:

	2021 £m	2020 £m
Opening portfolio value	50.86	50.22
New and follow-on investments	8.09	8.39
Disposal proceeds	(14.44)	(17.60)
Net realised gains	4.16	6.42
Unrealised valuation movements	39.48	3.43
Portfolio value at 30 September	**88.15**	**50.86**

New Investments during the year

The Company made six new investments totalling £5.08 million during the year, as detailed below:

Company	Business	Date of investment	Amount of new investment (£m)
Connect Childcare	Nursery management software provider	December 2020	1.16

Connect Childcare (connectchildcare.com) provides fully integrated nursery management systems for childcare providers in the UK. Its market leading Core Connect product provides nurseries and preschools with an enterprise software solution enabling more efficient administrative processes. The investment will be used to drive product marketing, commercialise their new SaaS product, Foundations, and support the roll out of a payment facility to its underlying customer base. Supplying 14 of the top 25 largest nursery groups in the UK, the company has strong recurring revenues which have grown 17% year on year over the last four years.

Company	Business	Date of investment	Amount of new investment (£m)
Northern Bloc	Vegan ice cream producer	December 2020	0.47

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

Company	Business	Date of investment	Amount of new investment (£m)
Vivacity	Artificial intelligence & urban traffic control system	February 2021	1.25

Vivacity (vivacitylabs.com) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage their road infrastructure more effectively, enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection methods. The growth capital funding will allow the management team to achieve deeper penetration of the UK transport management sector, explore opportunities internationally and commercialise its new Smart Junction offering. Revenues have grown 350% over the last three years and it has exceeded its most recent year's budget despite the onset of the COVID-19 pandemic. In April 2021, Vivacity won the Queen's Award for Enterprise: Innovation 2021.

Company	Business	Date of investment	Amount of new investment (£m)
Caledonian Leisure	UK leisure and experience breaks	March 2021	0.45

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

Company	Business	Date of investment	Amount of new investment (£m)
Legatics	SaaS LegalTech software business	June 2021	0.91

Legatics (legatics.com) transforms legal transactions by enabling deal teams to collaborate and close deals in an interactive online environment. Designed by lawyers to improve legacy working methods and solve practical transactional issues, the legal transaction management platform increases collaboration, efficiency and transparency. As a result, Legatics has been used by around 1,500 companies, and has been procured by more than half of the top global banking and finance law firms, with collaborations having been hosted in approximately 50 countries. With this new funding round, Legatics will be looking to double the size of its team over the next 18 months and further develop its technology to deliver new features and use cases for a wider range of practice areas within new and existing customers.

Company	Business	Date of investment	Amount of new investment (£m)
Vet's Klinic	Veterinary clinics	June 2021	0.84

Pets' Kitchen (trading as Vet's Klinic) is an established and profitable veterinary clinic providing veterinary services (vetsklinic.co.uk) as well as a premium pet food provider (vetskitchen.co.uk). Its primary Swindon 'super clinic' is a first opinion veterinary practice where pet owners can schedule consultations online and obtain real time feedback on in-patient care through its own technology platform. Without compromising on quality of care, this model enables a significantly higher transaction per vet compared to the industry average. This new investment will be used to roll out its unique clinic model to other sites along the M4 corridor.

Further investments during the year

The Company made further investments into seven existing portfolio companies in the year, totalling £3.01 million, as detailed below:

Company	Business	Date of investment	Amount of further investment (£m)
Parsley Box	Ambient ready meals targeting the over 60s	January/March 2021	0.38

Parsley Box (parsleybox.com) is a UK direct to consumer supplier of home delivered, ambient ready meals for the over 60s. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and contribute to a more independent and healthier lifestyle. The company has seen a strong benefit from the COVID-19 pandemic with revenues nearly eight times that at the time of the original VCT investment. This further investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. The company's shares were admitted to trading on AIM on 31 March 2021. As part of the transaction, the Company also partially realised a portion of its investment, as detailed in the "Loan stock repayments and other gains/(losses) during the year" section of this report on page 15.

Company	Business	Date of investment	Amount of further investment (£m)
Bleach London	Hair colourants brand	February 2021	0.15

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

Company	Business	Date of investment	Amount of further investment (£m)
Arkk Consulting	Regulatory and reporting requirement service provider	February 2021	0.66

Arkk Consulting (trading as Arkk Solutions) (arkksolutions.com) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. This further investment is to enable continued development of its software in order to capitalise on HMRC's 'Making Tax Digital' campaign. The company has incorporated artificial intelligence into its product and recurring revenues are now over 50% higher than at the point of the original investment in May 2019.

Strategic Report

	Company	Business	Date of investment	Amount of further investment (£m)
	Bella & Duke	Frozen raw dog food provider	May 2021	0.40

Bella & Duke (bellaandduke.com) is a direct-to-consumer subscription service, providing premium frozen raw dog food to pet owners in the UK. Founded in 2016, the business provides an alternative to standard meal options for dog owners by focusing on the well documented health benefits of a raw food diet. This area is a growing niche in the large and established pet food market and is being driven by the premiumisation of dog food. This follow-on investment from the Company, alongside a co-investment by the British Growth Fund ("BGF") and existing shareholders, will provide additional working capital enabling Bella & Duke to continue to scale.

	Company	Business	Date of investment	Amount of further investment (£m)
	Tapas Revolution	Spanish restaurant chain	June 2021	0.23

Spanish Restaurant Group (trading as Tapas Revolution) (tapasrevolution.com) is a leading Spanish restaurant chain in the casual dining sector. At initial investment in January 2017, it was operating five sites and, subsequent to a further investment round in March 2018, had grown to 12 sites. Tapas was trading well and had a strong outlook up until the onset of COVID-19 which mandated the closure of much of its estate during the course of 2020 in response to the varying patterns of government restrictions. Costs have been controlled well under the circumstances and this further investment is to provide financial headroom whilst sites re-open and to capitalise on new site acquisition opportunities.

	Company	Business	Date of investment	Amount of further investment (£m)
	MyTutor	Digital marketplace for online tutoring	August 2021	0.95

MyTutorweb (trading as MyTutor) (mytutor.co.uk) is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results. This further investment, alongside other existing shareholders and Australian strategic co-investor, SEEK, who invested £30 million, aims to build and reinforce its position as a UK category leader in the online education market as well as to begin to develop a broader, personalised learning product offering. The company has been chosen as a Tutoring Partner for the National Tuition Programme where they will directly support 30,000 students in catching up on lost learning because of the COVID-19 pandemic.

	Company	Business	Date of investment	Amount of further investment (£m)
	Andersen EV	Provider of premium electric vehicle (EV) chargers	September 2021	0.24

Muller EV Limited (trading as Andersen EV) (andersen-ev.com) is a design-led manufacturer of premium electric vehicle (EV) chargers. Incorporated in 2016, this business has secured high profile partnerships with Porsche and Jaguar Land Rover, establishing an attractive niche position in charging points for the high end EV market. This follow-on funding is to further support its premium brand and product positioning whilst ensuring all new and existing products meet the most recent and highest safety and compliance standards. Andersen has continued its strong trading performance with revenue up over 300% year on year.

Portfolio valuation movements

The portfolio generated net unrealised gains of £39.48 million in the year. The scale of the valuation increases was underpinned by the Company's growth portfolio, many of which have direct-to-consumer business models which have grown significantly since the onset of the COVID-19 pandemic. In the first half of the year, the Company generated significant unrealised gains, exemplified by the successful flotations of two investments on AIM. Despite ongoing uncertainties relating to COVID-19, Gresham believes that the pandemic has accelerated an existing trend and, in many cases, companies have now moved to a higher operating base. Over this period, some older style MBO portfolio companies with similar business practices have also benefited. A few companies have struggled in this environment, and while there remains a possibility such businesses could fail, their value has already been reduced to modest levels, reducing the risk to shareholder value.

Total valuation increases were £40.81 million. The main valuation increases were:

- Virgin Wines - £9.05 million
- MyTutor – £5.09 million
- Preservica - £4.68 million
- MPB - £4.15 million
- Red Paddle - £2.97 million

Virgin Wines, MyTutor, MPB and Vian Marketing (trading as Red Paddle) generated record revenues and earnings over the lockdown periods and beyond. They have all significantly increased their customer base and each have strong growth prospects. Strong trading and recurring revenues at Preservica has attracted third-party investment interest which has led to a sizeable re-rating.

Total valuation decreases were £(1.33) million. The main valuation decreases were:

- Parsley Box - £(0.67) million
- Andersen EV – £(0.27) million
- RotaGeek – £(0.21) million
- Grow Kudos - £(0.13) million

The value of Parsley Box experienced a significant decline over the quarter in light of market sentiment combined with company announcements of slower than anticipated sales growth and supply disruption. Andersen EV has been operating in a fast-developing industry beset with regulatory hurdles that have challenged its progress over the period, RotaGeek has suffered in a market heavily impacted by COVID-19 restrictions, whilst Grow Kudos has been affected by contract delays.

The majority of the increase in portfolio value lies in the top 10 companies which represent over 70% of the portfolio by value (excluding legacy). Year-on-year growth by either revenues or earnings has been seen in all of the top ten companies (excluding legacy) and it is pleasing to note that eight of these are from the younger, growth portfolio.

Portfolio Realisations during the year

The Company realised four of its investments during the year, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Vectair	Designer and distributor of washroom products	December 2005 to November 2020	£1.83 million 8.5x cost

The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received proceeds of £1.09 million (realised gain in the year: £0.07 million). This investment generated proceeds over the life of the investment of £1.83 million compared to original cost of £0.22 million, which is **a multiple of cost of 8.5x and an IRR of 22.3%**.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Bourn Bioscience	In vitro fertilisation clinics	January 2014 to December 2020	£2.64 million 1.6x cost

The Company sold its investment in Bourn Bioscience Limited to Canadian acquirer Triangle Capital, and has received cash proceeds of £2.00 million (realised gain in the year: £1.44 million). This investment generated proceeds over the life of the investment of £2.64 million, compared to original cost of £1.61 million, which is **a multiple of cost of 1.6x and an IRR of 8.5%**.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Omega Diagnostics	In vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	December 2010 to February 2021	£1.64 million 5.9x cost

Following a further significant increase in the share price, the Company sold its remaining investment in Omega Diagnostics Group plc for £0.59 million (realised gain in the year: £0.14 million). Total proceeds received over the ten-year life of the investment were £1.64 million, compared to an original investment cost of £0.28 million, which is **a multiple on cost of 5.9x and an IRR of 19.9%**.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Proactive Group	Provider of media services and investor conferences	January 2018 to September 2021	£2.54 million 2.6x cost

On 29 September 2021, the Company sold its investment in Proactive Group Holdings Inc ("Proactive"). The Company received £2.48 million in cash following the disposal of its equity and loan notes, contributing to a realised gain over cost over the life of the investment of £1.56 million (realised loss in the year: £(0.01) million). Total proceeds received over the nearly four-year life of the investment were £2.54 million, compared to an original cost of £0.99 million, which is **a multiple on cost of 2.6x and an IRR of 33.0%**.

Loan stock repayments and other gains/(losses) during the year

During the year and following the admission of its shares to AIM, the Company received £1.73 million from the partial realisation of its holding in Parsley Box, generating a realised gain of £0.94 million. Over the two years to date this investment has been held, this partial sale generated a multiple of cost of 4.0x on the cost of the shares sold. The Company also received £1.74 million from the partial realisation of MPB Group generating a realised gain of £0.82 million. This partial realisation generated a 7.8x multiple of cost on the cost of the shares sold and was the result of Vitruvian Partners, a large private equity investor, taking a sizeable equity investment in the company. There was a further partial realisation of MyTutor which generated £0.95 million proceeds for the Company and a realised gain in the year of £0.58 million.

In addition to the above, proceeds of £3.72 million were received via loan repayments from Virgin Wines, Vian Marketing (trading as Red Paddle), MPB Group and BG Training, generating a realised gain of £0.04 million. Finally, deferred consideration totalling £0.22 million in realised gains was received in respect of investments realised in a previous year. A small realised loss of £(0.08) million was also recognised in respect of transaction costs for Virgin Wines due to stamp duty paid upon the admission of the shares to listing on AIM.

Portfolio income and yield

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

Investment Portfolio Yield	2021 £m	2020 £m
Interest received in the year	1.22	2.66
Dividends received in the year	0.69	0.84
Total portfolio income in the year[1]	**1.91**	**3.50**
Portfolio Value at 30 September	**88.15**	**50.86**
Portfolio Income Yield (Income as a % of Portfolio value at 30 September)	**2.2%**	**6.9%**

[1] Total portfolio income in the year is generated solely from investee companies within the portfolio. The fall in interest received is due to a significant interest receipt from the realisation of Auction Technology Group in 2020.

Further investments made after the year-end

The Company made further investments into existing portfolio companies, totalling £1.71 million after the year-end, as detailed below:

	Company	Business	Date of investment	Amount of further investment (£m)
Preservica	Preservica	Seller of proprietary digital archiving software	October/ November 2021	1.71

Preservica is a SaaS software business with blue chip customers and strong recurring revenues. It has developed market leading software for the long-term preservation of digital records, ensuring that digital content can remain accessible, irrespective of future changes in technology. This latest investment is to provide additional growth capital to finance the further development of the business. The business has seen annual recurring revenues nearly double over the last two financial years.

Portfolio Realisation after the year-end

The Company realised its investment in Vian Marketing Limited (trading as Red Paddle Co) following the year-end, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
red paddle co	Red Paddle	Design and manufacturer of Stand up paddleboards	July 2015 to November 2021	£5.97 million 4.9x cost

The Company sold its investment in Vian Marketing (trading as Red Paddle) to Myers Family Office for £4.99 million. Total proceeds received to date over the six-year life of the investment were £5.97 million compared to an original investment cost of £1.21 million, which is a multiple on cost of 4.9x and an IRR of 31.5%. Further proceeds of up to £0.49 million may be receivable in due course.

Environmental, Social, Governance considerations

When seeking new investment opportunities, the Investment Adviser under Mobeus Equity Partners LLP operated with a list of exclusions which precluded it from investing in any businesses operating in areas perceived to be unsustainable or detrimental to wider society, or any businesses that have committed purposeful breaches of regulation or have engaged in unlawful activity. Each potential new investment was subject to a comprehensive due diligence process encompassing commercial, financial and ESG principles. This process helped in the formulation and agreement of strategic objectives at the stage of business planning and investment. The Investment Adviser has continued to work closely with each portfolio company board to support them in addressing their particular ESG challenges and opportunities, which are diverse across the entire portfolio.

Following the novation of the advisory agreement to Gresham House Asset Management Limited on 30 September 2021, a market leader that is well-resourced with knowledge and expertise in sustainability, the Investment Advisor will align its current ESG procedures and protocols to the highest standards as set out and informed by Gresham House plc. In a changing world, the Investment Adviser believes that this approach will contribute towards the enhancement of Shareholder value going forward.

Outlook

The growth strategy implemented in 2015 is clearly showing signs of bearing fruit with many companies beginning to achieve significant scale and attract the interest of public markets and larger secondary investors. The portfolio is in a healthy position with many companies trading well throughout the lockdowns, and several at record levels. It continues to evolve, offering a balance of fast-growing and more stable investments at various stages of maturity and scale across a range of diverse market sectors. There is a significant exposure to businesses operating a direct-to-consumer business model which has contributed to strong trading performance during the year. This also gives confidence about the future strength of the portfolio and its ability to cope with the challenges and opportunities associated with Brexit, the macro-economic outlook and the ongoing impact of COVID-19. The new investment pipeline is recovering to levels seen pre-COVID-19 and the prospects for capital deployment are encouraging.

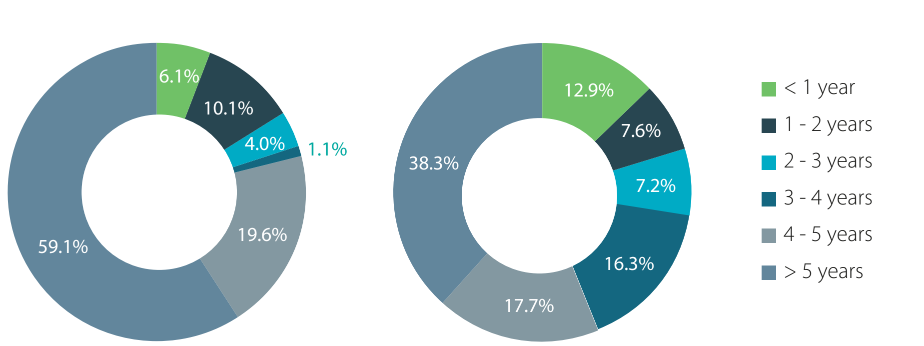
The exceptional performance experienced since the impact of COVID-19 in March 2020 is, therefore, likely to moderate over the next 12 months as the level of activity normalises. There still remains much uncertainty around the wider impact of the pandemic upon the economy as well as the potential impacts of new COVID variants should they emerge. However, the portfolio is in a robust shape and the investment activity levels are promising. Gresham therefore remains optimistic for the future.

Gresham House Asset Management Limited
Investment Adviser

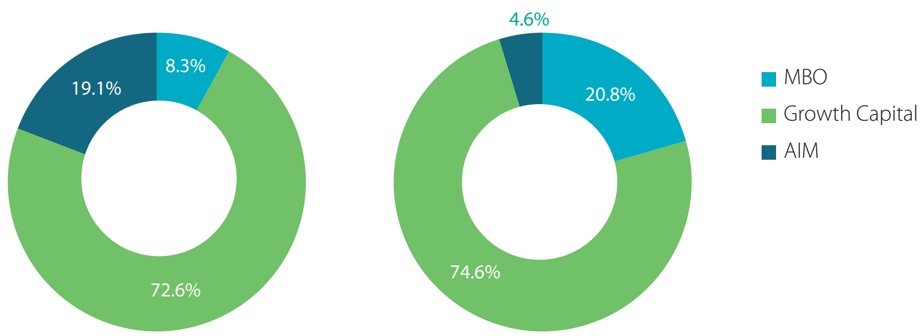
20 December 2021

Strategic Report

Age of the portfolio at valuation

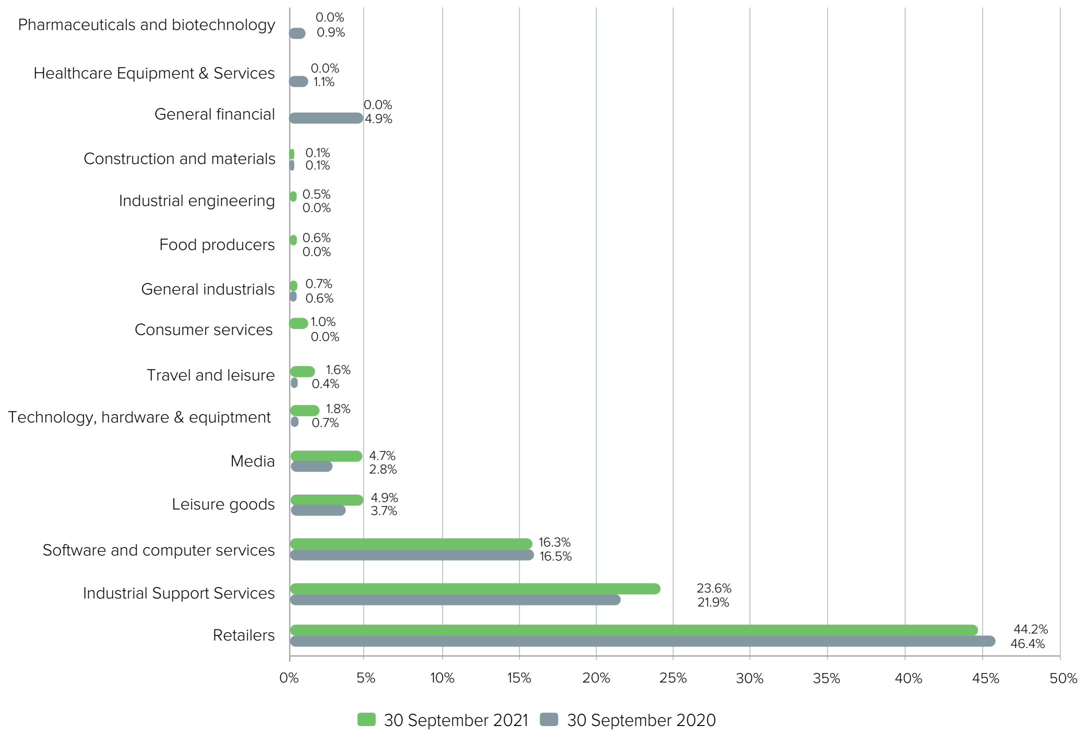


Type of investment transaction at valuation



Investments by market sector at valuation

Investments by value remain diversified across a number of sectors, primarily in retailers, industrial support services and software and computer services.



All but one of the retailers investments are branded online businesses with no physical retail presence, being Virgin Wines, Wetsuit Outlet, Bleach London, Parsley Box, MPB Group, Buster & Punch and Bella & Duke.

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Principal investments in the Portfolio at 30 September 2021

Virgin Wines UK plc (formerly Virgin Wines Holding Company Limited)

www.virginwines.co.uk

Cost £65,000

Valuation £12,831,000

Basis of valuation
Bid price (AIM quoted)

Equity % held
11.8%

Income receivable in year
£322,441

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2021
Turnover	£73,634,000
Operating profit	£3,468,000
Net assets	£17,627,000
Year ended	30 June 2020[1]
Turnover	£56,554,000
Operating profit	£4,759,000
Net assets	£6,137,000

[1]The financial information quoted is from unaudited financial information.

Movements during the year

Admitted to AIM on 2 March 2021. Loan repayment and preference share redemption as part of IPO transaction.

Preservica Limited

www.preservica.com

Cost £2,961,000

Valuation £8,986,000

Basis of valuation
Revenue multiple

Equity % held
18.1%

Income receivable in year
£68,601

Business
Seller of proprietary digital archiving software

Location
Abingdon, Oxfordshire

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2021
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net liabilities	£(3,057,000)
Year ended	31 March 2020
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net liabilities	£(1,394,000)

Movements during the year

None.

My Tutorweb Limited

www.mytutor.co.uk

Cost £3,362,000

Valuation £8,640,000

Basis of valuation
Revenue multiple

Equity % held
7.2%

Income receivable in year
Nil

Business
Digital marketplace connecting school pupils seeking one-to-one online tutoring

Location
London

Original transaction
Growth capital

Financial information (unaudited)

Year ended	31 December 2019
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£1,739,000
Year ended	31 December 2018
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£4,706,000

Movements during the year

Follow on investment in August 2021, and subsequent partial realisation in August 2021.

MPB Group Limited

www.mpb.com

Cost £1,511,000

Valuation £7,467,000

Basis of valuation
Revenue multiple

Equity % held
4.5%

Income receivable in year
£24,425

Business
Online marketplace for photographic and video equipment

Location
Brighton

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2021
Turnover	£64,888,000
Operating loss	£(911,000)
Net assets	£31,267,000
Year ended	31 March 2020
Turnover	£44,179,000
Operating loss	£(311,000)
Net assets	£9,753,000

Movements during the year

Partial realisation in March 2021 and loan repayment in May 2021.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost £1,383,000

Valuation £5,428,000

Basis of valuation
Earnings multiple

Equity % held
2.5%

Income receivable in year
£346,865

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

Location
Alfreton, Derbyshire

Original transaction
Growth capital

Audited financial information

Year ended	31 January 2021
Turnover	£61,258,000
Operating profit	£8,241,000
Net assets	£32,711,000
Year ended	31 January 2020
Turnover	£65,230,000
Operating profit	£8,665,000
Net assets	£31,084,000

Movements during the year

None.

End Ordinary Group Limited (trading as Buster and Punch) (formerly Buster and Punch Holdings Limited)

www.busterandpunch.com

Cost £2,047,000

Valuation £4,471,000

Basis of valuation
Earnings multiple

Equity % held
10.6%

Income receivable in year
Nil

Business
Industrial inspired lighting and interiors retailer

Location
Stamford

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2020
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£1,679,000
Year ended	31 March 2019
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£1,679,000

Movements during the year

None.

Further details of the investments in the portfolio may be found on the Gresham House website: www.greshamhouse.com.

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

Strategic Report

Principal investments in the Portfolio at 30 September 2021

Vian Marketing Limited (trading as Red Paddle Co)

www.tushingham.com

Cost	£838,000
Valuation	£4,325,000

Basis of valuation
Earnings multiple

Equity % held
14.6%

Income receivable in year
£53,161

Business
Design, manufacture and sale of stand-up paddleboards and windsurfing sails

Location
Totnes, Devon

Original transaction
Growth capital and equity release

Audited Financial information

Year ended	31 August 2020[1]
Turnover	£19,938,000
Operating profit	£2,409,000
Net assets	£2,666,000

Year ended	28 February 2019
Turnover	£14,845,000
Operating profit	£1,848,000
Net assets	£3,435,000

[1]The financial information refers to an eighteen month period.

Movements during the year

Loan repayments in October 2020 and April 2021. Investment was sold after the year-end.

Media Business Insight Holdings Limited

www.mb-insight.com

Cost	£3,667,000
Valuation	£4,199,000

Basis of valuation
Earnings multiple

Equity % held
21.2%

Income receivable in year
Nil

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

Location
London

Original transaction
Management buyout

Audited Financial information

Year ended	31 December 2020
Turnover	£8,342,000
Operating profit	£649,000
Net assets	£971,000

Year ended	31 December 2019
Turnover	£11,890,000
Operating profit	1,493,000
Net liabilities	£(2,367,000)

Movements during the year

None.

Manufacturing Services Investment Limited (trading as Wetsuit Outlet)

www.wetsuitoutlet.co.uk

Cost	£3,205,000
Valuation	£3,203,000

Basis of valuation
Earnings multiple

Equity % held
8.8%

Income receivable in year
£159,820

Business
Online retailer in the water sports market

Location
Southend on Sea, Essex

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2021
Turnover	£25,149,000
Operating profit	£1,970,000
Net assets	£8,897,000

Year ended	31 March 2020
Turnover	£16,531,000
Operating loss	£(138,000)
Net assets	£8,803,000

Movements during the year

None.

Bella & Duke Limited

www.bellaandduke.com

Cost	£1,324,000
Valuation	£3,165,000

Basis of valuation
Revenue multiple

Equity % held
6.6%

Income receivable in year
Nil

Business
A premium frozen raw dog food provider

Location
Edinburgh

Original transaction
Growth capital

Financial information (unaudited)

Year ended	31 March 2021
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£1,024,000

Year ended	31 March 2020
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£3,027,000

Movements during the year

Follow on investment in May 2021.

Data Discovery Solutions Limited (trading as Active Navigation)

www.activenavigation.com

Cost	£1,544,000
Valuation	£3,087,000

Basis of valuation
Revenue multiple

Equity % held
8.8%

Income receivable in year
Nil

Business
Provider of a global market leading file analysis software for information governance, security and compliance

Location
Winchester

Original transaction
Growth capital

Audited financial information

Year ended	29 June 2019
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£3,558,000

Year ended	29 June 2018
Turnover	Not disclosed
Operating profit/(loss)	Not disclosed
Net assets	£2,204,000

Movements during the year

None.

IDOX plc

www.idoxgroup.com

Cost	£454,000
Valuation	£2,916,000

Basis of valuation
Bid price (AIM quoted)

Equity % held
0.9%

Income receivable in year
£12,500

Business
Developer and supplier of knowledge management products

Location
London

Original transaction
Development capital

Audited financial information

Year ended	31 October 2020
Turnover	£68,017,000
Operating profit	£16,258,000
Net assets	£46,958,000

Year ended	31 October 2019
Turnover	£65,492,000
Operating profit	£10,805,000
Net assets	£44,611,000

Movements during the year

None.

Further details of the investments in the portfolio may be found on the Gresham House website: www.greshamhouse.com.

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

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2021

	Ordinary shares Cost at 30 September 2021 £	Ordinary shares Valuation at 30 September 2021 £	Other investments[1] Cost at 30 September 2021 £	Other investments[1] Valuation at 30 September 2021 £	Total Cost at 30 September 2021 £	Total Valuation at 30 September 2020 £	Additional investments £	Total Valuation at 30 September 2021 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains/(losses) in year £	Net proceeds £	% of equity held[2,3]	% of portfolio by value
Virgin Wines UK plc (formerly Virgin Wines Holding Company Limited)[4] (AIM quoted) Online wine retailer	65,288	12,830,864	-	-	65,288	6,458,434	-	12,830,864	109,875	212,565	9,052,645	(82,050)	2,598,165	11.8%	14.6%
Preservica Limited Seller of proprietary digital archiving software	1,558,333	7,545,930	1,402,566	1,440,277	2,960,899	4,303,532	-	8,986,207	68,601	-	4,682,675	-	-	18.1%	10.2%
My TutorWeb Limited (trading as MyTutor) Digital marketplace connecting school pupils seeking one-to-one online tutoring	3,361,778	8,640,371	-	-	3,361,778	2,972,638	954,529	8,640,371	-	-	5,092,507	575,226	954,529	7.2%	9.8%
MPB Group Limited Online marketplace for used photographic equipment	1,510,992	7,466,511	-	-	1,510,992	4,698,745	-	7,466,511	24,425	-	4,150,347	819,989	2,202,570	4.5%	8.5%
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	4,072,393	1,244,982	1,355,336	1,383,313	2,986,028	-	5,427,729	132,062	214,803	2,441,701	-	-	2.5%	6.2%
End Ordinary Group Limited (trading as Buster and Punch) (formerly Buster and Punch Holdings Limited) Industrial inspired lighting and interiors retailer	2,046,612	4,470,852	-	-	2,046,612	2,740,635	-	4,470,852	-	-	1,730,217	-	-	10.6%	5.1%
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	364,864	3,649,215	473,024	675,748	837,888	1,881,880	-	4,324,963	53,161	-	2,971,011	-	527,928	14.6%	4.7%
Media Business Insight Holdings Limited A publishing and events business focussed on the creative production industries	1,466,622	1,999,396	2,199,934	2,199,934	3,666,556	1,407,127	-	4,199,330	-	-	2,792,203	-	-	21.2%	4.8%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	1,602,591	1,600,144	1,602,591	1,602,591	3,205,182	2,371,375	-	3,202,735	159,820	-	831,360	-	-	8.8%	3.6%
Bella & Duke Limited A premium frozen raw dog food provider	1,323,745	3,165,212	-	-	1,323,745	931,499	392,246	3,165,212	-	-	1,841,467	-	-	6.6%	3.6%
Data Discovery Solutions Limited (trading as Active Navigation) Provider of global market leading file analysis software for information governance, security and compliance	1,543,500	3,087,000	-	-	1,543,500	3,087,000	-	3,087,000	-	-	-	-	-	8.8%	3.5%
I-Dox plc[5] (AIM quoted) Developer and supplier of knowledge management products	453,881	2,916,088	-	-	453,881	1,895,924	-	2,916,088	-	12,500	1,020,164	-	-	0.9%	3.3%
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	464,658	2,847,390	-	-	464,658	1,175,977	-	2,847,390	-	192,877	1,671,413	-	-	8.8%	3.2%
Arkk Consulting Limited (trading as Arkk Solutions) Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	915,607	915,607	1,266,580	1,348,990	2,182,187	1,348,963	656,180	2,264,597	31,852	-	259,454	-	-	9.8%	2.6%
Tharstern Group Limited Software based management Information systems for the printing industry	451,328	231,692	1,002,950	1,436,795	1,454,278	1,137,147	-	1,668,487	117,841	-	531,340	-	-	17.0%	1.9%
Connect Childcare Group Limited Nursery management software provider	578,614	811,548	578,600	578,600	1,157,214	-	1,157,214	1,390,148	43,593	-	232,934	-	-	4.2%	1.6%

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 Gresham House Asset Management Limited are disclosed in Note 10 of the financial statements.

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

[4] Admitted to AIM during the year. Ahead of the Admission to AIM of Virgin Wines on 2 March 2021, the Company's equity investment in Virgin Wines Holding Company Ltd ("VWHCL") had been exchanged for an equity investment in Rapunzel Newco Limited ("RNL"), a company owned by the four Mobeus VCTs pro rata to each VCT's share of its investment in Virgin Wines. Immediately prior to Admission, RNL exchanged its equity investment in VWHCL for an equity investment in Virgin Wines UK plc ("VWUK"). The Company is beneficially interested in VWUK, through its holding in RNL. RNL is the legal owner of the shares in VWUK, but each VCT is the beneficial holder. As part of Virgin Wines' admission to AIM, the Company received repayment of its loan stock generating proceeds of £2.68 million.

[5] Investment formerly managed by Nova Capital Management Limited until 31 August 2007.

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2021

	Ordinary shares Cost at 30 September 2021 £	Ordinary shares Valuation at 30 September 2021 £	Other investments[1] Cost at 30 September 2021 £	Other investments[1] Valuation at 30 September 2021 £	Total Cost at 30 September 2021 £	Total Valuation at 30 September 2020 £	Additional investments £	Total Valuation at 30 September 2021 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains/(losses) in year £	Net proceeds £	% of equity held[2,3]	% of portfolio by value
Bleach London Holdings Limited Hair colourants brand	721,452	1,183,067	152,850	152,850	874,302	1,232,358	152,850	1,335,917	8,007	-	(49,291)	-	-	4.3%	1.5%
Vivacity Labs Limited Provider of artificial intelligence & urban traffic control systems	1,250,760	1,250,760	-	-	1,250,760	-	1,250,760	1,250,760	-	-	-	-	-	6.0%	1.4%
Parsley Box Group plc (formerly Parsley Box Limited)[4] (AIM quoted) Supplier of home delivered ambient ready meals targeting the over 60s	874,001	1,084,367	-	-	874,001	2,168,135	377,486	1,084,367	-	-	(674,172)	939,049	1,726,131	4.3%	1.2%
Spanish Restaurant Group Limited (trading as Tapas Revolution) Spanish restaurant chain	543,483	-	1,086,750	979,122	1,630,233	186,300	232,847	979,122	17,125	-	559,975	-	-	9.0%	1.1%
Rota Geek Limited Provider of cloud based enterprise software that uses data-driven technologies to help retail and leisure organisations schedule staff	1,250,800	962,085	-	-	1,250,800	1,170,582	-	962,085	-	-	(208,497)	-	-	6.4%	1.1%
IPV Limited Provider of media asset software	954,674	954,674	-	-	954,674	954,674	-	954,674	-	-	-	-	-	8.5%	1.1%
Legatics Limited SaaS LegalTech software provider	909,330	909,330	-	-	909,330	-	909,330	909,330	-	-	-	-	-	8.3%	1.0%
Pets' Kitchen Limited (trading as Vet's Klinic) Veterinary clinics	482,400	482,400	361,800	361,800	844,200	-	844,200	844,200	7,286	-	-			6.0%	1.0%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	639,084	11,163	1,304,864	576,129	1,943,948	337,590	-	587,292	96,006	-	249,702	-	-	8.4%	0.7%
Northern Bloc Ice Cream Limited Supplier of premium vegan ice cream	47,310	81,079	425,790	425,790	473,100	-	473,100	506,869	33,013	-	33,769	-	-	1.1%	0.6%
Aquasium Technology Limited[5] Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	478,072	-	-	166,667	-	-	478,072	-	-	478,072	-	-	16.7%	0.5%
Caledonian Leisure Limited Provider of UK leisure and experience breaks	449,251	449,251	-	-	449,251	-	449,251	449,251	-	-	-	-	-	9.0%	0.5%
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT industries	250,752	-	1,190,915	322,033	1,441,667	137,899	-	322,033	118,947	-	184,134	-	-	12.8%	0.4%
Muller EV Limited (trading as Andersen EV) Provider of premium electric vehicle (EV) chargers	554,750	317,000	-	-	554,750	352,473	237,750	317,000	28,374	-	(273,223)	-	-	0.8%	0.4%
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	472,500	200,340	-	-	472,500	329,354	-	200,340	-	-	(129,014)	-	-	3.4%	0.2%
BookingTek Limited Software for hotel groups	779,155	-	-	-	779,155	-	-	-	-	-	-	(5,378)	(5,378)	4.7%	0.0%
Oakheath Limited (in members' voluntary liquidation) Online platform that connects people seeking home care from experienced independent carers	649,528	-	-	-	649,528	-	-	-	-	-	-	-	-	5.8%	0.0%

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 Gresham House Asset Management Limited are disclosed in Note 10 of the financial statements.

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

4 Admitted to AIM during the year. On 7 January 2021, a £0.36 million follow-on investment was made into Parsley Box Limited. The enlarged shareholding was admitted to AIM on 31 March 2021. Ahead of the admission to AIM, the Company's equity investment in Parsley Box Limited had been exchanged for an equity investment in Parsley Box Group UK plc. Upon admission to AIM, the Company invested a further £0.02 million and realised proceeds of £1.73 million.

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

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2021

	Ordinary shares Cost at 30 September 2021 £	Ordinary shares Valuation at 30 September 2021 £	Other investments[1] Cost at 30 September 2021 £	Other investments[1] Valuation at 30 September 2021 £	Total Cost at 30 September 2021 £	Total Valuation at 30 September 2020 £	Additional investments £	Total Valuation at 30 September 2021 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains/(losses) in year £	Net proceeds £	% of equity held[2,3]	% of portfolio by value
Jablite Holdings Limited (in members' voluntary liquidation) Manufacturer of expanded polystyrene products	450,900	-	47,890	65,779	498,790	65,779	-	65,779	-	-	-	-	-	12.1%	0.1%
Corero Network Security plc[5] (AIM quoted) Provider of e-business technologies	600,000	10,314	-	-	600,000	7,374	-	10,314	-	-	2,940	-	-	0.0%	0.0%
Veritek Global Holdings Limited Maintenance of imaging equipment	61,522	-	2,228,337	-	2,289,859	-	-	-	-	-	-	-	-	21.7%	0.0%
CB Imports Group Limited (trading as Country Baskets) (in members' voluntary liquidation) Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	-	-	-	175,000	-	-	-	-	-	-	-	-	5.8%	0.0%
Racoon International Group Limited Supplier of hair extensions, hair care products and training	568,664	-	87,187	-	655,851	-	-	-	-	-	-	-	-	10.8%	0.0%
Oxonica Limited[5] International nanomaterials group	2,524,527	-	-	-	2,524,527	-	-	-	-	-	-	-	-	10.6%	0.0%
NexxtDrive Limited/Nexxt E-drive Limited[4] Developer and exploiter of mechanical transmission technologies	487,014	-	-	-	487,014	-	-	-	-	-	-	-	-	1.0%	0.0%
Biomer Technology Limited[6] Developer of biomaterials for medical devices	137,170	-	-	-	137,170	-	-	-	-	-	-	-	-	3.5%	0.0%
Disposed in year															
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	-	-	-	-	-	2,486,769	-	-	19,051	-	-	(8,087)	2,478,682	0.0%	0.0%
Vectair Holdings Limited Designer and distributor of washroom products	-	-	-	-	-	1,020,351	-	-	-	62,146	-	65,938	1,086,289	0.0%	0.0%
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	-	-	-	-	-	552,130	-	-	142,065	-	-	1,443,169	1,995,299	0.0%	0.0%
Omega Diagnostics Group plc (AIM quoted) In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	-	-	-	-	-	449,180	-	-	-	-	-	142,760	591,940	0.0%	0.0%
BG Training Limited Technical training business	-	-	-	-	-	13,281	-	-	9,228	-	-	39,844	53,125	0.0%	0.0%
Proceeds from the companies realised in previous years	-	-	-	-	-	-	-	-	-	-	-	231,091	231,091	0.0%	0.0%
Total	**33,847,438**	**74,624,115**	**16,657,610**	**13,521,774**	**50,505,048**	**50,861,133**	**8,087,743**	**88,145,889**	**1,220,332**	**694,891**	**39,475,833**	**4,161,551**	**14,440,371**		**100.0%**
Portfolio split by type															
Growth focused portfolio[7]	25,349,019	56,146,526	8,595,533	8,921,104	33,944,552	37,931,047	8,087,743	65,067,630	768,434	407,680	25,164,633	3,854,403	9,970,196		73.7%
MBO focused portfolio[7]	8,498,419	18,477,589	8,062,077	4,600,670	16,560,496	12,930,086	-	23,078,259	451,898	287,211	14,311,200	307,148	4,470,175		26.3%
Total	**33,847,438**	**74,624,115**	**16,657,610**	**13,521,774**	**50,505,048**	**50,861,133**	**8,087,743**	**88,145,889**	**1,220,332**	**694,891**	**39,475,833**	**4,161,551**	**14,440,371**		**100.0%**

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 Gresham House Asset Management Limited are disclosed in Note 10 of the financial statements.

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

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

Strategic Report

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies.

Asset Mix and Diversification

The Company will seek to make investments in UK unquoted companies in accordance with the requirements of prevailing VCT legislation.

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

Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gain from realisations.

There are a number of conditions within the VCT legislation which need to be met by the Company and which may change from time to time.

No single investment may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment.

Save as set out above, the Company's other investments are held in cash and liquid funds.

Liquidity

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

Borrowing

The Company's Articles of Association permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, the Company has never borrowed and the Board would only consider doing so in exceptional circumstances.

Other Key Policies

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

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' fundraisings from 2010-20 to maintain sufficient funds to meet the day-to-day expenses of the Company, dividend distributions and purchases of the Company's own shares whilst maintaining the ability to invest in attractive opportunities.

Further policies

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

- Environmental and social responsibility
- Global greenhouse gas emissions
- Human rights
- Diversity
- Anti-bribery
- Anti-tax evasion
- Whistleblowing
- Financial risk management

Further details of these policies are set out in the Directors' Report on pages 38 to 40.

Section 172(1) Statement

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

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

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our investors.

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

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

During the year, the Board received information to assist in understanding the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in different formats including reports and presentations on the financial and operational performance, non-financial KPIs, risk and specific pieces of engagement. As a result of this, we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty.

- Change in management arrangements:
  - After careful consideration and due diligence, the Board believed that consenting to the novation of the investment advisory arrangements was in the interests of the Company's Shareholders. The Board expected the creation of the enlarged VCT team to be well received by the market as creating an exciting and potent commercial force that should lead to enhanced prospects for Shareholders. In the context of a VCT sector that is evolving, this view is predicated on the following main factors:
  - Scale Advantage - The integration of the Mobeus and Baronsmead VCT teams within Gresham House would create one of the largest VCT teams in the sector with the coverage, experience, contacts and know how to access more and higher quality investment opportunities. The greater breadth and depth of resource in portfolio and talent management should also be valuable in assisting the Mobeus VCTs' existing portfolio companies to grow successfully.
  - Continuity - Trevor Hope and Clive Austin will continue to lead the VCT team. This management group is well known and has been highly regarded by shareholders for a considerable period. The Boards are confident that the team will continue to build the Mobeus VCTs' portfolios and enhance their value. Gresham House's investment philosophy is similar to that developed over many years by Mobeus, and the procedure for undertaking due diligence and approving new investments will be substantially the same as before.
  - Portfolio Diversification - The access to a much larger asset base and investment opportunities should enable the combined VCT investment team to build more diversified VCT portfolios across a broader range of sizes and stages of investment. The Board believes that this combined VCT investment team will be a major force in the supply of capital to the VCT sector and it is anticipated that the team's enhanced market position should attract strong deal flow.
  - Investment in Capability - The Mobeus VCT investment team has delivered outstanding performance over many years, but it has become clear that the changing demands of the market mean that the requirement for additional investment in people, technology and processes could become constrained within the framework of the existing Mobeus partnership structure.

  The Board can confirm that, in the process of its novation, no material changes were made to the terms of the investment advisory arrangements. Shareholders can also be assured that the Board's track record of governance and independence will be maintained.
- In considering an Offer for Subscription for the 2021/2022 tax year, the Board reviewed:
  - the impact of dilution of Shareholder's holdings;
  - the ability to adhere to the dividend policy of the Company;
  - the effect on the Net Asset Value and the ability of the Company and its liquidity levels to be able

to meet HMRC's VCT investment rules and timelines;
- the costs involved in issuing a prospectus and charged to Shareholders;
- the risk to performance; and
- the equal treatment of investors across the four Mobeus VCTs and those investors that the Company co-invests with.

- Maintaining the dividend policy
  - the Board consider the payment of dividends and the liquidity of the Company at each quarterly meeting and between meetings if necessary; and
  - During the year the Board agreed to maintain the dividend policy by the payment of two interim dividends;
- Monitoring of the Portfolio has been delegated to the Investment Adviser:
  - The Investment Adviser reports on the portfolio companies at each quarterly Board meeting;
  - A Gresham House representative normally sits on each portfolio company Board providing advice on best practice, corporate governance and ESG matters and Gresham House also offered advice and support for funding during the COVID-19 crisis;
  - The operations and performance of each investee company are being continually assessed to remain responsive to the effects of COVID-19 upon the well-being of employees and viability of each investee and support offered where appropriate. The direct and indirect impacts of COVID-19 also form part of the Investment Adviser's valuation of each portfolio company;
  - The company reviewed its recognition of loan interest from some investee companies in light of COVID-19. During the year, following an improvement in trading, a number of companies' loan interest was regarded as collectable once again; and
  - The Company's investment operations create employment, aid economic growth and generate wealth, as evidenced by the growth in employee numbers and enterprise values of investee portfolio companies over the period of investment.
- Shareholder Communications:
  - Shareholders are provided with Annual and Half-Year Reports ("Reports") in hard or soft copy according to their choice;
  - In periods between the Reports being provided, an Interim Management Statement is released via the London Stock Exchange RNS service and is available on the Company's website;
  - A virtual Shareholder Event will be held on 25 February 2022 and Shareholders will have received a notification of the Event with the Annual Report notification;
  - The Company will hold a physical AGM in 2022 which will also be webcast. Shareholders will be able to meet or see and hear the Board, see the Investment Adviser's presentation and ask questions; and
  - Shareholders are able to contact the Board via the Mobeus VCT email address at any time.
- Other stakeholders
  - The Board regularly assesses its key suppliers such as the Registrar, Professional advisers, Bankers and encourages representations from the Investment Adviser; and
  - The Board engages with HMRC and its other regulators to ensure it remains compliant with its obligations as a Listed entity and as a Venture Capital Trust.

Principal risks

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. The principal and emerging risks identified by the Board, a description of the possible consequences of each risk and how the Board manages the risk are set out below.

The risk profile of the Company changed as a consequence of the VCT regulations introduced in 2015. As the Company is required to focus its investment on growth capital investments in younger companies it is anticipated that investment returns will be more volatile and will have a higher risk profile. The Board remains confident that the Company and the Investment Adviser will continue to adapt to changes in investment requirements and put in place appropriate resource to identify and make suitable investments as has been experienced in the year under review.

The Board regularly sets and reviews policies for financial risk management and full details of these can be found in Note 16 to the Financial Statements on pages 70 to 77. The occurrence of the COVID-19 pandemic, whilst creating heightened uncertainty, has not changed the nature of the principal risks. The Board considers that the present processes for mitigating those risks remain appropriate.

During the year, there have been no changes in the number of principal risks. A new emerging risk was identified by the Board which, with the principal risks, is listed below:

Risk	Possible consequence	How the Board manages risk
Investment and liquidity	Investment in VCT qualifying earlier stage unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key Individuals. External events or factors may have more impact as are outside of their control. As the securities of such smaller companies held by the Company are unquoted, they are less liquid, which may cause difficulties in valuing and realising these securities.	• The Board regularly reviews the Company's Strategy including its Investment Policy. • Careful selection, appropriate due diligence and review of the diverse portfolio takes place on a regular basis. • The Board seeks to ensure the Company has an adequate level of liquidity at all times through review at each board meeting. • A member of the Investment Adviser is usually appointed to the board of an investee company and regular monitoring reports are assessed by the Investment Adviser. • Support has been provided to the portfolio companies through the COVID-19 pandemic and is ongoing.
Loss of approval as a Venture Capital Trust	A breach of the VCT Tax Rules may lead to the Company losing its approval as a VCT, which would result in qualifying Shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained plus future dividends paid by the Company would be subject to Taxation. The Company would also lose its exemption from corporation tax on capital gains.	• The Company's VCT qualifying status is continually reviewed by the Board and the Investment Adviser and is reported to each Board meeting. • The Board receives regular reports from its VCT Status Adviser, Philip Hare & Associates LLP who have been retained by the Board to monitor the Company's compliance with the VCT Rules.
Economic, political and other external risks	Factors such as the COVID-19 pandemic and resulting restrictions imposed by government, the impact of Brexit, supply shortages or 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. Movements in UK Stock Market indices may affect the valuation of the Company's investments, as well as affecting the Company's own share price and its discount to net asset value.	• The Board monitors (1) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies as protection from large impacts; (2) developments in the macro-economic environment such as movements in interest rates or general fluctuations in stock markets; and (3) With regards to COVID-19, the Investment Adviser continues to hold ongoing discussions with all the portfolio companies to ascertain where support is required. Cash comprises a significant proportion of net assets of the Company, further to the successful exits and the fund-raise in 2019/2020 giving the Company a strong liquidity position. The proposed fundraise for the tax year 2021/22, will also support the Company's liquidity position. The portfolio has limited exposure to sectors such as leisure, hospitality, retail and travel which have been more at risk.

Risk	Possible consequence	How the Board manages risk
Financial and operating	Failure of the systems (including breaches of cyber security) at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets. Outsourcing and the increase in remote working could give rise to cyber and data security risk and internal control risk.	• The Board carries out a bi-annual review of the financial and non-financial internal controls in place, reviews the risks facing the Company at Board meetings and receives reports by exception. • The performance of the service providers is reviewed annually and assurances that each provider has controls in place to reduce the risk of breaches of their cyber security are obtained.
Market liquidity	Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.	• The Board has a share buyback policy which seeks to mitigate market liquidity risk for Shareholders. This policy is reviewed at each quarterly Board meeting.
Environmental, Social and Governance Emerging Risk	Non-compliance with current and future reporting requirements could lead to a fall in demand from investors. That may affect the level of capital the Company has available to meet its investment objectives.	• ESG and climate change impacts are also taken into account when considering new investment proposals. The Investment Adviser monitors the potential impact on investee companies of any proposed new legislation regarding environmental, social and governance matters and advises and adapts accordingly. • The Board recognises that climate change is an important emerging risk that the Company is taking into account in their strategic planning although the Company itself has little direct impact on environmental issues. Measures had been introduced to decrease the amount of travel undertaken prior to the pandemic and working from home and to reduce the cost and environmental impact of providing paper copies of Shareholder correspondence.

Going concern and Viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in this Strategic Report. The Directors have satisfied themselves that the Company continues to maintain a sufficient cash position. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified, although the continuing impact of COVID-19, Brexit and supplier shortages may impose further considerable demands upon the liquidity and trading prospects of some of these companies in the near-term. In light of this, and in keeping with the ongoing need to take advantage of opportunities for further investment within the portfolio, the Company announced its intention to raise further funds in the 2021/22 tax year. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 16 and 17 to the Financial Statements on pages 70 to 78. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements.

Viability Statement

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

The Directors have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated. Subsequent to this review, they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due, for the next three years. The Directors believe a three-year period is appropriate given the frequency with which it is necessary to review and assess the impact of past, current and proposed regulatory changes. The Directors' assessment has been made with reference to the Company's current position and prospects, the Company's present strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as described on pages 33 and 34. The Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period.

The Directors have reached this conclusion after giving careful consideration to the Company's strategy. They believe the Company's current strategy of "maximising the stream of tax-free dividend distributions from the income and capital gains from a diverse and carefully selected portfolio of investments" remains valid. The Board has focused upon the range of future investments that the Company will be permitted to fund under current VCT legislation.

The Board expects that positive returns should continue to be achievable from future investments and from the existing portfolio. The Company has made 27 new investments in compliance with the VCT rules introduced in 2015 and its revised Investment Policy, and the Investment Adviser continues to build a healthy pipeline of such investment opportunities. The Board will continue to monitor this assumption on a regular basis and is encouraged, in the current circumstances, by the returns generated from some of these investments to date.

Shareholders should be aware that, under the Company's Articles of Association, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in July 2021 (under the Dividend Investment Scheme), this factor has not affected the Board's assumptions for the next three years.

Future Prospects

For a discussion of the Company's future prospects, please see the Chairman's Statement on pages 2 to 4.

By order of the Board

Maurice Helfgott
Chairman

20 December 2021

Board of Directors

Maurice Helfgott

Independent, Non-Executive Chairman

Date of appointment: 12 February 2020.

Qualifications: MBA, BA (Econ)

Experience: Maurice has extensive experience as a Chairman and Independent Non-Executive Director with a proven track record in entrepreneurial, growth and established businesses across a wide range of companies. After a successful 16-year corporate career at Marks and Spencer plc, he left his role as Executive Director on the Main Board to found Amery Capital with a principal focus on investment and advisory work in digital, retail and consumer businesses. He has an MBA from Harvard Business School with High Distinction and is currently Chairman of Oliver Sweeney Licensing Limited, Chairman of Brightpearl Ltd, and Executive Chairman at Amery Capital Limited.

Helen Sinclair

Non-independent, Non-Executive Director

Date of appointment: 29 January 2003.

Qualifications: MA, MBA

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She has an MA from the University of Cambridge and an MBA from INSEAD Business School. She worked for 3i (1991 to 1998) and subsequently co-founded Matrix Private Equity in 2000 (which became Mobeus Equity Partners), raising two funds, Mobeus Income & Growth 2 VCT and Matrix Enterprise Fund. Helen is chairman of British Smaller Companies VCT plc and a non-executive director of North East Finance (Holdco) Ltd., North East Finance (Subco) Ltd, WH Ireland plc and Mobeus Income & Growth 4 VCT plc.

Justin Ward

Independent, Non-Executive Director

Date of appointment: 12 November 2019.

Qualifications: BSc, ACA

Experience: Justin is a qualified Chartered Accountant with extensive financial, investing and private equity experience across a number of sectors. Between 1995 and 2010 he worked for CVC Capital Partners, Hermes Private Equity and Bridgepoint Development Capital leading growth equity and private equity buyout transactions and has subsequently made a number of angel investments in technology businesses. Justin has served on the board of a number of private companies as non-executive director and is currently non-executive director at School Explained Limited and non-executive director and Chairman of the Audit and Finance Committee at Roehampton Club Limited. He is also a Non-Executive Director and Chair of the Audit Committee of Hargreave Hale AIM VCT plc.

Directors' Report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 September 2021.

The Corporate Governance Statement on pages 41 to 43, and the Report of the Audit Committee on pages 43 and 44, form part of this Directors' Report.

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

The principal activity of the Company is to operate as a Venture Capital Trust, making investments in the equity and loan stock of primarily unquoted companies, in compliance with VCT legislation.

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

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

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

Share capital

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

The issued share capital of the Company as at 30 September 2021 was £1,185,549 (2020: £1,186,617) and the number of shares in issue at this date was 118,554,881 (20120: 118,661,711).

Buyback of shares

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

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

At the Annual General meeting of the Company held on 10 February 2021, Shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to make market purchases of up to 17,787,390 of its own shares, representing 14.99% of the issued share capital of the Company at the date of the publication of the notice of the Company's 2021 Annual General Meeting. Such authority has been in place since then. Such authority has been in place throughout the year under review and a resolution to renew this authority will be proposed to Shareholders at the forthcoming Annual General Meeting to be held on 23 February 2022.

During the year under review, the Company bought back 1,285,499 (2020: 1,858,177) of its own shares at an average price of 81.75 pence (2020: 66.92 pence) per share and a total cost of £1,050,945 including expenses (2020: £1,243,530). All shares bought back by the Company were subsequently cancelled.

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.

Dividend

On 23 July 2021, the Company paid an interim dividend in respect of the year under review of 5.00 pence per share to Shareholders. In addition to this, the Company is pleased to have declared a second interim dividend of 4.00 pence per share to be paid on 7 January 2022. Following the payment of this second interim dividend, the Company will have met its annual divided target of paying not less than 6.00 pence per share. The Directors are not proposing to pay a final dividend in respect of the year ended 30 September 2021.

Directors

During the year the Board consisted of three Non-Executive Directors with no changes to its composition. Maurice Helfgott remains the Chairman of the Board, Justin Ward remains Chairman of both the Audit Committee and the Nomination & Remuneration Committee and Helen Sinclair remains as Chair of the Investment Committee.

Helen has advised of her intention to retire as a director of the Company immediately following the Annual General Meeting in February 2022 as announced on 6 December 2021. She will therefore also retire as Investment Committee Chair on that date and not stand for re-election at the AGM. The Board are considering the composition of the Board and, if appropriate, will commence a recruitment process for a new director. Justin Ward will become the Investment Committee Chair.

The names of and brief biographical details on each of the Directors as at the date of this Report are given on page 36.

Disclosure of information to the Auditor

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

Directors' indemnity

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

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

Articles of Association ("Articles")

The Company may amend its Articles by special resolution in accordance with section 21 of the Companies Act 2006. The Articles were last amended at the February 2021 AGM.

Post balance sheet events

For a full list of post balance sheet events that have occurred since 30 September 2021, please see Note 19 to the Financial Statements on page 78.

Social and environmental policies

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

Environmental, social and governance

When seeking new investment opportunities, the Investment Adviser under Mobeus Equity Partners LLP operated with a list of exclusions which precluded it from investing in any businesses operating in areas perceived to be unsustainable or detrimental to wider society, or any businesses that have committed purposeful breaches of regulation or have engaged in unlawful activity. Each potential new investment was subject to a comprehensive due diligence process encompassing commercial, financial and ESG principles. This process helped in the formulation and agreement of strategic objectives at the stage of business planning and investment. The Investment Adviser has continued to work closely with each portfolio company board to support them in addressing their particular ESG challenges and opportunities, which are diverse across the entire portfolio.

Following the novation of the advisory agreement to Gresham House Asset Management Limited on 30 September 2021, a market leader that is well-resourced with knowledge and expertise in sustainability, the Investment Adviser will align its current ESG procedures and protocols to the highest standards as set out and informed by Gresham House plc. In a changing world, the Investment Adviser believes that this approach will contribute towards the enhancement of Shareholder value going forward.

The Company does not have any employees or offices and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however, adopted electronic communications for Shareholders as a means of reducing the volume of paper that the Company uses to produce its reports and in its interactions with 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. The Investment Adviser is conscious of the need to reduce its impact on the environment and has taken a number of initiatives in its offices including recycling and the reduction of its energy consumption.

Global greenhouse gas emissions

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

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

Human rights

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 and breadth of experience.

During the year under review and as at the date of this Report, 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

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

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

Anti-tax evasion

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

Whistleblowing

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

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in the market price, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 16 to the Financial Statements on pages 70 to 77 of this Annual Report.

Future developments

The outlook for the Company is set out in the Chairman's Statement on page 4.

Annual General Meeting

The Notice of the Annual General Meeting of the Company, to be held at the offices of the Investment Adviser, Gresham House, 80 Cheapside, London EC2V 6EE at 2.00 pm on 23 February 2022 is set out on pages 82 to 84 of this Annual Report. Shareholders will also be able to join, speak and ask questions (but not vote) at the meeting by virtual means and details of how to join will be shown on the Company's website.

Proxy votes may be submitted electronically via the Link Group Shareholder Portal at www.signalshares.com. Shareholders may also request a hard copy proxy form by contacting the Company's Registrar, Link using their details as stated on page 89.

Resolutions 1 to 6 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour, whilst resolutions 7 and 8 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting.

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

Resolution 1 – To receive the Annual Report and Financial Statements

The Directors are required to present the accounts, Directors' Report and Auditor's Report for the financial year ended 30 September 2021 to the meeting.

Resolution 2 – To approve the Directors' Remuneration Report

Under section 420 of the Companies Act 2006 (the "Act"), the Directors must prepare an annual report detailing the remuneration of the Directors and a statement by the chairman of the Nomination & Remuneration Committee (together the "Directors' Remuneration Report"). The Act also requires that a resolution be put to Shareholders each year for their approval of that report. The Directors' Remuneration Report can be found on pages 45 to 47 of this Annual Report. Resolution 2 is an advisory vote only.

Resolutions 3 and 4 – To re-elect the Directors

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

The Board has, however, agreed to follow the recommendation in Principle 23 of the AIC Code that all Directors should retire and offer themselves for re-election annually.

Maurice Helfgott

Independent non-executive Chairman

Maurice was appointed to the Board in February 2020, and under the Articles is seeking re-election at this Annual General Meeting. The remaining Directors believe that Maurice is well positioned to make a substantial contribution to the Company's long-term sustainable success in his capacity as Chairman of the Board during the year under review and have no hesitation in recommending his re-election to Shareholders.

Justin Ward

Independent non-executive director

Justin was appointed to the Board on 12 November 2019 and under the Articles is seeking re-election at this Annual General Meeting. Following an evaluation of Justin's performance over the year, the remaining Board Directors agree that he has made a very positive contribution to the Company and they have no hesitation in recommending his re-election to Shareholders.

Helen Sinclair

Non-independent non-executive director

As advised earlier in the Directors' Report, and as announced on 6 December 2021, Helen Sinclair will retire as a director following the AGM.

With regard to succession planning, the Directors believe that the Board currently has an appropriate balance of skills, experience and knowledge and remains independent, however, are considering the composition of the Board and will, if appropriate, commence a recruitment process. Full biographies of the Directors seeking re-election are set out on page 36 of this Annual Report.

Resolution 5 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to determine the remuneration of the auditor

At each meeting at which the Company's accounts are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of BDO LLP. This resolution also gives authority to the Directors to determine the remuneration of the auditor. For further information, please see the report of the Audit Committee on pages 43 and 44 of the Annual Report.

Resolution 6 – Authority for the Directors to allot shares in the Company; and Resolution 7 – Authority to disapply the pre-emption rights of members.

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

Resolution 6 will enable the Directors to allot new shares up to an aggregate nominal value of £395,183 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings (pre-emption rights). It is proposed by Resolution 7 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 £165,977 (representing approximately 15% of the existing issued share capital) in connection with offer(s) for subscription;

(ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company; and

(ii) otherwise than pursuant to (i) or (ii) above, with an aggregate nominal value of up to, but not exceeding, 15% of the issued share capital from time to time,

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

The above authorities are intended to be used for the purposes of top up offers for subscription and the dividend investment scheme. In each case, the Company normally allots shares at prices based on prevailing net asset value per share of the existing shares on the date of allotment (plus costs, save in relation to the dividend investment scheme). The Directors thus, seek to manage any potential dilution of existing Shareholders as a result of the disapplication of Shareholders' pre-emption rights proposed in Resolution 7.

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the relevant resolution or, if earlier, on the conclusion of the Annual General Meeting of the Company to be held in 2023. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions renew previous general authorities approved at the Annual General Meeting of the Company held on 10 February 2021.

Resolution 8 – Authority to purhase the Company's own shares

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to the purchase of an aggregate of 17,771,376 shares representing approximately 14.99% of the issued share capital of the Company as at the date of the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding the date such shares are contracted to be purchased and (ii) the amount stipulated in Article 5(6) of the Market Abuse Regulation (596/2014/EU). The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

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

It is the Directors' intention to cancel any shares bought back under this authority. Shareholders should note that the Directors do not intend to exercise this authority unless they believe to do so would result in an increase in net assets per share which would be in the interests of Shareholders generally. This resolution will expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the Company's Annual General Meeting to be held in 2023 except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

Recommendation

The Board recommends that Shareholders vote in favour of the resolutions being proposed at the AGM. The Directors intend to do so in respect to their own beneficial holdings of 78,313 representing 0.066% of the issue share capital at 16 December 2021.

Voting rights of Shareholders

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

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

Shareholders are encouraged to lodge their proxy vote and appoint the Chairman of the Meeting as their proxy.

By order of the Board

Gresham House Asset Management Limited
Company Secretary

20 December 2021

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report.

The Directors adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2019 (the "AIC Code") for the financial year ended 30 September 2021.

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

The FRC has confirmed that, in adopting the AIC Code, the Company will meet its obligations in relation to the reporting requirements of the Financial Conduct Authority's Listing and Disclosure and Transparency Rules on corporate governance.

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

Statement of compliance

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

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

As an externally managed VCT, most of the Company's operations are delegated to third parties and the Company has no executive directors, employees or internal operations. The Board has therefore concluded, for the reasons set out in the AIC Guide, and as explained in the UK Code that the specific provisions of the UK Code that relate to the requirement for an internal audit function, the role of the chief executive and executive directors' pay are not relevant to the Company. The Company has therefore not reported further in respect of these Provisions.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can, by their nature, only provide reasonable rather than absolute assurance against material misstatement or loss.

The Company's internal control system aims to ensure the maintenance of proper accounting records, the reliability of the 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 regular reviews of signing authorities, quarterly management accounts and the processes by which investments in the portfolio are valued.

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 a bi-annual review of the control systems is carried out. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company and includes a review of the risks in relation to the financial reporting process. The Board reviews recommendations from the Audit Committee in respect of the key risks discussed at each of their regularly scheduled meetings.

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

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

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

The internal control system and the procedure for its review has been in place and operational throughout the year under review and up to the date of this Report. The Audit Committee and the Board last carried out an assessment of the effectiveness of internal controls in managing risk on 1 December 2021. The Board has identified no significant problems with the Company's internal control system.

Investment management and service providers

Mobeus acted as Investment Adviser throughout the year under review and provided administrative and company secretarial services to the Company up until the Company's financial year-end and subsequent novation of the investment advisory agreement to Gresham House Asset Management Limited on 30 September 2021. The Directors carry out an annual review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures discussed above. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 7 to 10. The Board concluded that the Investment Adviser had performed consistently well over the medium-term and has returned a good performance in respect of the year under review. The Company's investment portfolio has performed well and the Investment Adviser has been proactive in responding to the changes to VCT tax legislation.

On 30 September 2021, Mobeus Equity Partners LLP, the investment adviser to the Mobeus VCTs, completed the sale of its VCT fund and investment management business to a subsidiary of Gresham House plc. As part of the sale, the Boards agreed to the novation of the investment advisory arrangements from Mobeus to Gresham House.

The Board places significant emphasis on the Company's performance against its peers and further information on this has been included in the Strategic Report on page 9. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings which have taken place between 2010 and 2020 and annual Shareholder events.

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

Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long term investment objectives. The Directors therefore believe that the continued appointment of the Investment Adviser to the Company on the terms currently agreed is in the interests of Shareholders, and this was formally approved by the Board on 15 September 2021.

The principal terms of the Company's Investment Advisory Agreement dated 29 March 2010, amended and restated on 30 September 2021, and its Performance Incentive Fee Agreement dated 30 September 2014, novated on 30 September 2021 to Gresham House are set out in Note 4 to the Financial Statements on pages 60 and 61 of this Annual Report. The Board seeks to ensure that the terms of these agreements represent an appropriate balance between cost and the incentivisation of the Investment Adviser.

Investment Adviser fees

The fees paid to the Investment Adviser and the performance incentive fees payable are set out in Note 4 to the Financial Statements on pages 60 and 61.

In addition, the Investment Adviser received fees totaling £471,831 (2020: £522,675) during the year ended 30 September 2021, being £176,421 (2020: £212,751) for arrangement fees, and £295,410 (2020: £309,924) for acting as non-executive directors on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company.

Alternative Investment Fund Manager ("AIFM")

The Board appointed the Company as its own AIFM in compliance with the European Commission's Alternative Investment Fund Management Directive with effect from 22 July 2014. The Company is registered as a small AIFM, and is therefore exempt from the principal requirements of the Directive. Mobeus has provided investment advisory and administrative services to the Company throughout the year under review, and from 1 October 2021 onwards these will continue to be provided by the same team under Gresham House. However, in order for the Company to continue to discharge its safekeeping responsibilities for the documents of title to its investments, Mobeus company secretarial staff have been directly responsible to the Board, under its instruction, for accessing and dealing with these documents. Following novation of the contract to Gresham House, these protocols will be maintained initially, though subject to review.

The Board and its Committees

The powers of the Directors have been granted by company law, the Company's Articles of Association and resolutions passed by the Company's Shareholders 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 Shareholders and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 23 February 2022.

In regard to the Chairman of the Board's tenure, the length of service of all directors is considered on an ongoing basis, with the Nomination & Remuneration Committee giving consideration to succession and composition at its meeting, held on 15 September 2021, in compliance with the AIC Code guidance. Maurice Helfgott became the Chairman of the Company in July 2020 and will stand for re-election at the forthcoming AGM with all the directors standing for re-election annually.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Act 2006 and the Income Tax Act 2007, the UK Listing Authority and the London Stock Exchange; strategy and management of the Company; changes relating to the Company's capital structure or its status as a plc; financial reporting and controls; Board and committee appointments as recommended by the Nomination & 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.

Each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and each of the directors. A summary of the findings are submitted to the Board, which are discussed and an action plan agreed if appropriate. There were no issues requiring action in the year. The performance of the Chairman was evaluated by the other Directors.

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

Full descriptions of the work of the Audit and Nomination & Remuneration Committees are set out in the Report of the Audit Committee and the Directors' Remuneration Report on pages 43 and 44 and 45 to 48 respectively.

Investment Committee

The Investment Committee is chaired by Helen Sinclair and during the year comprised all Directors. The Committee meets as necessary to consider the investment proposals put forward by the Investment Adviser. The Committee advises the Board on the development and implementation of the Investment Policy and leads the process for the ongoing monitoring of investee companies and the Company's investment therein. Investment guidelines have been issued to the Investment Adviser and the Committee ensures that these guidelines are adhered to. New investments and divestments are approved on recommendation of the Committee following discussion between Committee members and are subsequently ratified by the Board.

Investment matters are discussed extensively at Board meetings. During the year, the Committee formally approved investment, divestment and variation decisions, and met informally on numerous occasions.

The Committee considers and agrees, on the advice of the Investment Adviser and under the guidance of the Audit Committee, all unquoted investment valuations for recommendation to the Board. Investments are valued in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines under which investments are valued at fair value as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares as at the relevant reporting date, in accordance with generally accepted accounting practice. For further information on the Company's investment portfolio, please see pages 24 to 29 of the Strategic Report.

As advised earlier in the Report, Justin Ward will be appointed the Chairman of the Investment Committee on 24 February 2022.

By order of the Board

Gresham House Asset Management Limited
Company Secretary

20 December 2021

Report of the Audit Committee

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

The Audit Committee is chaired by Justin Ward and during the year comprised all Directors. Due to there only being three directors appointed to the Company, it is appropriate that that Chairman should be a member of the Audit Committee. A summary of the Audit Committee's principal activities for the year to 30 September 2021 is provided below:

Financial Statements

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

Internal control

The Committee monitored the system of internal controls throughout the year under review and as described in more detail in the Corporate Governance Statement on pages 41 to 43. It received reports by exception on the Company's progress against its internal controls at its annual and half-year results meetings and reviews the key risks regularly. A full review of the internal controls in operation by the Company was undertaken by the Committee on 1 December 2021.

Valuation of investments

The Investment Adviser prepared valuations of the investments in the portfolio at the end of each quarter and these were considered in detail and agreed by the Investment Committee for recommendation to the Board. The Audit Committee continued to monitor the adequacy of the controls over the preparation of these valuations. As part of this process, it focused on ensuring that both the bases of the valuations and any assumptions used were reasonable and in accordance with the IPEV Valuation Guidelines. The Committee received a review within a report from the external auditor as part of both the year-end audit process and the specific procedures carried out by BDO in respect of the half-year review. These reports were discussed in full by the Committee, the Investment Adviser and, with the Auditor as necessary, before a recommendation to approve the valuations was made to the Board.

Key issues considered by the Committee

In addition to the valuation of investments, the key accounting and reporting issues considered by the Committee during the year have included:

Going concern and Viability of the Company

The Committee monitors the Company's resources at each quarterly Board meeting and is satisfied that the Company has an adequate level of resources for the foreseeable future. It has assessed the viability of the Company for the next three years. Its conclusions in respect of both going concern and viability are set out in the Strategic Report on pages 34 and 35.

Consideration was given to the cash balances and holdings in money market funds, together with the ability of the Company to realise its investments.

Recognition of impairment and realised losses

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

Compliance with the VCT tests

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

Income from investee companies

The Committee notes that revenue from loan stock and dividends may be uncertain given the type of companies in which the Company invests. Dividends in particular may be difficult to predict. The payments received do however have a direct impact on the level of income dividends the Company is able to pay to Shareholders. The Committee agrees policies for revenue recognition and reviews their application at each of

Reports of the Directors

its meetings. It considers schedules of income received and receivable from each of the investee companies and assesses, in consultation with the Investment Adviser, the likelihood of receipt of each of the amounts.

Principal risks faced by the Company

The Board has identified the Principal risks faced by the Company and established appropriate controls (set out in the Strategic Report on pages 33 and 34). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the Corporate Governance Statement on pages 41 to 43.

Cyber Security

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

Tax evasion

The Company has adopted a zero tolerance approach to tax evasion in compliance with the Criminal Finance Act 2017, as reported on page 38.

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.

The external auditor is invited to attend Audit Committee meetings, where appropriate, and also has the option to meet with the Committee and its Chairman without representatives of the Investment Adviser being present.

The external auditor engaged with the Audit Committee throughout the year and during the audit planning process. It considers that the audit team is appropriately resourced and has communicated clearly and promptly with members of the Committee and the Investment Adviser during the audit process. The Committee is satisfied that independence and objectivity has been maintained throughout the audit and the level of fees charged are justifiable and appropriate for the work involved. On this basis the Committee has recommended to the Board that, subject to Shareholder approval, that BDO LLP be re-appointed as the external auditor for the forthcoming year.

Non-audit services

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditor to ensure that independence is maintained. The Committee has reviewed the implications of the Financial Reporting Council's ("FRC") Revised Ethical Reporting Standard 2019 effective from 5 March 2020.

The Audit Committee, based upon the Financial Reporting Council's ("FRC") Ethical Reporting Standard 2019, has decided to purchase certain non-audit services, such as tax compliance services and iXBRL tagging, from separate firms. The auditor provides certain non-audit services, namely a review of the Half-Year Report, and a review of the performance incentive fee calculation, whereas Philip Hare & Associates LLP provide tax compliance services, and Arkk Consulting Limited, one of the Company's investee companies, provides the iXBRL Tagging Service.

Additional disclosures in the Directors' Report

Disclosures required by certain publicly-traded companies as set out in Part 6 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are addressed in the Directors' Report on pages 37 to 40.

By order of the Board

Justin Ward
Chairman of the Audit Committee

20 December 2021

Directors' Remuneration Report

Directors' Remuneration Policy

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

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

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

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

As part of its annual review of directors' remuneration, at its meeting on 15 September 2021, the Nomination & Remuneration Committee considered and recommended to the Board that the aggregate level of remuneration for each director, which had not changed since 2012, be subject to an increase in the forthcoming year of approximately 5% of each Director's total remuneration.

The Committee also took into account the additional work required in consideration of the change of investment advisory arrangements and, given the substantial additional time requirement, recommended to the Board that a discretionary payment of £3,000 be made to the Chairman and £1,000 to the remaining two directors of the Board, each to be paid in respect of the year under review. Both of these recommendations were subsequently reviewed and approved by the Board at its meeting on 15 September 2021.

Performance related remuneration

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

Additional benefits

Whilst the Board agreed to pay a discretionary payment to each Director in respect of the change in investment advisory arrangements as mentioned previously, the Company does not have any other schemes in place to pay bonuses or benefits to the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Recruitment remuneration

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

Shareholders' views on remuneration

The Board prioritises the views of Shareholders very highly and encourages a full and frank discussion at general meetings of the Company when possible. It takes Shareholders' views into account, where appropriate, when formulating its Remuneration Policy. Shareholders can contact the Chairman or the Company Secretary, Gresham House, at any time by email using the address: mobeusvcts@greshamhouse.com

Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association provide that Directors may be appointed either by ordinary resolution of the Shareholders 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.

With effect from 1 October 2019, the Board adopted the 2019 AIC Code and all Directors will continue to seek election or re-election at each Annual General Meeting, usually scheduled in February of each year.

All Directors receive a formal letter of appointment setting out the terms of their appointment and the specific duties and responsibilities and the fees pertaining to the appointment. None of the Directors have a service contract with the Company. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. Copies of the Directors' appointment letters will be available for inspection at the place of the Annual General Meeting from 1.30 pm.

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

Future policy

The table overleaf illustrates how the Company's objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director based on the Directors as at the date of this Report. The Nomination & Remuneration Committee and the Board review the fees paid to Directors annually in accordance with the Remuneration Policy set out on page 45 and may decide that an increase in fees is appropriate in respect of subsequent years. No performance conditions are attached to any aspect of any fee paid to the Directors.

Directors' Remuneration Report

Director Role	Components of pay package			Maximum payment per annum
	Directors' fees	Supplements for committee membership		
		Audit Committee	Investment Committee	
Maurice Helfgott Chairman	£37,500	£6,000	£5,000	£48,500
Justin Ward Chairman, Audit and Nomination & Remuneration Committees	£27,000	£6,000	£5,000	£38,000
Helen Sinclair Chairman, Investment Committee	£27,000	£6,000	£5,000	£38,000
Total fees payable	**£91,500**	**£18,000**	**£15,000**	**£124,500**

Company Objective

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

Remuneration Policy

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

Shareholder approval of the Company's Remuneration Policy

This policy applied throughout the financial year ended 30 September 2021 and will continue to apply to the current financial year ending 30 September 2022.

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 30 September 2019 was approved unanimously by Shareholders on a show of hands at the Annual General Meeting of the Company held on 12 February 2020. The Company also received proxy votes in favour of the resolution representing 94.10% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 5.90%).

The Board is required to ask Shareholders to approve the Remuneration Policy every three years. The Directors will therefore recommend that Shareholders approve the Policy again at the Annual General Meeting of the Company to be held in February 2023.

Annual Remuneration Report

The resolution to approve the Annual Remuneration Report as set out in the Annual Report for the year ended 30 September 2020 was approved by Shareholders on a poll of proxy votes at the Annual General Meeting of the Company held on 10 February 2021. The Company received proxy votes in favour of the resolution representing 94.28% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 5.72%). An ordinary resolution for the approval of this Annual Remuneration Report will be proposed at the next Annual General Meeting of the Company to be held on 23 February 2022.

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

Nomination and Remuneration Committee

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

In considering nominations, the Committee is responsible for making recommendations to the Board concerning new appointments of Directors to the Board and its committees; the periodic review of the composition of the Board and its committees; and the annual performance review of the Board, the Directors and the Chairman. This includes the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members.

The Board has made a commitment to consider diversity as part of the recruitment process for all appointments. Following the performance evaluation of the Directors during the year, the Board confirms that each of the Directors demonstrated commitment to their roles and were effective in carrying out their duties on behalf of the Company.

Audited information

Total individual emoluments paid in respect to qualifying services to each person who served as a Director during the year (audited) are set out below.

	Total Directors' fees		
Year ended:	30 September 2021 £	30 September 2020 £	Annual % change[3]
Maurice Helfgott[1]	49,000	24,550	6.5%
Colin Hook	n/a	2,477	-
Jonathan Cartwright	n/a	33,962	-
Helen Sinclair[2]	37,000	36,000	2.3%
Justin Ward[2]	37,000	31,938	2.3%
Total	**123,000**	**128,927**	

1 - A discretionary payment of £3,000 was paid to Maurice Helfgott during the year.

2 - Discretionary payments of £1,000 were paid to both Helen Sinclair and Justin Ward during the year.

3 - On a prorated annual basis, there was no change to the directors' fees or supplements for committee membership from the year ended 30 September 2019 to the year ended 30 September 2020. However, directors' positions were only held part way through both years, which impacted the total remuneration received by Colin Hook, Jonathan Cartwright and Justin Ward in those years.

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

Although it is not a Company Policy, the Directors believe that it is in the best interests of the Company and its Shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 30 September 2021 were:

	30 September 2021		30 September 2020	
Director	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Maurice Helfgott	30,000	0.03%	nil	nil
Helen Sinclair	20,018	0.02%	20,018	0.02%
Justin Ward	28,295	0.02%	26,802	0.02%

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

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

Relative importance of spend on Directors' fees

Year ended:	30 September 2021 £	30 September 2020 £	Percentage increase/ (decrease)
Total Directors' fees	123,000	128,927	(4.6)%
Dividends paid/ payable in respect of the year	10,652,083	16,181,569	(34.2)%
Cost of share buybacks	1,050,945	1,243,530	(15.5)%

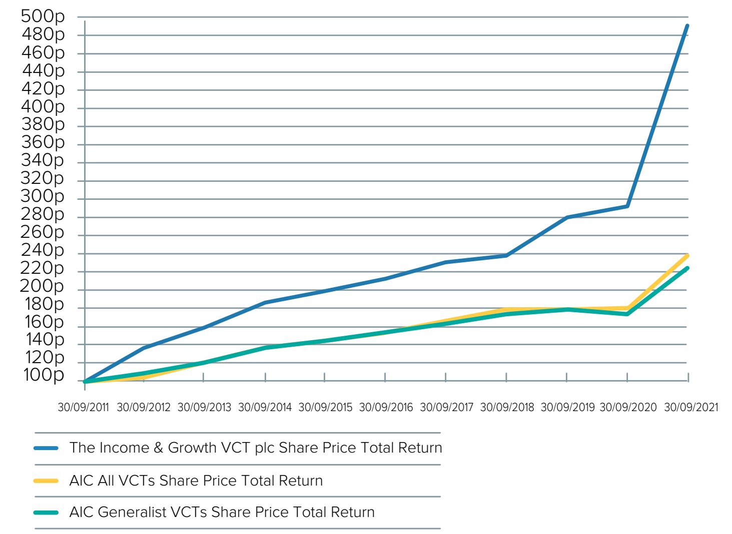
Directors' attendance at Board and Committee meetings in 2021

The table below sets out the Director's attendance at quarterly Board meetings and Committee meetings held during the year ended 30 September 2021. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Maurice Helfgott	4	4	2	2	2	2
Helen Sinclair	4	4	2	2	2	2
Justin Ward	4	4	2	2	2	2

Company performance

The graph below charts the total cumulative shareholder return of the Company's shares on a share price basis (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) over the past ten years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long-term. The total shareholder returns have been rebased to 100 at 30 September 2011.



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

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

An explanation of the performance of the Company is given in the Chairman's Statement on page 2, the Performance section of the Strategic Report on pages 7 to 10 and in the Investment Adviser's Review and Investment Portfolio Summary on pages 24 to 29.

By order of the Board

Justin Ward
Chairman of the Nomination & Remuneration Committee
20 December 2021

Reports of the Directors

Statement of the Directors' Responsibilities

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

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

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

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

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

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law.

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

For and on behalf of the Board

Maurice Helfgott
Chairman

20 December 2021

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Income & Growth VCT plc ("the Company") for the year ended 30 September 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 15 May 2007 to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 15 years, covering the years ending 30 September 2007 to 30 September 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Performing a sensitivity analysis on the cash flow forecasts.

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2021	2020
Key audit matters	Valuation of unquoted investments	✓	✓
Materiality	*Company financial statements as a whole* £1,760,000 (2020: £970,000) based on 2% (2020: 2%) of total investments.		

An overview of the scope of our audit

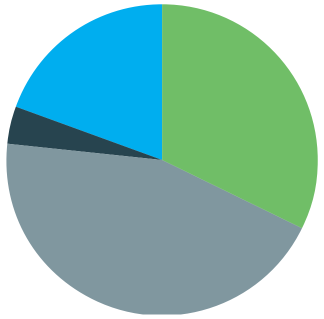
Our Company audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including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

Key audit matters

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

Independent Auditor's Report

Overview

Key Audit Matter	How we addressed the key audit matter in the audit
Valuation of unquoted investments (Note 9) We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations. There is an inherent risk of management override arising from the unquoted investments valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. A breakdown of the investment portfolio valuation technique is shown below.  For all investments in our sample we: ● Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and applicable accounting standards; ● Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies; For a sample of investments valued using less subjective valuation techniques (price of recent investment reviewed for changes in fair value) we: ● Agreed the price of the recent investments to supporting documentation; ● Assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company; ● Considered whether there were any indications that the price of the recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee Company and the milestones and assumptions set out in the investment proposal; and ● Considered whether the price of the recent investment is supported by alternative valuation techniques. For a sample of investments that were valued using more subjective techniques (earnings and revenue multiples) we: ● Challenged and agreed the inputs to the valuation with reference to management information of investee companies and market data including the impact of coronavirus pandemic on the valuations and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; ● Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues and earnings used in the valuations; ● Considered the revenue or earnings multiples applied by reference to observable listed Company market data; and ● Challenged the consistency and appropriateness of adjustments made to such market data in establishing the earnings multiple and revenue multiple applied in arriving at the valuations adopted by agreeing the adjusted multiples to independent sources and obtaining independent multiples and performing sensitivity analysis on the investment valuations. Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. We performed analytical procedures on the remaining unquoted investments, including checking whether the valuation was approved by the Investment Committee, checking whether the valuation methodology is permitted by the IPEVCV guidelines, checking the arithmetic accuracy of the valuation and checking whether the valuation is based on recent financial information. We also considered the completeness of disclosures regarding the valuation of investments in the financial statements. **Key observations:** Based on the procedures performed we did not identify any indications to suggest that the valuation of the unquoted investment portfolio was inappropriate.

Our application of materiality

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

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

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

Company financial statements	2021 £'000	2020 £'000
Materiality	1,760	970
Basis for determining materiality	2% of investments	
Rationale for the benchmark applied	As a Venture Capital Trust, the value of investments is the key measure of performance for users of the financial statements.	
Performance materiality	1,320	726
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was determined based on our risk assessment, together with our consideration of the entity's overall control environment and other factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We have set a lower testing threshold materiality for testing those items impacting revenue return of £96,000 (2020: £360,000) which was based on 10% (2020: 10%) of revenue return before tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £35,000 (2020: £18,000) as well as differences below this thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability

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

Other Code provisions

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

Other Companies Act 2006 reporting

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

Strategic Report and Directors' Report

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

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

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

Directors' remuneration

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

Independent Auditor's Report

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. The significant laws and regulations were considered to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

Our audit planning identified fraud risks in relation to:

- Investments – valuation;
- Revenue recognition – completeness, existence and accuracy; and
- Management override of controls.

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

- in response to the risk of fraud in the valuation of investments, the procedures performed in the Key Audit Matter section above.
- recalculating expected income from loan stock investments in line with the underlying agreements/ confirmations from investee companies and comparing to that recorded;
- considering the recoverability of loan stock interest with reference to post year end receipts;
- tracing a sample of dividend income through from the nominal ledger to bank. To test for completeness of dividend income, we compared the income recognised to that announced by the investee companies in their latest financial statements or through obtaining direct confirmation from investee companies;
- agreeing the financial statement disclosures to underlying supporting documentation;
- making enquiries of management and those charged with governance regarding known or suspected instances of fraud or non-compliance with laws and regulations;
- testing of journals, based on risk assessment criteria as well as an unpredictable sample, and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.
- reviewing minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

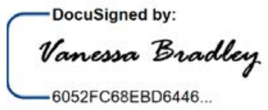
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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



Vanessa Bradley
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London, United Kingdom
20 December 2021

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

Independent Auditor's Report

Income Statement for the year ended 30 September 2021

	Notes	Year ended 30 September 2021 Revenue £	Capital £	Total £	Year ended 30 September 2020 Revenue £	Capital £	Total £
Net investment portfolio gains	9	-	43,637,384	43,637,384	-	9,848,433	9,848,433
Income	3	1,953,493	-	1,953,493	3,660,837	-	3,660,837
Investment Adviser's fees	4a	(548,812)	(1,646,435)	(2,195,247)	(458,619)	(1,375,856)	(1,834,475)
Investment Adviser's performance fees	4b	-	(1,095,268)	(1,095,268)	-	-	-
Other expenses	5	(444,069)	-	(444,069)	(528,481)	-	(528,481)
Profit on ordinary activities before taxation		960,612	40,895,681	41,856,293	2,673,737	8,472,577	11,146,314
Tax on profit on ordinary activities	6	(50,487)	50,487	-	(348,948)	348,948	-
Profit for the year and total comprehensive income		**910,125**	**40,946,168**	**41,856,293**	**2,324,789**	**8,821,525**	**11,146,314**
Basic and diluted earnings per ordinary share:	7	**0.77p**	**34.57p**	**35.34p**	**2.07p**	**7.87p**	**9.94p**

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

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") (updated in April 2021) by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

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

The Notes on pages 59 to 78 form part of these Financial Statements.

Balance Sheet as at 30 September 2021

Company No. 4069483

	Notes	as at 30 September 2021 £	as at 30 September 2020 £
Fixed assets			
Investments at fair value	9	88,145,889	50,861,133
Current assets			
Debtors and prepayments	11	2,459,633	398,489
Current asset investments	12	27,194,727	30,449,213
Cash at bank and in hand	12	2,653,455	1,739,602
		32,307,815	32,587,304
Creditors: amounts falling due within one year	13	(1,367,430)	(315,007)
Net current assets		30,940,385	32,272,297
Net assets		**119,086,274**	**83,133,430**
Capital and reserves			
Called up share capital	14	1,185,549	1,186,617
Capital redemption reserve		36,682	23,827
Share premium reserve		13,328,900	12,283,303
Revaluation reserve		43,197,940	6,862,342
Special distributable reserve		50,884,712	54,626,873
Profit and loss account		10,452,491	8,150,468
Equity Shareholders' funds		**119,086,274**	**83,133,430**
Basic and diluted net asset value per ordinary share	15	**100.45p**	**70.06p**

The Notes on pages 59 to 78 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 17 December 2021 and were signed on its behalf by:

Maurice Helfgott
Chairman

Statement of Changes in Equity for the year ended 30 September 2021

	Notes	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve (Note a)	Realised capital reserve (Note b)	Revenue reserve (Note b)	Total
		Non-distributable reserves				Distributable reserves			
		£	£	£	£	£	£	£	£
At 1 October 2020		**1,186,617**	**23,827**	**12,283,303**	**6,862,342**	**54,626,873**	**5,938,001**	**2,212,467**	**83,133,430**
Comprehensive income for the year									
Profit for the year		-	-	-	39,475,833	-	1,470,335	910,125	41,856,293
Total comprehensive income for the year		**-**	**-**	**-**	**39,475,833**	**-**	**1,470,335**	**910,125**	**41,856,293**
Contributions by and distributions to owners									
Dividends re-invested into new shares	14	11,787	-	1,045,597	-	-	-	-	1,057,384
Shares bought back (Note d)	14	(12,855)	12,855	-	-	(1,050,945)	-	-	(1,050,945)
Dividends paid	8	-	-	-	-	-	(4,727,910)	(1,181,978)	(5,909,888)
Total contributions by and distributions to owners		**(1,068)**	**12,855**	**1,045,597**	**-**	**(1,050,945)**	**(4,727,910)**	**(1,181,978)**	**(5,903,449)**
Other movements									
Realised losses transferred to special reserve (Note a)		-	-	-	-	(2,691,216)	2,691,216	-	-
Realisation of previously unrealised gains		-	-	-	(3,140,235)	-	3,140,235	-	-
Total other movements		**-**	**-**	**-**	**(3,140,235)**	**(2,691,216)**	**5,831,451**	**-**	**-**
At 30 September 2021		**1,185,549**	**36,682**	**13,328,900**	**43,197,940**	**50,884,712**	**8,511,877**	**1,940,614**	**119,086,274**

Notes

a) The Company's special reserve is available to fund buybacks of shares as and when it is considered by the Board to be in the interests of Shareholders, and to absorb any existing and future realised losses and for other corporate purposes. At 30 September 2021, the Company has a special reserve of £50,884,712, £28,510,263 of which arises from shares issued more than three years after the end of the financial year in which they were issued. Reserves originating from share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which the shares were issued. The total transfer of £2,691,216 from the realised capital reserve to the special distributable reserve above is the total of realised losses incurred by the Company in the year.

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

c) The Shareholders authorised the Company to purchase its own shares for cancellation pursuant to section 701 of the Companies Act 2006 at the Annual General Meeting held on 10 February 2021. The authority was limited to a maximum number of 17,787,390 shares (this being approximately 14.99% of the issued share capital at the date of the Notice of the meeting). The minimum price which may be paid for a share is 1 penny per share, the nominal value thereof. The maximum price that may be paid for a share is an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authorities provide that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract.

d) During the year, the Company repurchased 1,285,499 of its own shares at the prevailing market price for a total cost of £1,050,945, which were subsequently cancelled. The difference between the figure shown above of £1,050,945, and that per the Statement of Cash Flows of £1,103,332 is due to a share buyback creditor of £94,051 at the previous year-end, partially offset by a share buyback creditor of £41,664 at the year-end.

The Notes on pages 59 to 78 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 30 September 2020

	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	Total
	Non-distributable reserves				Distributable reserves			
	£	£	£	£	£	£	£	£
At 1 October 2019	**1,033,029**	**5,245**	**-**	**4,652,457**	**63,751,255**	**9,864,455**	**2,421,638**	**81,728,079**
Comprehensive income for the year								
Profit for the year	-	-	-	3,425,711	-	5,395,814	2,324,789	11,146,314
Total comprehensive income for the year	**-**	**-**	**-**	**3,425,711**	**-**	**5,395,814**	**2,324,789**	**11,146,314**
Contributions by and distributions to owners								
Shares issued via Offer for Subscription	129,391	-	9,870,609	-	-	-	-	10,000,000
Issue costs and faciliation fees on Offer for Subscription	-	-	(245,176)	-	(99,106)	-	-	(344,282)
Dividends re-invested into new shares	42,779	-	2,657,870	-	-	-	-	2,700,649
Shares bought back	(18,582)	18,582	-	-	(1,243,530)	-	-	(1,243,530)
Dividends paid	-	-	-	-	(5,497,299)	(12,822,541)	(2,533,960)	(20,853,800)
Total contributions by and distributions to owners	**153,588**	**18,582**	**12,283,303**	**-**	**(6,839,935)**	**(12,822,541)**	**(2,533,960)**	**(9,740,963)**
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(2,284,447)	2,284,447	-	-
Realisation of previously unrealised gains	-	-	-	(1,215,826)	-	1,215,826	-	-
Total other movements	-	**-**	**-**	**(1,215,826)**	**(2,284,447)**	**3,500,273**	-	-
At 30 September 2020	**1,186,617**	**23,827**	**12,283,303**	**6,862,342**	**54,626,873**	**5,938,001**	**2,212,467**	**83,133,430**

The composition of each of these reserves is explained below:

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

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

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

Revaluation reserve - Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent. In accordance with stating all investments at fair value through profit and loss (as recorded in Note 9), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

Special distributable reserve - This reserve is created from cancellations of the balances upon the Share premium reserve, which are transferred to this reserve from time to time. The cost of share buybacks is charged to this reserve. In addition, any realised losses on the sale or impairment of investments (excluding transaction costs), 75% of the Investment Adviser fee expense and 100% of the Investment Adviser performance fee expense, and the related tax effect, are transferred from the realised capital reserve to this reserve. The cost of any IFA facilitation fee payable as part of the Offer for Subscription is also charged to this reserve.

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

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

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

The Notes on pages 59 to 78 form part of these Financial Statements.

Statement of Cash Flows for the year ended 30 September 2021

	Notes	Year ended 30 September 2021 £	Year ended 30 September 2020 £
Cash flows from operating activities			
Profit for the financial year		41,856,293	11,146,314
Adjustments for:			
Net investment portfolio gains		(43,637,384)	(9,848,433)
Decrease/(increase) in debtors		183,844	(135,373)
Increase in creditors and accruals		1,104,812	39,354
Net cash (outflow)/inflow from operating activities		**(492,435)**	**1,201,862**
Cash flows from investing activities			
Purchase of investments	9	(8,087,743)	(8,385,023)
Disposal of investments	9	12,195,381	17,597,050
Net cash inflow from investing activities		**4,107,638**	**9,212,027**
Cash flows from financing activities			
Shares issued as part of Offer for subscription		-	10,000,000
Issue costs and faciliation fees as part of Offer for subscription		-	(344,282)
Equity dividends paid	8	(4,852,504)	(18,153,151)
Purchase of own shares	14	(1,103,332)	(1,189,858)
Net cash outflow from financing activities		**(5,955,836)**	**(9,687,291)**
Net (decrease)/increase in cash and cash equivalents		**(2,340,633)**	**726,598**
Cash and cash equivalents at start of year		29,037,046	28,310,448
Cash and cash equivalents at end of year		**26,696,413**	**29,037,046**
Cash and cash equivalents comprise:			
Cash at bank and in hand	12	2,653,455	1,739,602
Cash equivalents	12	24,042,958	27,297,444

The Notes on pages 59 to 78 form part of these Financial Statements.

Notes to the Financial Statements for the year ended 30 September 2021

1 Company Information

The Income and Growth VCT plc is a public limited company incorporated in England, registration number 4069483. The registered office was 30 Haymarket, London, SW1Y 4EX at the year-end and has subsequently changed to 5 New Street Square, London, EC4A 3TW.

2 Basis of preparation

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

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102"), with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in April 2021) issued by the Association of Investment Companies. The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments which are disclosed under FRS102 s11/12 as shown in Note 16.

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

3 Income

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

Interest income on loan stock is accrued on a daily basis. Income is not recognised in the Income Statement where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income or capital as appropriate once redemption is reasonably certain. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 30 September 2021 has been classified as capital and has been included within realised gains on investments.

Notes to the Financial Statements for the year ended 30 September 2021

3 Income (continued)

	2021 £	2020 £
Income from bank deposits	28,376	43,410
Income from investments		
– from equities	694,891	837,168
– from OEIC funds	4,103	112,575
– from loan stock	1,220,332	2,625,570
– from interest on preference share dividend arrears	-	38,987
	1,919,326	3,614,300
Other income	5,791	3,127
Total income	**1,953,493**	**3,660,837**
Total income comprises		
Revenue dividends received	698,994	949,743
Interest	1,248,708	2,707,967
Other income	5,791	3,127
Total Income	**1,953,493**	**3,660,837**
Income from investments comprises		
Listed UK securities	12,500	-
Listed overseas securities	4,103	112,575
Unlisted UK securities	1,902,723	3,501,725
Total investment income	**1,919,326**	**3,614,300**

Total loan stock interest due but not recognised in the year was £784,958 (2020: £1,005,705) due to uncertainty over its recoverability. The decrease is due to the removal of a number of investee company provisions that were considered appropriate in the previous year due in light of the COVID-19 pandemic.

4 Investment Adviser's fees and performance fees

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

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

a) Investment Adviser's fees

	Revenue 2021 £	Capital 2021 £	Total 2021 £	Revenue 2020 £	Capital 2020 £	Total 2020 £
Gresham House Asset Management Limited[1]	548,812	1,646,435	2,195,247	458,619	1,375,856	1,834,475

[1] - On 30 September 2021, Mobeus Equity Partners LLP ("Mobeus") sold its VCT fund and Investment management business to Gresham House Asset Management ("GHAM"). As a result, the Company's Investment advisory arrangements have been novated from Mobeus to GHAM. The entire core management, investment and operational teams involved with the Company all transferred to GHAM in connection with this transaction.

Under the terms of a revised investment management agreement dated 29 March 2010, Mobeus Equity Partners LLP ("Mobeus") (from 1 October 2021, now Gresham House Asset Management Limited ("Gresham House")) 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 (2020: £150,000) and £170,000 (2020: £170,000) per annum respectively.

The Investment Adviser fees disclosed above are stated after applying a cap on expenses excluding IFA trail commission and exceptional items set at 3.25% of closing net assets at the year-end. In accordance with the investment management agreement any excess expenses are wholly borne by the Investment Adviser. The excess expenses during the year attributable to the Investment Adviser amounted to £nil (2020: £nil).

With effect from 1 April 2020, the Investment Adviser's fee upon the net funds raised under the 2019/2020 Offer for Subscription from the use of the over-allotment facility of £5 million was reduced to 1.4% from 2.4%, for one year.

b) Investment Adviser's performance fees

	Revenue 2021 £	Capital 2021 £	Total 2021 £	Revenue 2020 £	Capital 2020 £	Total 2020 £
Gresham House Asset Management Limited	-	1,095,268	1,095,268	-	-	-

On 30 September 2014, an incentive fee agreement was signed between the Board and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. This agreement was novated to Gresham House Asset Management Limited following its purchase of the Mobeus VCT fund and investment management business on 30 September 2021.

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

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

ii) the cumulative percentage change in the Consumer Prices Index since 1 October 2013 to the relevant financial year end, the resultant figure then being multiplied by (100+A)/100, where A is the number of full 12 month periods (or part thereof) that have passed between 1 October 2013 and the relevant financial year end.

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

Under this agreement, any fee payments to Gresham are subject to an annual cap of an amount equal to 2% of the net assets of the Company as at the immediately preceding year-end. Any excess over the 2% remains payable to Gresham in the following year(s), subject to the 2% annual cap in such subsequent year(s) and after any payment in respect of such subsequent year(s).

The Target Return for the year ended 30 September 2021 was a 6% uplift on the previous year's Target Return of 169.65 pence, being 179.83 pence. As the Cumulative Total NAV return is 197.37 pence per share at the year-end, the Target Return has been met and therefore a fee is payable (2020: £nil). This fee amounts to £1,095,268 and has been accrued in these Financial Statements. This is payable following the approval of this Annual Report by Shareholders at the AGM.

c) Offer for Subscription fees

	2021 £(m)	2020 £(m)
Funds raised by the Company	-	9.66
Offer costs payable to Mobeus at 3.00% of funds raised by the Company	**-**	**0.30**

Under the terms of an Offer for Subscription, with the other Mobeus VCTs, launched on 26 October 2019, Mobeus was entitled to fees of 3.00% of the investment amount received from investors. This amount totalled £1.74 million across all four VCTs, out of which all the costs associated with the allotment were met, excluding any payments to advisers facilitated under the terms of the Offer.

Notes to the Financial Statements for the year ended 30 September 2021

5 Other expenses

All expenses are accounted for on an accruals basis. 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.

	2021 £	2020 £
Directors' remuneration (including NIC of £9,314 (2020: £8,277) (Note a)	132,314	137,204
IFA trail commission	89,669	82,314
Broker's fees	12,000	3,000
Auditor's fees – Audit of company (excluding VAT)	31,002	30,089
– audit related assurance services (Note b) (excluding VAT)	5,638	5,248
– other services (Note c) (excluding VAT)	4,000	-
VCT monitoring fees	10,800	10,800
Registrar's fees	49,707	54,836
Printing	36,726	46,246
Legal & professional fees	7,614	18,448
Directors' insurance	8,245	7,769
Listing and regulatory fees	46,656	64,885
Sundry	9,698	42,791
Running costs	**444,069**	**503,630**
Provision against loan interest receivable	-	24,851
Other expenses	**444,069**	**528,481**

Notes:

a) Directors' remuneration is a related party transaction, see analysis of Directors' fees payable and their interests in the shares of the Company in the Directors' Remuneration Report on pages 45 to 47, which excludes NIC included above. The key management personnel are the three non-executive Directors. The Company has no employees. £5,000 is outstanding and due to the Directors at 30 September 2021 (2020: £nil).

b) The audit-related assurance services are in relation to a limited scope engagement in respect of the Financial Statements within the Company's Interim Report. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained.

c) Included within this figure are fees of £4,800 inclusive of VAT (2020: £nil) payable to the Auditor relating to the review of the calculation of the Investment Adviser's performance fee.

6 Taxation on ordinary activities

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

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

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

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

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

6 Taxation on ordinary activities (continued)

	2021 Revenue £	2021 Capital £	2021 Total £	2020 Revenue £	2020 Capital £	2020 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	50,487	(50,487)	-	348,948	(348,948)	-
Total current tax charge/(credit)	**50,487**	**(50,487)**	**-**	**348,948**	**(348,948)**	**-**
Corporation tax is based on a rate of 19.0% (2020: 19.0%)						
b) Profit on ordinary activities before tax	960,612	40,895,681	41,856,293	2,673,737	8,472,577	11,146,314
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.0% (2020: 19.0%)	182,516	7,770,179	7,952,695	508,010	1,609,790	2,117,800
Effect of:						
UK dividends	(132,029)	-	(132,029)	(159,062)	-	(159,062)
Net investment portfolio gains not taxable	-	(8,291,103)	(8,291,103)	-	(1,871,202)	(1,871,202)
Losses not utilised/(utilised)	-	470,437	470,437	-	(87,536)	(87,536)
Actual current tax charge	**50,487**	**(50,487)**	**-**	**348,948**	**(348,948)**	**-**

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

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

There is no potential liability to deferred tax (2020: £nil). There is an unrecognised deferred tax asset of £1,630,000 (2020: £768,000). The deferred tax asset relates to unrelieved management expenses and is not recognised because the Company may not generate sufficient taxable income in the foreseeable future to utilise these expenses.

7 Basic and diluted earnings and return per share

	2021 £	2020 £
Total earnings after taxation:	41,856,293	11,146,314
Basic and diluted earnings per share (Note a)	**35.34p**	**9.94p**
Revenue earnings from ordinary activities after taxation	910,125	2,324,789
Basic and diluted revenue earnings per share (Note b)	**0.77p**	**2.07p**
Net investment portfolio gains	43,637,384	9,848,433
Capital Investment Adviser fees and performance fees less taxation	(2,691,216)	(1,026,908)
Total capital earnings	40,946,168	8,821,525
Basic and diluted capital earnings per share (Note c)	**34.57p**	**7.87p**
Weighted average number of shares in issue in the year	118,422,497	112,120,361

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 earnings after taxation divided by the weighted average number of shares in issue.

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

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8 Dividends paid and payable

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

The Company's status as a VCT means it has to comply with Section 259 of the Income Tax Act 2007, which requires that no more than 15% of the income from shares and securities in a year can be retained from the revenue available for distribution for the year. Accordingly, the Board is required to determine the amount of minimum income dividend.

Amounts recognised as distributions to Equity Shareholders in the year:

Dividend	Type	For the year ended 30 September	Pence per share	Date Paid	2021 £	2020 £
Interim	Income	2019	0.50p	18 October 2019	-	519,137
Interim	Capital	2019	4.00p	18 October 2019	-	4,153,095
Interim	Income	2020	1.50p	10 July 2020	-	1,725,492
Interim	Capital	2020	1.50p	10 July 2020	-	1,725,492
Interim	Income	2020	0.25p	28 September 2020	-	289,331
Interim	Capital	2020	6.00p	28 September 2020	-	6,943,956
Interim	Capital*	2020	4.75p	28 September 2020	-	5,497,297
Interim	Income	2021	1.00p	23 July 2021	1,181,978	-
Interim	Capital	2021	4.00p	23 July 2021	4,727,910	-
					5,909,888	**20,853,800**

* - This dividend was paid out of the Company's Special distributable reserve.

For the year ended 30 September 2021, £5,909,888 (2020: £20,853,800) disclosed above differs to that shown in the Statement of Cash Flows of £4,852,504 (2020: £18,153,151) due to £1,057,384 (2020: £2,700,649) of new shares issued as part of the Company's Dividend Investment Scheme.

	2021 Revenue £	2021 Capital £	2021 Total £	2020 Revenue £	2020 Capital £	2020 Total £
Proposed distribution to equity holders at the year-end						
Second interim dividend for the year ended 30 September 2021 of 4.00p[1] (capital) per ordinary share	-	4,742,195	4,742,195	-	-	-

[1] - Payable out of the Company's special distributable reserve

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

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

	2021 £	2020 £
Revenue available for distribution by way of dividends for the year	910,125	2,324,789
Interim income dividend for the year - 1.00p (2020: 1.50p)	1,181,978	1,725,492
Second interim income dividend for the year - Nil (2020: 0.25p)	-	289,331
Total income dividends for the year	1,181,978	2,014,823

9 Investments at fair value

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at "fair value through profit and loss" (FVTPL). All investments held by the Company are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines, as updated in December 2018 (as updated by Special valuation guidance issued in March 2020). This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

(i) Each investment is considered as a whole on a 'unit of account' basis, i.e. that the value of each portfolio company is considered as a whole, alongside consideration of:-

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

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

or:-

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 30 September 2021

9 Investments at fair value (continued)

	2021 £	2020 £
Traded on AIM	16,841,633	2,352,478
Unquoted equity shares	57,782,482	34,894,706
Unquoted preference shares	1,400,192	1,168,593
Loan stock	12,121,582	12,445,356
Total	**88,145,889**	**50,861,133**
Brought forward net unrealised gains now realised	3,140,235	1,215,826
Net realised gains during the year	4,569,558	6,750,740
Transaction costs	(408,007)	(328,018)
Total realised gains over cost	7,301,786	7,638,548
Unrealised gains for the year	39,475,833	3,425,711
Total realised and unrealised gains	**46,777,619**	**11,064,259**

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Unquoted Loan Stock £	Total £
Cost at 30 September 2020	1,123,892	29,017,445	1,240,906	18,173,647	49,555,890
Permanent impairment at 30 September 2020	(500,000)	(4,969,611)	(301)	(87,187)	(5,557,099)
Unrealised gains/(losses) at 30 September 2020	1,728,586	10,846,872	(72,012)	(5,641,104)	6,862,342
Valuation at 30 September 2020	**2,352,478**	**34,894,706**	**1,168,593**	**12,445,356**	**50,861,133**
Purchases at cost	-	5,757,273	-	2,330,470	8,087,743
Sale proceeds (notes a & b)	(2,236,021)	(7,089,086)	(360)	(5,114,904)	(14,440,371)
Reclassification at value (note c)	6,323,840	(6,038,540)	-	(285,300)	-
Net realised gains/(losses) on investments (note a)	999,759	2,527,306	(3,491)	637,977	4,161,551
Net unrealised gains on investments (note d)	9,401,577	27,730,823	235,450	2,107,983	39,475,833
Valuation at 30 September 2021	**16,841,633**	**57,782,482**	**1,400,192**	**12,121,582**	**88,145,889**
Cost at 30 September 2021	1,993,170	31,854,268	1,240,546	15,417,064	50,505,048
Permanent impairment at 30 September 2021	(500,000)	(4,969,611)	(301)	(87,187)	(5,557,099)
Unrealised gains/(losses) at 30 September 2021	15,348,463	30,897,825	159,947	(3,208,295)	43,197,940
Valuation at 30 September 2021	**16,841,633**	**57,782,482**	**1,400,192**	**12,121,582**	**88,145,889**

Net realised gains on investments of £4,161,551 together with net unrealised gains/(losses) on investments of £39,475,833 equal net investment portfolio gains of £43,637,384.

A full breakdown of the increases and decreases in unrealised valuations of the portfolio is seen in the Investment Portfolio Summary on pages 24 to 29.

Major movements in investments

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

Company	Type	Investment Cost £	Disposal Proceeds £	Valuation at 30 September 2020 £	Realised gain/(loss) in year £
Virgin Wines UK plc (formerly Virgin Wines Holding Company Limited)	Loan repayment	2,680,215	2,680,215	2,680,215	-
Proactive Group Holdings Inc	Realisation	988,390	2,478,682	2,486,769	(8,087)
MPB Group Limited	Partial Realisation	532,145	2,202,570	1,382,581	819,989
Bourn Bioscience Limited	Realisation	1,610,379	1,995,299	552,130	1,443,169
Parsley Box Group plc (formerly Parsley Box Limited)	Partial Realisation	429,285	1,726,131	787,082	939,049
Vectair Holdings Limited	Realisation	53,400	1,086,289	1,020,351	65,938
My Tutorweb Limited	Partial Realisation	352,086	954,529	379,303	575,226
Omega Diagnostics Group plc	Realisation	70,011	591,940	449,180	142,760
Vian Marketing Limited (trading as Red Paddle Co)	Loan repayment	369,549	527,928	527,928	-
BG Training Limited	Loan repayment	53,125	53,125	13,281	39,843
Other capital proceeds	Various	-	143,663	-	143,664
		7,138,585	**14,440,371**	**10,278,820**	**4,161,551**

Note b) Sale proceeds above of £14,440,371 are more than that shown in the Statement of Cash Flows of £12,195,381 by £2,244,990. This is comprised of proceeds receivable from the realisations of Proactive Group (£2,239,489) and Vectair Holdings (£5,501) both held as debtors at the year-end.

Note c) The Company's equity investments in Virgin Wines and Parsley Box were admitted to AIM during the year. The amount transferred from Level 3 to Level 1 of £6,323,840 reflects the combined equity value held at the start of the year and a follow-on investment made in the year.

Note d) Within net unrealised gains of £39,475,833 for the year, the significant increases in value compared to last year were as follows: £9,052,645 in Virgin Wines UK plc (formerly Virgin Wines Holding Company Limited), £5,092,507 in My Tutorweb Limited, £4,682,675 in Preservica Limited, £4,150,347 in MPB Group Limited, £2,971,011 in Vian Marketing Limited (trading as Red Paddle Co) and £2,792,203 in Media Business Insight Holdings Limited. These gains were partially offset by unrealised falls in valuation compared to last year, including: £674,172 in Parsley Box Group plc (formerly Parsley Box Limited), £273,223 in Muller EV Limited (trading as Andersen EV), £208,497 in Rota Geek Limited, £129,014 in Kudos Innovations Limited and £49,291 in Bleach London Holdings Limited.

Notes to the Financial Statements for the year ended 30 September 2021

10 Significant interests

At 30 September 2021 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Total investment (at cost) £	I&G VCT (% of equity)	All Mobeus VCTs (% of equity)[1,2]
Media Business Insight Holdings Limited[3]	3,666,556	21.2%	67.5%
My Tutorweb Limited (trading as MyTutor)	3,361,778	7.2%	22.6%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	3,205,182	8.8%	27.5%
Preservica Limited	2,960,899	18.1%	57.9%
Oxonica plc	2,524,527	10.6%	10.6%
Veritek Global Holdings Limited	2,289,859	21.7%	65.6%
Arkk Consulting Limited (trading as Arkk Solutions)	2,182,187	9.8%	32.0%
End Ordinary Group Limited (trading as Buster & Punch)	2,046,612	10.6%	34.6%
CGI Creative Graphics International Limited	1,943,948	8.4%	26.9%
Spanish Restaurant Group Limited (trading as Tapas Revolution)	1,630,233	9.0%	29.0%
Data Discovery Solutions Limited (trading as Active Navigation)	1,543,500	8.8%	28.5%
MPB Group Limited	1,510,992	4.5%	14.4%
Tharstern Group Limited	1,454,278	17.0%	55.0%
RDL Corporation Limited	1,441,667	12.8%	44.5%
Bella & Duke Limited	1,323,745	6.6%	21.2%
Rota Geek Limited	1,250,800	6.4%	20.3%
Vivacity Labs Limited	1,250,760	6.0%	20.0%
Connect Childcare Limited	1,157,214	4.2%	14.4%
IPV Limited	954,674	8.5%	26.6%
Legatics Limited	909,330	8.3%	27.3%
Bleach London Holdings Limited	874,302	4.3%	14.1%
Parsley Box Group plc (formerly Parsley Box Limited)	874,001	4.3%	13.9%
Pets' Kitchen Limited (trading as Vet's Klinic)	844,200	6.0%	20.0%
Vian Marketing Limited (trading as Red Paddle Co)	837,888	14.6%	48.5%
BookingTek Limited	779,155	4.7%	14.9%
Racoon International Group	655,851	10.8%	36.0%
Oakheath Limited (in members' voluntary liquidation)	649,528	5.8%	18.7%
Muller EV Limited (trading as Andersen EV)	554,750	11.7%	37.0%
Jablite Holdings Limited (in members' voluntary liquidation)	498,790	12.1%	40.1%
Kudos Innovations Limited	472,500	3.4%	10.9%
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	464,658	8.8%	28.0%
Caledonian Leisure Limited	449,251	9.0%	30.0%
CB Imports Group limited (in members' voluntary liquidation)	175,000	5.8%	23.2%
Aquasium Technology Holdings Limited	166,667	16.7%	16.7%
Biomer Technology Limited	137,170	3.5%	3.5%
Virgin Wines UK plc (formerly Virgin Wines Holding Company Limited)	65,288	11.8%	36.1%

1 The percentage of equity held for these companies is the fully diluted figure in the event that, for example, management of the investee company exercises share options where available.
2 Gresham House Asset Management Limited (previously Mobeus Equity Partners LLP) also advises Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc and Mobeus Income & Growth 4 VCT plc.
3 Includes a loan of £788,589 to Media Business Insight Limited.

It is considered that, under FRS 102 s9.9, "Consolidated and Separate Financial Statements", the above investments are held as part of an investment portfolio, and that accordingly, their value to the Company lies in their marketable value as part of that portfolio and as such are not required to be consolidated.

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

11 Debtors

	2021 £	2020 £
Amounts due within one year:		
Accrued income	200,128	378,450
Prepayments	14,515	20,039
Other debtors	2,244,990	-
	2,459,633	**398,489**

Other debtors of £2,244,990 include proceeds generated from the realisation of Proactive Group Holdings Inc, as well as additional proceeds from the disposal of Vectair Holdings Limited received after the year-end.

12 Current asset investments and Cash at bank

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

	2021 £	2020 £
OEIC Money market funds	24,042,958	27,297,444
Cash equivalents per Statement of Cash Flows	24,042,958	27,297,444
Bank deposits that mature after three months	3,151,769	3,151,769
Current asset investments	**27,194,727**	**30,449,213**
Cash at bank	**2,653,455**	**1,739,602**

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	67,328	119,767
Other creditors	10,525	13,399
Accruals	1,289,577	181,841
	1,367,430	**315,007**

Notes to the Financial Statements for the year ended 30 September 2021

14 Called up share capital

	2021 £	2020 £
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 118,554,881 (2020: 118,661,711)	1,185,549	1,186,617
Total	**1,185,549**	**1,186,617**

During the year, the Company purchased 1,285,499 (2020: 1,858,177) of its own ordinary shares for cash (representing 1.1% (2020: 1.8%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £1,050,945 (2020: £1,243,530). The shares bought back were subsequently cancelled. This figure is higher than that shown in the Statement of Cashflows of £1,103,332 by £52,387. This is due to an opening share buyback creditor of £94,051 offset by a share buyback creditor of £41,664 at the year-end.

Under the terms of the Dividend Investment Scheme, a total of 1,178,669 ordinary shares were allotted during the year ended 30 September 2021 for a total consideration of £1,057,384.

15 Basic and diluted net asset value per share

	2021	2020
Net assets	£119,086,274	£83,133,430
Number of shares in issue	118,554,881	118,661,711
Basic and diluted net asset value per share	**100.45p**	**70.06p**

16 Financial instruments

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

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

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

The accounting policy for determining the fair value of investments is set out in Note 9 to the Financial Statements. The composition of investments held is shown below and in Note 9.

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

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2020:

	2021 (Fair value) £	2020 (Fair value) £
Assets at fair value through profit and loss:		
Investment portfolio	88,145,889	50,861,133
Loans and receivables held at amortised cost		
Accrued income	200,128	378,450
Current asset investments	27,194,727	30,449,213
Cash at bank	2,653,455	1,739,602
Other debtors	2,244,990	-
Financial liabilities		
Liabilities held at amortised cost		
Other creditors	(1,367,430)	(315,007)
Total for financial instruments	119,071,759	83,113,391
Non financial instruments	14,515	20,039
Net assets	**119,086,274**	**83,133,430**

The investment portfolio value principally consists of unquoted investments - 80.9%; (2020: 95.4%) and AIM quoted stocks - 19.1%; (2020: 4.6%). The investment portfolio has a 100% (2020:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 74.0% (2020: 61.2%) of net assets at the year-end.

Current asset investments are money market funds and bank deposits which, along with Cash at bank are discussed under credit risk below, represent 25.1% (2020: 38.7%) of net assets at the year-end.

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

Investment risk

The Company's investment portfolio is made up of predominantly UK companies which are not quoted on any recognised stock exchange, although 19.1% of the portfolio value at the year-end is held in AIM assets, including two assets admitted to AIM during the year. The companies held in the portfolio are usually smaller than those which are quoted on a stock exchange. They are therefore usually regarded as carrying more risk compared to larger companies, as they are more sensitive to changes in key financial indicators, such as a reduction in its turnover or an increase in costs. The Board is of the view that the Investment Adviser mitigates this risk as the investment in an investee company is held as part of a portfolio of such companies so that the performance of one company does not significantly affect the value of the portfolio as a whole. The Investment Adviser also usually only recommends companies for investment that have a proven business model, a sound financial record and a strong management team. The Investment Adviser also usually takes a seat on the Board of each investee company such that it is able to monitor its progress on a regular basis and contribute to the strategic direction of the company.

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds/bank deposits of £29,848,182 (2020: £32,188,815) which are all accessible at varying points over the next 12 months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

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16 Financial instruments (continued)

The table below shows a maturity analysis of financial liabilities:

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2021 Total £
Other creditors	272,162	1,095,268	-	-	**1,367,430**

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2020 Total £
Other creditors	231,595	83,412	-	-	**315,007**

The Company does not have any derivative financial liabilities.

Credit risk

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

The Company's maximum exposure to credit risk is:

	2021 £	2020 £
Loan stock investments	12,121,582	12,445,356
Current asset investments	27,194,727	30,449,213
Accrued income and other debtors	2,445,118	378,450
Cash at bank	2,653,455	1,739,602
	44,414,882	**45,012,621**

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

The accrued income shown above of £2,445,118 was all due within six months of the year-end, with £65,647 still receivable two months after the year-end.

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

Repayable within	2021 £	2020 £
0 to 1 year	2,095,309	940,750
1 to 2 years	4,640,298	4,038,504
2 to 3 years	3,501,382	5,142,353
3 to 4 years	155,833	1,744,717
4 to 5 years	1,408,169	441,133
> 5 years	320,591	137,899
Total	**12,121,582**	**12,445,356**

Included within loan stock investments above are loans at a carrying value of £6,555,305 (2020: £8,809,399) 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 £65,779 (2020: £79,060). These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk below.

An aged analysis of the 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 date 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 either because interest on the loan is outstanding or the loan has passed its contracted redemption date. We are required to report in this format and include the full value of the loan even though, in some cases, it is only in respect of interest that they are in default.

	0-6 months £	6-12 months £	over 12 months £	2021 Total £
Loans to investee companies past due	-	-	3,156,302	**3,156,302**

	0-6 months £	6-12 months £	over 12 months £	2020 Total £
Loans to investee companies past due	-	2,966,418	2,038,317	**5,004,735**

Credit risk also arises from cash and cash equivalents, deposits with banks and amounts held in liquidity funds. There is a risk of liquidity fund defaults such that there could be defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. As there are five OEIC money market funds holding £24,042,958 which are all triple A rated funds, and along with bank deposits of £5,805,224 at five well-known financial institutions, credit risk is considered to be relatively low in current circumstances. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the company's total investment assets. The Company's current account totalling £1,612,044 included within the balance above is held with Natwest Bank plc, so the risk of default is low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £88,145,889, the fair value of the investment portfolio at the year-end.

Financial Statements

16 Financial instruments (continued)

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

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

Market price risk sensitivity

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

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to 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% (2020: 20%) movement in overall share prices, and has used a 20% change in the quoted market comparator multiple as a proxy for this.

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

For each of the companies in the investment portfolio that are valued on a bid price or multiple basis, the calculation below has applied plus and minus 20% to the bid price or multiple (such as earnings or revenue), the latter derived from quoted market comparators that are used to value the companies. The companies valued on a bid price or multiple basis represent £86.47 million of the total investment portfolio of £88.15 million. The remainder of the portfolio is valued at either price of recent investment, estimated realisation proceeds or net asset value, as shown below.

The impact of a change of 20% (2020: 20%) has been selected as this is considered reasonable given the level of volatility observed both on a historical basis and market expectations for future movement.

	2021 Profit and net assets £	2020 Profit and net assets £
If overall share prices increased/(decreased) by 20% (2020: 20%), with all other variables held constant – increase/(decrease)	12,403,897 / (12,580,598)	5,180,615 / (4,510,504)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	10.46p / (10.61)p	4.37p / (3.80)p

Cash flow interest rate risk

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

Due to the short time to maturity of some of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held. The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk above.

The interest rate profile of the Company's financial net assets at 30 September 2021 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	74,624,115	-	-	74,624,115		
Preference shares	-	1,400,192	-	1,400,192	6.2%	4.2
Loan stocks	-	12,121,582	-	12,121,582	7.7%	2.1
Current asset investments	-	-	27,194,727	27,194,727	0.1%	0.1
Cash	-	-	2,653,455	2,653,455	0.0%	-
Debtors	2,445,118	-	-	2,445,118		
Creditors	(1,367,430)	-	-	(1,367,430)		
Total for financial instruments	75,701,803	13,521,774	29,848,182	119,071,759		
Other non financial assets	14,515	-	-	14,515		
Net assets	**75,716,318**	**13,521,774**	**29,848,182**	**119,086,274**		

The interest rate profile of the Company's financial net assets at 30 September 2020 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	37,247,184	-	-	37,247,184		
Preference shares	-	1,168,593	-	1,168,593	7.4%	4.3
Loan stocks	-	12,445,356	-	12,445,356	7.2%	2.1
Current asset investments	-	-	30,449,213	30,449,213	0.2%	0.1
Cash	-	-	1,739,602	1,739,602	0.0%	-
Debtors	378,450	-	-	378,450		
Creditors	(315,007)	-	-	(315,007)		
Total for financial instruments	37,310,627	13,613,949	32,188,815	83,113,391		
Other non financial assets	20,039	-	-	20,039		
Net assets	**37,330,666**	**13,613,949**	**32,188,815**	**83,133,430**		

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

Variable rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares 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.

Financial Statements

Notes to the Financial Statements for the year ended 30 September 2021

16 Financial instruments (continued)

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 cash and money market funds, the table below shows the sensitivity of income earned to changes in interest rates in these instruments:

	2021 Profit and net assets £	2020 Profit and net assets £
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	241,770 / (241,770)	260,729 / (260,729)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.20p / (0.20)p	0.22p / (0.22)p

Currency risk

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

Fair value hierarchy

The table below sets out fair value measurements using FRS 102 s11.27 fair value hierarchy.

Financial assets at fair value through profit and loss At 30 September 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	16,841,633	-	57,782,482	74,624,115
Preference shares	-	-	1,400,192	1,400,192
Loan stock investments	-	-	12,121,582	12,121,582
Total	**16,841,633**	**-**	**71,304,256**	**88,145,889**

Financial assets at fair value through profit and loss At 30 September 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	2,352,478	-	34,894,706	37,247,184
Preference shares	-	-	1,168,593	1,168,593
Loan stock investments	-	-	12,445,356	12,445,356
Total	**2,352,478**	**-**	**48,508,655**	**50,861,133**

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 9 to these Financial Statements.

There were two transfers out of Level 3 into Level 1 during the year as both Virgin Wines UK plc and Parsley Box Group plc were admitted to AIM. A reconciliation of this and fair value measurements in Level 3 is set out below:

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2020	34,894,706	1,168,593	12,445,356	48,508,655
Purchases	5,757,273	-	2,330,470	8,087,743
Sales	(7,089,086)	(360)	(5,114,904)	(12,204,350)
Transfers out of Level 3	(6,323,840)	-	-	(6,323,840)
Reclassification at value	285,300	-	(285,300)	-
Total gains/(losses) included in Income Statement:				
- on assets sold	2,527,306	(3,491)	637,977	3,161,792
- on assets held at the year-end	27,730,823	235,450	2,107,983	30,074,256
Closing balance at 30 September 2021	**57,782,482**	**1,400,192**	**12,121,582**	**71,304,256**

As detailed in the accounting policy for note 9, 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, which is then appropriately adjusted for points of difference. Thus any change in share prices can have a significant effect on the fair value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

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

	30 September 2021 £	30 September 2020 £
Valuation methodology		
Multiple of earnings, revenues or gross margin, as appropriate	69,628,026	47,240,479
Recent investment price	1,293,451	-
Recent investment price (reviewed for impairment)	317,000	-
Estimated realisation proceeds	65,779	79,060
Net asset value	-	1,189,116
Total	**71,304,256**	**48,508,655**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2020 and 30 September 2021:

Change in valuation methodology (2020 to 2021)	Carrying value as at 30 September 2021	Explanatory note
Multiple basis to recent investment price (reviewed for impairment) basis	317,000	Recent investment price (reviewed for impairment) is a more appropriate basis for determining fair value.
Net asset to multiple basis	979,122	Multiple basis is a more appropriate basis for determining fair value.

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the December 2018 IPEV guidelines (as updated by Special Valuation guidance issued in March 2020). The Directors believe that, within these parameters, these are the most appropriate methods of valuation which would be reasonable as at 30 September 2021.

Notes to the Financial Statements for the year ended 30 September 2021

17 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 commensurate with the level of risk.

By its nature, the Company has an amount of capital, at least 80% (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 group 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.

18 Segmental analysis

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

19 Post balance sheet events

On 8 October 2021, a £0.15 million loan investment was made into Preservica Limited, an existing portfolio company.

On 26 November 2021, the entire holding of Vian Marketing Limited (trading as Red Paddle) was realised, generating proceeds of £4.99 million.

On 30 November 2021, a follow-on equity and loan investment of £1.56 million was made into Preservica Limited, an existing portfolio company.

Shareholder Information

Communication with Shareholders

We aim to communicate regularly with our Shareholders. The annual general meetings provide a useful platform for the Board to meet Shareholders and exchange views and we are pleased to be able to hold a physical meeting in 2022. We will also offer a facility whereby you can view the Board, the Investment Adviser's presentation and submit questions remotely via live stream. Your Board welcomes your attendance at the February Annual General Meeting to give you the opportunity to meet the Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts via the London Stock Exchange RNS service. The Investment Adviser has previously held an annual Shareholder event, though was unable to so during 2021 due to COVID-19 restrictions affecting prior plans. Gresham House is pleased to announce that it will hold a virtual Shareholder event, scheduled for the morning of 25 February 2022. Further details can be found in the communication circulated with this report to Shareholders, and also on the Company's website at www.incomeandgrowthvct.co.uk, under "Key Shareholder Information".

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

Financial calendar

23 February 2022	Annual General Meeting
25 February 2022	Virtual Shareholder Event
June 2022	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 31 March 2022 to Shareholders
30 September 2022	Year-end
December 2022	Annual Report for the year ended 30 September 2022 to be circulated to Shareholders

Annual General Meeting

The Company's next Annual General Meeting will be held on Wednesday, 23 February 2022 at 2.00 pm at the offices of the Investment Adviser, at 5th Floor, 80 Cheapside, London EC2V 6EE. Shareholders are welcome to attend in person or will also be able to join the meeting virtually. Details of how to join the meeting by virtual means will be shown on the Company's website, a conference call facility will be available for those Shareholders without the appropriate device or WiFi. Shareholders joining virtually will not be able to vote at the meeting and therefore you are encouraged to lodge your proxy form, which is included with Shareholders' copies of this Annual Report, or on-line at www.signalshares.com. A copy of the notice of the meeting is included on pages 82 to 84. Shareholders may send any questions on the resolutions proposed to the following email address: AGM@greshamhouse.com. A response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself if you are not attending in person.

Dividend

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Group at the address given on page 89.

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

Dividend Investment Scheme

Those Shareholders who wish to participate, or to amend their existing participation, in the DIS, can do so by visiting www.incomeandgrowthvct.co.uk and click the Dividends tab or by contacting the Registrar directly using the details on page 89. Please note that Shareholders' elections to participate or amendments to participation in the Scheme require 15 days to become effective.

Selling your shares

The Company's Shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

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

Panmure can be contacted as follows:

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

Shareholder Information

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

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

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: https://www.gov.uk /government /publications/exchange-of-information-account-holders.

Managing your shareholding online

For details on your individual shareholding and to manage your account online Shareholders may log into or register with the Link Shareholder Portal at: www.signalshares.com. You can use the portal to change your address details, check your holding balance and transactions, view the dividends you have received and add and amend your bank details.

Fraud Warning

Boiler Room fraud and unsolicited communications to Shareholders.

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

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

We strongly recommend that you seek financial advice before taking any action if you remain in any doubt. You can also contact the Investment Adviser on 0207 382 0999, or email mobeusvcts@greshamhouse.com to check whether any claims made by a caller are genuine.

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

Shareholder enquiries:

For enquiries concerning the investment portfolio or the Company in general, please contact the Investment Adviser, Gresham House Asset Management Limited. To contact the Chairman or any member of Board, please contact the Company Secretary, also Gresham House Asset Management Limited, in the first instance.

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

Full contact details for each of Gresham House Asset Management Limited and Link are included under Corporate Information on page 89 of this Annual Report.

Timeline of the Company

October 2000	The Company is launched as TriVest VCT plc advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.
April 2001	The Company's first fundraising of its "O Share Fund" is completed.
October 2007	The Company changes its name to The Income & Growth VCT plc.
December 2007	The 'S' Share Fund is launched.
March 2009	The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.
March 2010	The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.
November 2011	The Company sells its stake in App-DNA for 32 times cost and pays a special interim capital dividend of 20p per share in the following January.
June 2012	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.
2010-2014	The Company participates in four linked fundraisings with other Mobeus advised VCTs.
March 2015	The Company closes a successful fundraising with the other Mobeus advised VCTs in which £10 million was raised for the Company.
March 2018	The Company closes a successful fundraising with the other Mobeus advised VCTs in which £25 million was raised for the Company.
October 2019	The Company launches a joint fundraising with the other Mobeus advised VCTs in which it sought to raise up to £10 million, including an optional over-allotment facility.
January 2020	The Company closes a successful fundraising with the other Mobeus advised VCTs for which £10 million was raised for the Company.
September 2021	The Company's investment adviser is acquired by Gresham House Asset Management Limited.
November 2021	The Company announces its intention to launch an offer for subscription in conjunction with the three other Mobeus VCTs, all now advised by Gresham House Asset Management Limited.

Information for Shareholders

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of The Income & Growth VCT plc ("the Company") will be held at the offices of Gresham House, 80 Cheapside, London, EC2V 6EE at **2.00 pm on Wednesday, 23 February 2022** for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions. An explanation of the main business to be proposed is included in the Directors' Report on pages 37 to 40 of this document:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the year ended 30 September 2021 ("Annual Report"), together with the auditor's report thereon.
2. To approve the Directors' Remuneration Report as set out in the Annual Report.
3. To re-elect Maurice Helfgott as a director of the Company.
4. To re-elect Justin Ward as a director of the Company.
5. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.
6. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £395,183, provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2023 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.
7. That, subject to the passing of resolution 6 set out in this notice and in substitution for any existing authorities, the directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 7 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:

   (i) with an aggregate nominal value of up to, but not exceeding, £165,977 in connection with offer(s) for subscription;

   (ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company; and

   (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, with an aggregate nominal value of up to, but not exceeding, 15% of the issued share capital of the Company from time to time,

   in each case where the proceeds of the allotment may be used, in whole or in part, to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2023, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.
8. 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 17,771,376 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing of this resolution;

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

   iii) the maximum price which may be paid for a Share (excluding expenses) shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the amount stipulated in Article 5(6) of the Market Abuse Regulation (596/2014/EU);

   iv) the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2023; and

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

BY ORDER OF THE BOARD

Registered Office:
5 New Street
London EC4A 3TW

Gresham House Asset Management Limited
Secretary

Dated: 20 December 2021

Notes:

The following Notes explain your general rights as a Shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf. A webcast of the Meeting will also be available and details of how to join the webcast will be shown on the Company's website If possible, Shareholders intending to join the Meeting by means of the webcast (which would be as an attendee only) are requested to join at least ten minutes prior to the commencement of the Meeting at **2.00 pm on Wednesday, 23 February 2022**.

1. A member is entitled to attend, speak and vote at the Meeting in person or to appoint one or more other persons as their proxy to exercise all or any of his rights on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the Notes below. Where a member intends to join the Meeting by means of the webcast, they shall be permitted to ask questions at the Meeting but shall not be entitled to vote on resolutions at the Meeting (and are, therefore, encouraged to submit their votes by way of proxy). Note 16 below will apply to those who join the meeting (which would be in attendance only) by means of the webcast.
2. To be entitled to attend the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast) and to be able to lodge your proxy votes, Shareholders must be registered in the Register of Members of the Company at close of trading on 21 February 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend the Meeting and/or virtual meeting and vote by proxy.
3. In order for a proxy appointment to be valid it must be received by Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL by **2.00 pm on 21 February 2022.**
4. A Shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that Shareholder. A proxy need not be a Shareholder of the Company.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
6. A form of proxy for use in connection with the Meeting is enclosed with the document of which this Notice forms part. If you do not have a form of proxy and would like a copy, please contact the Company's registrar, Link Group at 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL ("Registrar"), or on 0371 664 0391. Completion and return of a form of proxy form will not legally prevent a Shareholder from attending and voting at the Meeting in person, or from joining the Meeting (which would be as an attendee only) by means of the webcast. The Company requests all Shareholders to vote by proxy on the resolutions set out in this Notice as soon as possible.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fits in relation to any other matter which is put before the Meeting.
8. You can also vote either:
   - by logging on to www.signalshares.com and following the instructions;
   - if you need help with voting online, please contact our Registrar, Link Group, on 0371 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK, or email Link at shareholderenquiries@linkgroup.co.uk.
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

   We strongly recommend voting electronically at www.signalshares.com as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.
9. If you return more than one proxy appointment, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by **2.00 pm on 21 February 2022**. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by

Information for Shareholders

Notice of the Annual General Meeting

enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
14. As at 16 December 2021 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 118,554,881 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 December 2021 are 118,554,881.
15. Under Section 527 of the Companies Act 2006, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Financial Statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual Financial Statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the Shareholders propose to raise at the relevant meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
16. Any Shareholder attending the Meeting has the right to ask questions. Any Shareholder may submit questions in relation to the business to be transacted at the Meeting via email to: AGM@greshamhouse.com by 18 February 2022. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but 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 a website 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.
17. Copies of the directors' letters of appointment will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the end of the Meeting and will also be available for inspection at the place of the Meeting for at least 15 minutes before and during the Meeting.
18. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.incomeandgrowthvct.co.uk

Performance Data at 30 September 2021
(unaudited)

Share price at 30 September 2021 93.00p[1]

NAV per share as at 30 September 2021 100.45p

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, Gresham House (formerly 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 2021. 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 (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2020 (NAV basis)
Funds raised - O Fund[3] (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	60.62	125.52	195.99	201.64	15.3%
Funds raised 2007/8 - S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	70.00	136.50	229.50	236.95	17.6%
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	73.36	136.00	229.00	236.45	17.6%
28 February 2011	107.90	75.53	134.00	227.00	234.45	17.8%
22 March 2011	105.80	74.06	134.00	227.00	234.45	17.8%
1 April 2011	105.80	74.06	132.00	225.00	232.45	18.0%
5 April 2011	105.80	74.06	132.00	225.00	232.45	18.0%
10 May 2011	105.80	74.06	132.00	225.00	232.45	18.0%
6 July 2011	106.00	74.20	132.00	225.00	232.45	18.0%
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	74.48	108.00	201.00	208.45	20.4%
4 April 2012	106.40	74.48	108.00	201.00	208.45	20.4%
5 April 2012	106.40	74.48	108.00	201.00	208.45	20.4%
10 May 2012	106.40	74.48	108.00	201.00	208.45	20.4%
10 July 2012	111.60	78.12	108.00	201.00	208.45	20.4%
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	81.20	108.00	201.00	208.45	20.4%
28 March 2013	112.60	78.82	102.00	195.00	202.45	21.2%
4 April 2013	112.60	78.82	102.00	195.00	202.45	21.2%
5 April 2013	112.60	78.82	102.00	195.00	202.45	21.2%
10 April 2013 Pre RDR[4]	115.30	80.71	102.00	195.00	202.45	21.2%
10 April 2013 Post RDR[4]	112.60	78.82	102.00	195.00	202.45	21.2%
7 May 2013	112.60	78.82	102.00	195.00	202.45	21.2%

[1] - Source: Panmure Gordon & Co (mid-price basis).

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

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

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

Performance Data at 30 September 2021

(unaudited)

Allotment date(s)	Allotment price (p)	Net allotment price[1] (p)	Cumulative dividends paid per share (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	Total return per share to Shareholders since allotment (NAV basis) (p)	% increase since 30 September 2020 (NAV basis)
Funds raised 2014 (launched 28 November 2013)						
9 January 2014	117.82[2]	**82.47**	96.00	**189.00**	**196.45**	**22.0%**
11 February 2014	119.02[2]	**83.31**	96.00	**189.00**	**196.45**	**22.0%**
31 March 2014	115.64[2]	**80.95**	92.00	**185.00**	**192.45**	**22.5%**
3 April 2014	116.17[2]	**81.32**	92.00	**185.00**	**192.45**	**22.5%**
4 April 2014	115.45[2]	**80.82**	92.00	**185.00**	**192.45**	**22.5%**
6 June 2014	121.55[2]	**85.09**	92.00	**185.00**	**192.45**	**22.5%**
Funds raised 2015 (launched 10 December 2014)						
14 January 2015	108.33[2]	**75.83**	78.00	**171.00**	**178.45**	**24.7%**
17 February 2015	113.17[2]	**79.22**	78.00	**171.00**	**178.45**	**24.7%**
10 March 2015	109.88[2]	**76.92**	74.00	**167.00**	**174.45**	**25.4%**
Funds raised 2017/18 (launched 06 September 2017)						
28 September 2017	82.49[2]	**57.74**	34.00	**127.00**	**134.45**	**35.7%**
20 October 2017	82.67[2]	**57.87**	34.00	**127.00**	**134.45**	**35.7%**
9 November 2017	83.20[2]	**58.24**	34.00	**127.00**	**134.45**	**35.7%**
20 November 2017	84.54[2]	**59.18**	34.00	**127.00**	**134.45**	**35.7%**
21 November 2017	84.50[2]	**59.15**	34.00	**127.00**	**134.45**	**35.7%**
24 January 2018	81.27[2]	**56.89**	31.00	**124.00**	**131.45**	**36.8%**
13 March 2018	82.32[2]	**57.62**	31.00	**124.00**	**131.45**	**36.8%**
Funds raised 2020 (launched 25 October 2019)						
8 January 2020	77.28[2]	**54.10**	19.00	**112.00**	**119.45**	**42.1%**

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

[2] - Average effective offer price. Shares were allotted pursuant to the 2014/15, 2015, 2017/18 and 2019/20 offers at individual prices for each investor in accordance with its pricing formula set out in each offer's respective securities note.

Cumulative dividends paid

	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)	Funds raised 2014 (p)	Funds raised 2015 (p)	Funds raised 2017/18 (p)	Funds raised 2019/20 (p)
23 July 2021	3.79[1]	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
28 September 2020	8.34[1]	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
10 July 2020	2.27[1]	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
18 October 2019	3.41[1]	4.50	4.50	4.50	4.50	4.50	4.50	4.50	
12 July 2019	1.14[1]	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
15 February 2019	2.65[1]	3.50	3.50	3.50	3.50	3.50	3.50	3.50	
21 June 2018	1.89[1]	2.50	2.50	2.50	2.50	2.50	2.50	2.50	
15 February 2018	2.27[1]	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
31 August 2017	11.37[1]	15.00	15.00	15.00	15.00	15.00	15.00		
20 June 2017	2.27[1]	3.00	3.00	3.00	3.00	3.00	3.00		
15 February 2017	3.03[1]	4.00	4.00	4.00	4.00	4.00	4.00		
07 July 2016	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00		
15 February 2016	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00		
30 June 2015	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00		
20 March 2015	3.03[1]	4.00	4.00	4.00	4.00	4.00	4.00		
30 October 2014	6.06[1]	8.00	8.00	8.00	8.00	8.00			
03 July 2014	4.55[1]	6.00	6.00	6.00	6.00	6.00			
12 March 2014	3.03[1]	4.00	4.00	4.00	4.00	4.00			
27 June 2013	4.55[1]	6.00	6.00	6.00	6.00				
08 February 2013	4.55[1]	6.00	6.00	6.00	6.00				
15 February 2012	3.02[1]	4.00	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 the 'O' and 'S' Share Funds									
17 March 2010	2.00	0.50							
16 February 2009	4.00								
15 February 2008	2.00								
24 October 2007	2.00								
15 February 2007	3.75								
14 February 2006	3.25								
04 February 2005	1.25								
11 February 2004	1.25								
12 February 2003	1.75								
18 February 2002	1.20								
Total dividends paid	**125.52**	**136.50**	**136.00**	**108.00**	**108.00**	**96.00**	**78.00**	**34.00**	**19.00**

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

The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to Shareholders by date of allotment is shown in the table on pages 85 and 86.

Glossary of terms

Alternative performance measure ("APM")

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

Cumulative dividends paid (APM)

The total amount of dividend distributions by the Company over the time period specified. A list of all dividends paid since launch of the Company is shown on the Company's website www.incomeandgrowthvct.co.uk. Dividends paid in the year and dividends paid in respect of the year are shown in Note 8.

Cumulative total return (APM)

Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (Share price basis), plus cumulative dividends paid since the launch of the current share class in 2008.

Internal Rate of Return ("IRR") (APM)

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

Net asset value or NAV

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

Net asset value per share or NAV per share

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

NAV Total Return (APM)

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

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

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

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

Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, shows Shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future. This is calculated by dividing the Investment Adviser's fees of £2,195,247 and other expenses of £444,069 (per Notes 4a and 5 on pages 61 to 62), the latter being reduced by IFA Trail commission fees and one-off professional fees, the average net assets throughout the year of £111,256,766.

Realised gains/(losses) in the year

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

Share Price Total Return (APM)

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

Corporate Information

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Maurice Helfgott
Helen Sinclair
Justin Ward

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