The Income & Growth VCT plc

A Venture Capital Trust

Annual Report & Financial Statements
for the year ended 30 September 2019

mobeus
The Income & Growth VCT plc

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

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Financial Highlights

For the financial year ended 30 September 2019

As at 30 September 2019:
Net assets: **£81.73 million**
Net asset value per share: **79.12 pence**

- Net asset value ("NAV") total return per share was 7.4%*.
- Share price total return per share was 15.8%*.
- Dividends paid in respect of the year total 6.00 pence per share. This brings cumulative dividends paid to Shareholders in respect of the past five years to 55.00 pence per share*.
- The Company realised investments totalling £9.19 million of cash proceeds and generated net realised gains over original investment cost of £4.38 million.
- £5.08 million was invested into three new companies and three follow-on investments.

* Further details on these alternative performance measures ("APMs") are contained in the Strategic Report on pages 5 to 10. NAV total return per share is calculated as closing NAV per share plus dividends paid in the year as a percentage of opening NAV per share.

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)	Cumulative total return per share to Shareholders[2] (Share price basis) (p)	Dividends paid and proposed per share in respect of each year (p)
2019	81.73	79.12	75.50[3]	113.00	192.12	188.50	6.00[4]
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
2016	70.84	98.51	88.80	80.50	179.01	169.30	10.00
2015	75.20	106.38	93.50	68.50	174.88	162.00	12.00

[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.

[3] The share price at 30 September 2019 has been adjusted to add back the dividend of 4.50 pence per share paid on 18 October 2019, as the listed share price was quoted ex this dividend at the year end.

[4] Dividends paid and proposed per share in respect of 2019 include the second interim dividend of 4.50 pence referred to below.

Dividends paid post year end in respect of the year ended 30 September 2019

A second interim dividend of 4.50 pence per share, comprising 0.50 pence from income and 4.00 pence from capital was paid to Shareholders on 18 October 2019.

Detailed performance data for each of the VCT's fundraisings is provided in the Performance Data Appendix on pages 77 to 79. 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" in "Reviewing the performance of your investment".

Chairman's Statement

I am pleased to present the Annual Report of the Company for the year ended 30 September 2019.

Overview

This has been a year of good performance by the Company. Returns to Shareholders have been higher than the previous year, due primarily to profitable realisations of portfolio companies and increased valuations in the portfolio supported by a solid income return. During the year, the Company made investments into three new portfolio companies (plus two new investments following the year end), three existing portfolio companies and fully realised its investment in two existing portfolio companies. Further details of this investment activity can be found under the 'Investment portfolio' section of my statement below and in the Investment Adviser's Review on pages 13 to 15.

Including two made after the period end, eighteen new growth capital investments have now been completed by the Company in accordance with its investment policy, as revised and subsequently approved by Shareholders in response to the VCT legislation introduced by the Finance (No.2) Act 2015. During the year, additional changes to VCT legislation were enacted, further details of which can be found on page 5 and under the 'Industry and regulatory developments' section of my statement below.

The Investment Adviser continues to report a healthy pipeline of growth capital opportunities. Meanwhile, the mature portfolio constructed under the previous VCT rules has continued to perform steadily.

Subscription Offer

On 25 October 2019 the Company launched a subscription offer for new shares. The Offer, launched in conjunction with other Mobeus advised VCTs, sought to raise £5.00 million with an over-allotment facility of an additional £5.00 million. At 4 December, £7.31 million worth of applications had been received following the utilisation of the over-allotment facility on 14 November 2019. Your Board regards it as important that the Company maintains adequate levels of liquidity to pursue its investment policy, and the amount sought reflects that objective.

Performance

The Company's NAV per share increased by 7.4% for the year ended 30 September 2019 (2018: 3.2%), before deducting dividends paid during the year. This NAV total return for the year was primarily attributable to the sale of the Company's investments in Plastic Surgeon and ASL Technology, an uplift in the value of the existing portfolio, and another year of good revenue returns, arising principally from income from loan stock investments.

As a result of this year's performance, the NAV cumulative total return per share since launch (being the closing net asset value plus total dividends paid to date since launch) increased in the year by 3.1% (2018: 1.4%) from 186.32 pence to 192.12 pence.

Using the benchmark of NAV cumulative total return as at 30 September 2019, the Company was ranked 3rd out of 32 VCTs over ten years amongst generalist (including planned exit) VCTs used by the Association of Investment Companies ("AIC") to measure performance. Over the shorter periods of one, three and five years, the VCT was ranked 6th (out of 45 VCTs), and 15th (out of 47 VCTs) and 25th (out of 40 VCTs) respectively.

Further details on these alternative performance measures ("APMs") are contained in the Strategic Report.

Dividends

Your Board has declared and paid two interim dividends in respect of the year ended 30 September 2019. An interim dividend of 1.50 pence per share was paid on 12 July 2019 and a further interim dividend of 4.50 pence per share was paid after the year end on 18 October 2019. These dividends bring the total paid in respect of the year ended 30 September 2019 to 6.00 pence (2018: 6.00 pence). The Company has met the Board's present annual target for the year and as a result will not be declaring a final dividend. Total dividends paid in respect of the last five years are 55.00 pence per share.

Shareholders should note however, that as a result of the changes in the VCT rules that require VCTs to make growth capital investments in younger, smaller companies, which are likely to have a higher risk profile, the Company may find it a challenge to generate a similar, and consistent level of dividends over the medium-term. Your Board will continue to monitor whether the current annual dividend target of 6.00 pence per share remains sustainable in the current investment environment.

Investment portfolio

The portfolio performed well during the year, increasing in value by 10.0% (2018: 3.6%) on a like-for-like basis. The portfolio achieved net increases over the year of £3.15 million in realised gains and £1.78 million from investments still held. The portfolio was valued at £50.22 million at the year end, representing 0.6% above cost (30 September 2018: £49.40 million at 95.1% of cost).

The portfolio movements across the year were as follows:

	£m
Portfolio value at 30 September 2018	49.40
New and follow-on investments	5.08
Disposal proceeds	(9.19)
Realised gains	3.15
Valuation movements	1.78
Portfolio value at 30 September 2019	**50.22**

During the Company's financial year, £5.08 million (2018: £6.21 million) was invested across three new companies (2018: four) and three existing portfolio companies (2018: five). Further analysis of investments made can be found in the Investment Adviser's Review on pages 11 to 15. An explanation is also provided within Note 9 to the Financial Statements.

New growth capital investments totalling £2.92 million were made into the following companies during the year:

- Grow Kudos, a digital platform for dissemination of research;
- Arkk, a regulatory and reporting requirement service provider; and
- Parsley Box, home delivered, ambient ready meals for the elderly.

Follow-on investments totalling £2.16 million were made into:

- Biosite, a provider of workforce management and security services;
- Proactive Investors, a provider of investor media services; and
- MPB Group, an online marketplace for used camera and video equipment.

Both new and follow-on investments may require further capital investment as they seek to achieve scale.

After the year end, further new investments totalling £2.50 million were made into two companies as follows:

- Active Navigation, a provider of enterprise-level file analysis software; and
- IPV, a developer of media asset management software.

Including Active Navigation and IPV, the new growth capital investments made since the VCT rule change have a carrying value of £25.85 million against a cost of £22.85 million, and so form a significant proportion of the portfolio.

Cash proceeds totalling £9.19 million for the year were received from portfolio companies that were either sold, repaid loans, or settled other capital proceeds. Of this total, £6.11 million was received as cash proceeds from the sale of Plastic Surgeon and ASL Technology, contributing to an overall multiple of proceeds over the life of the investments of 5.6x and 2.2x respectively and together realising a net gain of £2.38 million over opening valuation. Proceeds of £0.52 million were also received from the partial sale of Master Removers Group, yielding a gain of £0.03 million. Additionally, a further £1.82 million was received as loan repayments and finally, other receipts and a realised gain of £0.74 million was generated arising from deferred consideration from the sale of Entanet in 2017 (contributing to an overall multiple of proceeds over the life of the investment of 2.8x).

For the year under review, the portfolio as a whole achieved a net increase of £3.15 million on investments realised.

The unrealised portfolio as a whole achieved a net increase of £1.78 million on investments still held, with positive increases from, amongst others, Proactive Group (see further explanation in Investment Adviser's Review on page 11), Auction Technology Group, and MPB Group which were partially offset by valuation falls notably in Aquasium Technology, Bourn Bioscience and Wetsuit Outlet.

Industry and regulatory developments

As mentioned last year, a number of changes to the VCT Scheme were introduced with the enactment of the Finance Act 2018. A summary of the current VCT Rules is included on Page 5. The main changes require 30% of any funds raised in the Company's accounting period to be invested in Qualifying Investments within 12 months of the end of that accounting period, and the Company's required level of Qualifying Investments as a share of its Total investments increased from 70% to 80% with effect from 1 October 2019. The Company remained compliant throughout the year and to the date of this Report. These changes, together with other more minor rule changes, are not expected to impact the Company's investment strategy, albeit these are further rules that the Company must meet to maintain its VCT qualifying status.

Investment Policy revision

Shareholders approved the changes to the Company's Investment Policy at the Annual General Meeting held on 6 February 2019. The changes brought the Policy into line with the new VCT regulations.

Share Premium Account

At the Annual General Meeting held on 6 February 2019, Shareholders also gave their authority for the Company to seek the Court's permission to cancel the share premium account and capital redemption reserve. On 30 July 2019, the High Court of Justice Chancery Division confirmed the cancellations of the amount standing to the credit of the share premium account and capital redemption reserve, thus increasing the Company's special reserve which can be used to facilitate distributions, share buybacks and other corporate purposes.

Dividend Investment Scheme

As announced on 18 December 2018, the Board decided to suspend the Company's Dividend Investment Scheme ("the Scheme") and since this date all dividends have been paid as cash.

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

Following a further review, the Board believes that it would be beneficial for the Company and for Shareholders for the Scheme to be recommenced with effect from the close of the Company's AGM on 12 February 2020. From this date, those participants in the Scheme will have their dividends reinvested to purchase new shares in the Company. As part of the Board's consideration in recommencing the scheme, it has carried out a review of the Scheme terms and conditions ("Scheme Rules").

The Board has decided to amend the Scheme Rules so that any new shares will be issued at the latest published NAV per share, as is current market practice, rather than as previously, at the higher of 70% of NAV per share or the mid-market price per share which, in practice, resulted in shares being issued at an effective discount to NAV of circa 10%.

In addition, there are a number of other technical, regulatory and clarificatory changes being made to the Scheme Rules. These changes will apply to new participants from today and from the close of the Company's Annual General Meeting on 12 February 2020 in respect of existing participants.

All existing Scheme participants will be notified of the changes and given the opportunity to remain or withdraw from the Scheme. Any Shareholders not currently participants of the Scheme may visit investors.mobeus.co.uk/vct-investors/the-income-and-growth-vct/dividends and sign up to the Scheme.

Succession Planning

After the year end, on 18 October 2019, Colin Hook resigned as the Chairman and a Director of the Board, due to personal circumstances. I have become Chairman in the meantime as explained below.

On behalf of the Board, I record our great appreciation of Colin's substantial contribution to the Company's affairs over many years. He will be greatly missed.

The Board is pleased to have appointed a new Director and Chairman of the Audit Committee and the Nomination and Renumeration Committee, Justin Ward, on 12 November 2019, succeeding me in both these roles. Justin has extensive experience in private equity and venture capital investment and we are confident that he will make a very positive contribution to the Company.

Shareholders should be aware that the Board is seeking to appoint a new Chairman over the coming months. After a period of handover to both the new Chairman and Justin, it is my intention to retire from the Board in 2020.

Shareholder Event

The Investment Adviser holds an annual VCT event for Shareholders in central London.

These events include presentations on the Mobeus advised VCTs' investment activity and performance. We have been pleased to receive positive comments from those attending in previous years. The next event will be held at the National Gallery in central London on Tuesday, 4 February 2020. This is a new venue for the event, though there will remain separate daytime and evening sessions as in previous years. Shareholders were sent an invitation to this event with further details in October. If you have not replied to the invitation, but would like to attend, please visit the website at www.mobeus.co.uk/shareholder-event and complete the short registration form to register. For alternative options, please see the shareholder information section within this Report, on page 72. The Board looks forward to meeting all Shareholders able to join them at the event.

Outlook

Your Board considers that your Company is well positioned, with a portfolio still including relatively mature investments providing an income return, and an increasing proportion of younger, growth capital companies seeking to achieve scale. The strong result achieved for the year reflects growth and valuation increases in both elements of the portfolio, underpinned by two profitable realisations.

Notwithstanding the uncertainties surrounding the upcoming general election and the UK's exit from the European Union, there is an encouraging level of activity amongst early stage companies seeking further investment to help them grow.

As has already been stated, there is a healthy pipeline of potential new investments although, with significant funding available across the VCT sector as a whole, leading to upwards pressure on entry prices, it is increasingly important to identify the most attractive opportunities and to work with potential investee businesses to facilitate the optimal operating and financing structures to foster their growth and to deliver attractive returns.

Your Board reminds Shareholders however, that investing in earlier stage companies does involve increased risk and those that succeed often take longer to achieve scale. Positive returns may, therefore, take longer to emerge and may be more volatile. It is likely that unsuccessful investments will emerge sooner than successful investments and so financial progress may be slower initially. In the longer term, this should be offset by more significant gains.

The strong start to the Company's fundraising indicates encouraging support for the Board's strategy and will provide the Company with further capital with which to seek attractive returns for Shareholders.

Finally, I would like to thank all of our Shareholders for their continuing support.

Jonathan Cartwright
Chairman
6 December 2019

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 VCT'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 26 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:

- for the Company's accounting periods ending on or before 30 September 2019, the Company was required to hold at least 70%, by VCT tax value[1] of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising. For the Company's accounting periods beginning on or after 1 October 2019, this percentage increased to 80%. From that date, total investments also include funds raised up to 30 September 2017;
- all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011 are, in aggregate, required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules)[2];
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity; and
- VCTs are now required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of that accounting period.
- Since 6 April 2019, the period for reinvestment of the proceeds on disposal of qualifying investments has increased from 6 to 12 months.

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

- which carry on a qualifying trade;
- which have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately following investment from VCTs;
- whose maximum age is generally up to seven years (ten years for knowledge intensive businesses);
- that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (for knowledge intensive companies the 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 20 to 25.

[2] The requirement for VCTs to hold at least 30% of qualifying investment in 'eligible shares' (broadly ordinary equity) from funds raised prior to 6 April 2011 has been withdrawn.

The Company and its business model

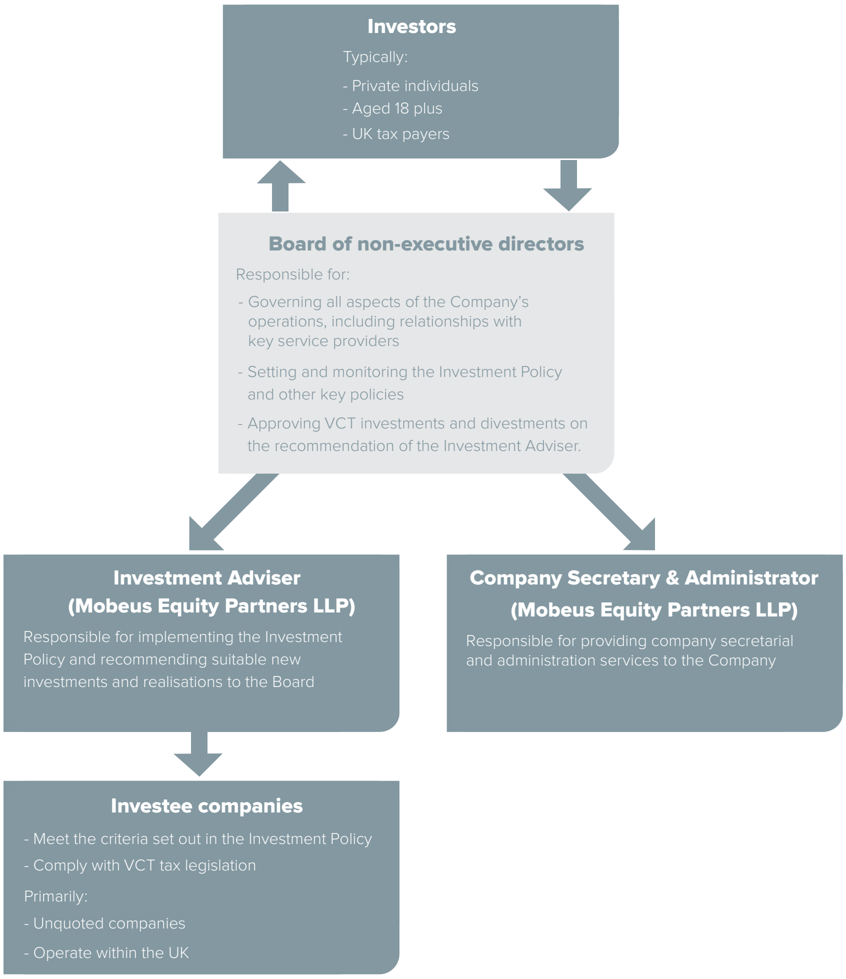
The Company is a Venture Capital Trust and its objective and Investment Policy are therefore designed to ensure that it continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC") whilst maximising returns to Shareholders from both income and capital. A summary of the most important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

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 (alternative performance measures ("APMs")) 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 VCT's performance compared with its peer group;**
3. **Dividend policy;**
4. **Compliance with VCT legislation;**
5. **Share price and discount to NAV; and**
6. **Costs.**

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 2019, and over the longer-term, through the application of its investment and other principal policies:

1. Annual and cumulative returns per share for the year

The Company's objective is to generate long-term growth in capital and income. To assess this, the Board monitors the growth in total returns per share, both on a NAV basis and a share price basis, adjusted for dividends paid in the year. NAV basis reflects the net assets of the Company and share price basis reflects the price at which a Shareholder could expect to sell their shares. This is the most widely used measure of performance in the VCT sector. NAV per share is defined as net assets divided by the number of shares in issue, and NAV Total return per share is NAV per share plus dividends paid per share 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 2019 were 7.4% (2018: 3.2%) and 15.8% (2018: 2.7%) respectively, as shown below:

Total return (p)

	NAV basis (p)
Closing NAV per share	79.12
Plus: dividends paid in year (Note 2)	5.00
Total for year	**84.12**
Less: opening NAV per share	78.32
NAV return for year per share (Note 3)	**+5.80**
% NAV return for year	**7.4%**

	Share price basis (p)
Closing share price (Note 1)	75.50
Plus: dividends paid in year (Note 2)	5.00
Total for year	**80.50**
Less: opening share price	69.50
Share price return for year per share	**+11.00**
% share price return for year	**15.8%**

Note 1: The share price at the year end was actually 71.00 pence per share because the share price was quoted excluding entitlement to the dividend of 4.50 pence per share paid on 18 October 2019. Accordingly, 4.50 pence has been added to the share price, to give a more accurate share price return for the year.

Note 2: Dividends paid in the year were the final dividend of 3.50 pence per share for the year ended 30 September 2018, paid on 15 February 2019 and the interim dividend of 1.50 pence per share for the year under review, paid on 12 July 2019.

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 77 to 79 of this Annual Report.

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

Year ended 30 September	2019 (p)	2018 (p)
Gross portfolio capital returns	4.77	1.60
Gross income returns	3.03	2.93
Costs	(2.14)	(2.06)
Other movements	0.14	0.11
NAV return for the year (as above for 2019 only)	**+5.80**	**+2.58**

The contributions from the portfolio returns and income are shown before deducting attributable costs. They are explained overleaf 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 6.00p per share (explained in section 3 Dividend policy).

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:

Shareholders will note from the above table that cumulative shareholders returns have increased in every year shown. The returns over the period are a combination of an increase in cumulative dividends paid outweighing a fall in the NAV per share.

Internal rate of return ("IRR")

As at 30 September	2019	2018
Internal rate of return (NAV basis) (with tax relief)	12.8%	13.0%
Internal rate of return (NAV basis) (without tax relief)	7.9%	7.9%

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 2019 £m	30 September 2018 £m
Capital return	3.98	0.74
Revenue return	1.87	1.87
Total return	**5.85**	**2.61**

The capital profit for the year of £3.98 million (3.85p of NAV return for the year per share, net of costs charged to capital) is due primarily to the sales of Plastic Surgeon and ASL Technology, and a net increase in unrealised valuations of the portfolio companies. The increase in capital return from £0.74 million to £3.98 million is due to larger realised gains on disposals in 2019 compared to 2018 as well as a larger net increase in the unrealised value of the portfolio.

The revenue profit for the year of £1.87 million (1.82p of NAV return for the year per share, net of costs charged to revenue) is unchanged from the previous year. The revenue profit is derived from income, primarily from loan interest, outweighing revenue expenses.

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	10.5% (6th)[1]	2.7% (45)
Three years	20.0% (12th)	13.9% (47)
Five years	27.4% (21st)	29.0% (40)
Ten years	170.2% (2nd)	89.4% (32)

[1] This figure of 10.5% differs from that shown in Section 1 of 7.4% due to the former being based upon the latest announced NAV per share, being 81.11 pence per share at 30 June 2019 less a 1.50 pence dividend paid on 12 July 2019.

The NAV total return comprises the NAV per share 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.

On a NAV cumulative Total Return basis (which assumes dividends are not reinvested), the VCT was ranked 15th over three years (out of 47 VCTs), 25th over five years (out of 40 VCTs) and 3rd over ten years (out of 32 VCTs) among generalist (including planned exit) VCTs at 30 September 2019. These statistics are produced by the AIC (based on information prepared by Morningstar).

3. Dividend policy

The Company's objective is to provide Shareholders with an attractive stream of tax-free dividends. The Company's annual dividend target is 6.00 pence per share. However, the Board continues to review the sustainability of this target following the recent changes to the VCT Rules and the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and availability of cash and reserves.

Dividends paid or payable per share in respect of the financial year ended 30 September 2019 are 6.00 comprising of two interim dividends of 1.50 and 4.50 pence per share, paid to Shareholders on 12 July 2019 and 18 October 2019, respectively.

Cumulative dividends paid to date since the inception of the current share fund are now 117.50 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

Strategic Report

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 2019, 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 the latest published NAV per share. It has succeeded in carrying out this objective in the year.

During the year the Board announced that, with effect from 1 August 2019, its objective would be to seek to maintain the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less, where it had been at 10% or less prior to this.

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 2019 was 5.2% (2018: 10.5%) based on the share price shown in the table on page 7 and the NAV at 30 June 2019 of 79.61 pence (after deducting a 1.50 pence dividend paid on 12 July 2019).

During the year ended 30 September 2019, Shareholders holding 2,135,527 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited ("Panmure Gordon"), to purchase these shares at prices reflecting the Company's share buyback discount policy. The Company subsequently purchased these shares at prices of between 66.69 and 70.50 pence per share and cancelled them. The Company bought back 2.0% of the issued share capital of the Company at 1 October 2018 during the year.

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:

	2019	2018
Ongoing charges	2.6%	2.6%
Performance fee	0.0%	0.0%
Ongoing charges plus accrued performance fee	2.6%	2.6%

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 (see note 4 for further explanation) for the year was 2.6% (2018: 2.5%) of closing net assets. As a result, no breach of the expense cap of 3.25% of the closing net assets for the year ended 30 September 2019 (2018: £nil) has occurred.

Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have increased from £1.71 million to £1.78 million. This increase reflects principally a higher level of net assets over the majority of the year. The Mobeus incentive fee hurdle was not achieved during the year and so no fee was payable.

Other expenses have decreased slightly from £0.46 million to £0.43 million, due to fewer expenses incurred arising from the suspension of the dividend investment scheme.

Further details of these fees and expenses are contained in Notes 4 and 5 to the Financial Statements on pages 53 to 54.

Investment Adviser's Review

There remains a strong demand for growth capital investment and Mobeus is reviewing several interesting investment opportunities. It is expected that a number of new and follow-on investments will be undertaken in the short to medium-term.

Portfolio review

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

	2019 £m	2018 £m
Opening portfolio value	49.40	48.09
New and further investments	5.08	6.21
Disposal proceeds	(9.19)	(6.58)
Net realised gains	3.15	1.11
Valuation movements	1.78	0.57
Portfolio value at 30 September	**50.22**	**49.40**

This has been a year of progress within the portfolio with three investments into new growth capital businesses totalling £2.92 million, three existing portfolio companies receiving follow-on funding totalling £2.16 million, and net cash proceeds received of £9.19 million, primarily from two realisations and loan repayments.

Further details are provided later in this Review and on pages 13 to 15.

The past year's investment and divestment activity has increased the proportion of the portfolio comprised of growth capital investments to 59.2% at the year end, representing £29.72 million of the total portfolio carrying value of £50.22 million. After the year end, the Company invested a further £2.50 million into two new portfolio companies, increasing this ratio to 61.1% on a pro-forma basis. To date, a total of £23.02 million has been invested in growth capital companies since the introduction of the new VCT regulations in 2015.

Details of the valuation movements for each investee company are provided at the end of this Investment Adviser's Review.

The portfolio's contribution to the overall results of the VCT is as follows:

Investment Portfolio Capital Movement	2019 £m	2018 £m
Increase in the value of unrealised investments	6.69	5.91
Decrease in the value of unrealised investments	(4.91)	(5.34)
Net increase in the value of unrealised investments	**1.78**	**0.57**
Realised gains	3.15	2.23
Realised losses	-	(1.12)
Net realised gains in the year	**3.15**	**1.11**
Net investment portfolio movement in the year	**4.93**	**1.68**

Valuation changes of portfolio investments still held

The carrying value of the existing portfolio increased by £1.78 million during the year. This net increase in the value of the portfolio of investments was due to increases in individual valuations of £6.69 million outweighing reductions in individual valuations of £(4.91) million.

The principal contributors to the valuation increases of £6.69 million were: Proactive Group £1.50 million, Auction Technology Group £1.46 million and MPB Group £1.20 million. Auction Technology Group, which the VCT part realised in 2014, is trading well ahead of budget with growth showing in all areas of its business. MPB Group has grown its revenues substantially and, in July, secured a £9.00 million further investment at a higher valuation, of which £2.00 million was provided by the Mobeus advised VCTs.

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

The main reductions within the total valuation decreases of £(4.91) million were as follows:

- Aquasium £(0.83) million;
- Bourn Bioscience £(0.80) million;
- Wetsuit Outlet £(0.67) million;
- SuperCarers £(0.65) million; and
- Redline £(0.41) million

Aquasium has underperformed for the year and is having a slow-down in conversion of its sales pipeline, particularly as a result of a slow-down in global trade. Bourn has now opened its new facility in Essex but this will take time to reach normal trading levels. Over the medium-term the company has a strong brand and retains a strategic position in the market. Wetsuit Outlet continues to have a disappointing period post investment, although it is anticipated that measures recently implemented to restore margins will soon begin to improve profitability. Redline's revenues have been unpredictable and sales in recent months have been lower than planned, which has impacted valuation. Finally, SuperCarers is performing behind plan and in response is undertaking a restructure of its cost base.

Realised gains from sales of investments

The Company achieved net realised gains on the sale of investments of £3.15 million over their value at the start of the financial year.

The Company realised its investments in ASL Technology and Plastic Surgeon during the period under review, generating realised gains in the period of £1.89 million and £0.49 million respectively. Total proceeds received over the life of each investment contributed to a multiple over their original cost of 2.2x for the sale of ASL Technology and 5.6x for Plastic Surgeon. The Company also made a part disposal of Master Removers Group realising £0.52 million in proceeds and a gain of £0.03 million. Finally, the Company achieved a gain of £0.74 million arising from the disposal of Entanet in 2017, increasing the final return on cost from this investment to 2.8x.

In addition to deferred consideration receipts and proceeds from disposals of investments referred to above, the Company also received loan stock repayments of £1.82 million.

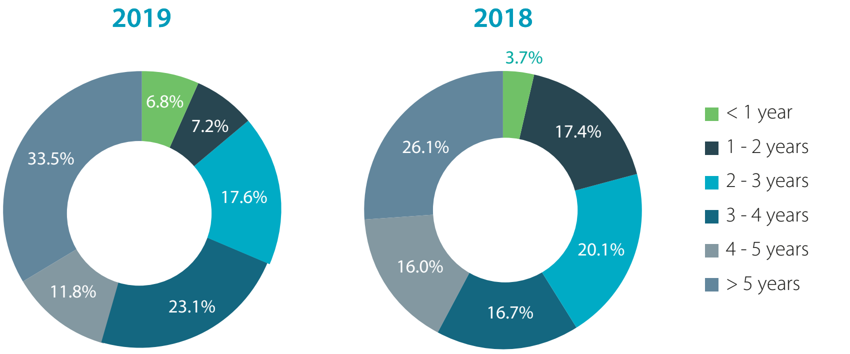
Investment portfolio yield and capital repayments

During its financial year, the Company received the following amounts in interest and dividend income:

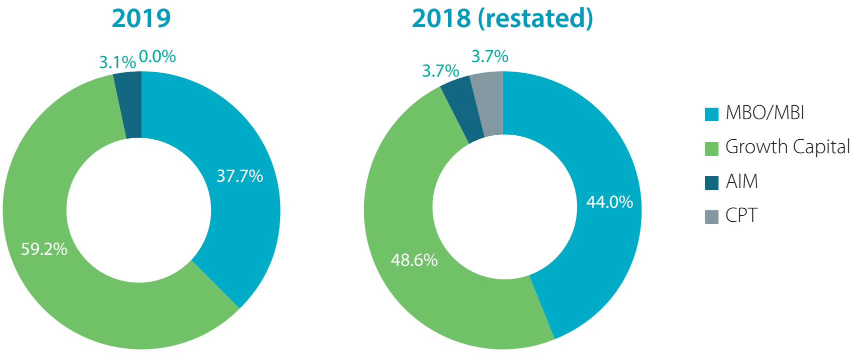
Investment Portfolio Yield	2019 £m	2018 £m
Interest received in the year	2.64	2.51
Dividends received in the year	0.26	0.42
Total portfolio income in the year	**2.90[1]**	**2.93**
Portfolio value at 30 September	**50.22**	**49.40**
Portfolio Income Yield (Income as a % of Portfolio value at 30 September)	**5.8%**	**5.9%**

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

Age of the portfolio at valuation

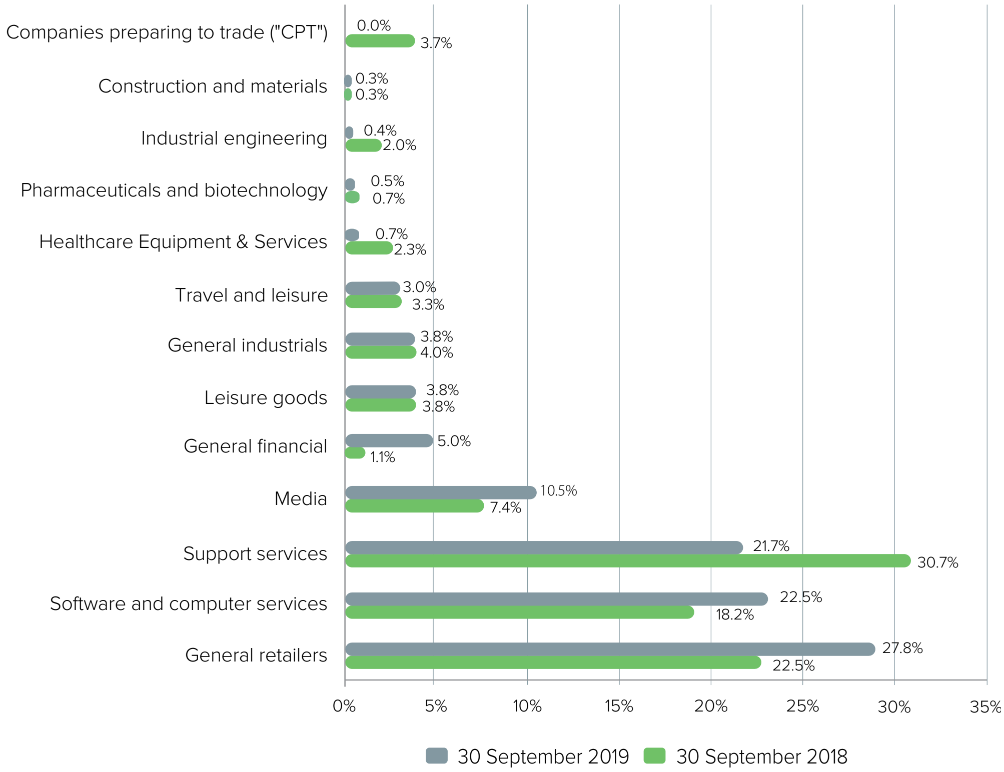


Type of investment transaction at valuation



Investments by market sector at valuation

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



New investments in the year

A total of £2.92 million was invested into three new investments during the year as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
KUDOS www.growkudos.com	Grow Kudos	Platform for the dissemination of research	November 2018	0.47

Grow Kudos is an online platform which provides and promotes research dissemination. The Kudos product was developed to allow researchers to increase the impact and readership of their work and to track and analyse distribution both within academia and across broader audiences. The investment will be used principally to increase its resources to support sales growth. The company's unaudited accounts for the year ended 31 December 2018 show revenues of £0.64 million and a loss before interest, tax and amortisation of goodwill of £(0.25) million.

	Company	Business	Date of investment	Amount of new investment (£m)
arkksolutions	Arkk Consulting	Regulatory and reporting requirement service provider	May 2019	1.53

Arkk Consulting (trading as Arkk Solutions) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. The investment will build on Arkk's reputation and customer base, to target the cloud-based period end reporting market by building the sales and marketing team. The company's audited accounts for the year ended 31 December 2018 show turnover of £3.36 million and a loss before interest, tax and amortisation of goodwill of £(0.34) million.

	Company	Business	Date of investment	Amount of new investment (£m)
ParsleyBox	Parsley Box	Home delivered, ambient ready meals for the elderly	May 2019	0.92

Parsley Box is a UK direct to consumer supplier of home delivered, ambient ready meals for the elderly. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and aim to contribute to a more independent and healthier lifestyle. The investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. The company's unaudited accounts for the period ended 31 March 2019 show revenues of £3.08 million and a loss before interest, tax and amortisation of goodwill of £(0.50) million.

Strategic Report

Further investments in existing portfolio companies in the year

The Company made further investments totalling £2.16 million into three existing portfolio companies during the year under review, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
BIOSITE	Biosite	Workforce management and security services	October 2018	0.93

Based in the Midlands, Biosite is a provider of biometric access control and software-based workforce management solutions for the construction sector. The business is growing significantly and this investment will support the further development of software and hardware products. The company's audited accounts for the year ended 31 July 2018 show turnover of £9.76 million and a loss before interest, tax and amortisation of goodwill of £(0.64) million.

	Company	Business	Date of investment	Amount of new investment (£m)
proactiveinvestors	Proactive Investors	Investor media services	October 2018	0.45

Proactive Investors specialises in timely multi-media news provision, events organisation, digital services and investor research. Proactive provides breaking news, commentary and analysis on hundreds of small-cap listed companies and pre-IPO business across the globe. This planned follow-on investment will enable Proactive to continue to expand its services into the US market, which is the largest global market for investor media services. The company's unaudited accounts for the year ended 30 June 2018 show turnover of £4.75 million and a loss before interest, tax and amortisation of goodwill of £(0.31) million.

	Company	Business	Date of investment	Amount of new investment (£m)
	MPB Group	Online marketplace for used camera and video equipment	Oct, Dec 2018, February 2019 & July 2019	0.78

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

New investments after the year end

After the year end, the Company made two new investments totalling £2.50 million, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
ActiveNavigation	Active Navigation	File analysis software	November 2019	1.54

Data Discovery Solutions, trading as Active Navigation, is a file analysis software solution which makes it easier for companies to clean up network drives, respond to new data protection laws and dispose of redundant and out dated documents. Active Navigation's solution is used by significant blue chip customers, particularly those in highly regulated industries such as energy and professional services, as well as government entities in the USA, Canada, Australia and the UK. Active Navigation will seek to drive continued growth from its file analysis platform with the recruitment of experienced sales and professional services staff. The company's audited accounts for the year ended 30 June 2018 show revenues of £5.02 million and a profit before interest, tax and amortisation of goodwill of £1.45 million.

	Company	Business	Date of investment	Amount of new investment (£m)
ipv Serious About Video	IPV	Media asset software	November 2019	0.96

IPV Limited ("IPV") has developed a media asset management software product called 'Curator', enabling enterprise level customers to receive and search hours of video footage, edit into multiple short clips and broadcast to online video platforms (such as YouTube) and company intranets, in a very short time. IPV's impressive list of blue-chip clients, such as Turner Sports, NASA and Sky, are looking to improve the efficiency in managing their video content. The company has built an impressive senior management team of proven operators and is targeting a media asset management market in the US and UK, worth an estimated £1 billion per annum. The investment will be used to build out a sales and marketing team and to fund lead generation for new direct and partner channels as well as supporting the existing partner network. The company's unaudited accounts for the year ended 31 December 2018 show revenues of £2.25 million and a loss before interest, tax and amortisation of goodwill of £(1.18) million.

Realisations in the year

The Company realised its investments in ASL Technology and Plastic Surgeon during the year, generating cash proceeds of £6.11 million, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/Multiple over cost
Plastic Surgeon FINE FINISHERS	Plastic Surgeon	Supplier of snagging and finishing services to the property sector	April 2008 to May 2019	£2.27 million 5.6 x cost
The Company sold its remaining investment in Plastic Surgeon to Polygon Group for £1.32 million (realised gain in the year: £0.49 million). Over the eleven years this investment was held, it generated proceeds of £2.27 million compared to an original investment cost of £0.41 million which is a multiple on cost of 5.6x and an IRR of 20.5%.				
ASL MANAGED • DOCUMENT • SOLUTIONS	ASL Technology	Printer and photocopier services	December 2010 to June 2019	£5.94 million 2.2 x cost
The Company sold its investment in ASL Technology for £4.79 million (realised gain in the year: £1.89 million). Over the eight and a half years this investment was held, it generated proceeds of £5.94 million compared to an original investment cost of £2.72 million, which is a multiple on cost of 2.2x and an IRR of 12.6%.				

There was a partial realisation of Master Removers Group ("MRG") which generated proceeds of £0.52 million and a realised gain of £0.03 million. Following a reorganisation of MRG's share capital, the Company has increased its equity share from 6.3% to 9.5%.

Loan stock repayments and other receipts

Loan stock repayments of £1.82 million were received during the year, most notably from Hollydale Management Limited (£0.62 million) and deferred consideration receipts of £0.74 million arising from past realisations.

Net realised gains on the three full and partial disposals above of £2.41 million, increased by deferred consideration gains of £0.74 million, equal the total realised gain for the year of £3.15 million, as shown in both tables on page 11 of this review.

Mobeus Equity Partners LLP
Investment Adviser

6 December 2019

Principal investments in the Portfolio at 30 September 2019

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost	£3,314,000
Valuation	£4,145,000

Basis of valuation
Earnings multiple

Equity % held
13.1%

Income receivable in year
£253,064

Business
Provider of data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

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

Movements during the year

None.

MPB Group Limited

www.mpb.com

Cost	£2,043,000
Valuation	£3,859,000

Basis of valuation
Revenue multiple

Equity % held
7.3%

Income receivable in year
£24,120

Business
Online marketplace for photographic and video equipment

Location
Brighton

Original transaction
Growth capital

Audited financial information

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

Movements during the year

Follow on equity investments made in October 2018, December 2018, February 2019 and July 2019.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£2,746,000
Valuation	£3,421,000

Basis of valuation
Earnings multiple

Equity % held
13.7%

Income receivable in year
£262,121

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2018
Turnover	£39,888,000
Operating profit	£1,270,000
Net assets	£2,569,000
Year ended	30 June 2017
Turnover	£38,179,000
Operating profit	£2,336,000
Net assets	£3,155,000

Movements during the year

None.

Strategic Report

Preservica Limited

www.preservica.com

Cost £2,182,000

Valuation £3,054,000

Basis of valuation
Revenue multiple

Equity % held
15.1%

Income receivable in year
£56,100

Business
Seller of proprietary digital archiving software

Location
Abingdon, Oxfordshire

Original transaction
Growth capital

Audited financial information

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

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

Movements during the year

None.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost £1,383,000

Valuation £2,939,000

Basis of valuation
Earnings multiple

Equity % held
2.5%

Income receivable in year
£132,425

Business
Branded outdoor equipment and clothing

Location
Alfreton, Derbyshire

Original transaction
Growth capital

Audited financial information

Year ended	31 January 2019
Turnover	£60,584,000
Operating profit	£14,096,000
Net assets	£26,302,000

Year ended	31 January 2018
Turnover	£54,161,000
Operating profit	£4,404,000
Net assets	£17,082,000

Movements during the year

None.

Media Business Insight Holdings Limited

www.mb-insight.com

Cost £3,667,000

Valuation £2,662,000

Basis of valuation
Earnings multiple

Equity % held
21.2%

Income receivable in year
£562,167

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

Location
London

Original transaction
Management buyout

Audited financial information

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

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

Movements during the year

None.

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

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

Principal investments in the Portfolio at 30 September 2019

Pattern Analytics Limited (trading as Biosite)

www.biositesystems.com

Cost £1,792,000

Valuation £2,649,000

Basis of valuation
Gross profit multiple

Equity % held
7.4%

Income receivable in year
£91,443

Business
Workforce management and security services for the construction industry

Location
Solihull

Original transaction
Growth capital

Audited financial information

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

Year ended	31 July 2017
Turnover	£6,402,000
Operating loss	£(530,000)
Net assets	£2,302,000

Movements during the year

Loan investment made in October 2018.

Turner Topco Limited (trading as Auction Technology Group)

www.antiquestradegazette.com

Cost £1,529,000

Valuation £2,634,000

Basis of valuation
Earnings multiple

Equity % held
3.8%

Income receivable in year
£nil

Business
Publisher and online auction platform operator

Location
London

Original transaction
Secondary buyout

Audited financial information

Year ended	30 September 2018
Turnover	£22,205,000
Operating profit	£3,707,000
Net liabilities	£(33,062,000)

Year ended	30 September 2017
Turnover	£21,558,000
Operating profit	£3,110,000
Net liabilities	£(26,028,000)

Movements during the year

None.

Proactive Group Holdings Inc

www.proactiveinvestors.co.uk

Cost £988,000

Valuation £2,487,000

Basis of valuation
Revenue multiple

Equity % held
3.4%

Income receivable in year
£18,821

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

Location
London

Original transaction
Growth capital

Financial information (unaudited)

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

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

Movements during the year

Follow on loan and equity investments made in October 2018.

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost £1,944,000

Valuation £1,931,000

Basis of valuation
Earnings multiple

Equity % held
8.4%

Income receivable in year
£193,604

Business
Vinyl graphics to global automotive and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Audited financial information

Year ended	28 February 2018
Turnover	£14,880,000
Operating profit	£813,000
Net liabilities	£(1,518,000)
Year ended	28 February 2017
Turnover	£13,753,000
Operating profit	£135,000
Net liabilities	£(403,000)

Movements during the year

None.

Vian Marketing Limited (trading as Red Paddle Co)

www.tushingham.com

Cost £1,207,000

Valuation £1,884,000

Basis of valuation
Earnings multiple

Equity % held
9.5%

Income receivable in year
£75,832

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	28 February 2019
Turnover	£14,845,000
Operating profit	£1,848,000
Net assets	£3,435,000
Year ended	28 February 2018
Turnover	£13,582,000
Operating profit	£1,594,000
Net assets	£2,748,000

Movements during the year

None.

My Tutorweb Limited

www.mytutor.co.uk

Cost £1,784,000

Valuation £1,784,000

Basis of valuation
Revenue multiple

Equity % held
9.8%

Income receivable in year
£nil

Business
Digital marketplace connecting school pupils seeking one-to-one tutoring with tutors

Location
London

Original transaction
Growth capital

Financial information (unaudited)

Year ended	31 December 2018
Turnover	£1,292,000
Operating loss	£(2,203,000)
Net assets	£4,706,000
Year ended	31 December 2017
Turnover	£556,000
Operating loss	£(1,396,000)
Net assets	£2,001,000

Movements during the year

None.

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

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

Investment Portfolio Summary

for the year ended 30 September 2019

	Ordinary shares Cost at 30 September 2019 £	Ordinary shares Valuation at 30 September 2019 £	Other investments[1] Cost at 30 September 2019 £	Other investments[1] Valuation at 30 September 2019 £	Total Cost at 30 September 2019 £	Total Valuation at 30 September 2018 £
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	1,222,899	866,475	2,091,033	3,278,098	3,313,932	4,110,232
MPB Group Limited Online marketplace for used photographic equipment	1,733,577	3,394,175	309,560	464,340	2,043,137	1,885,665
Virgin Wines Holding Company Limited Online wine retailer	65,288	741,259	2,680,215	2,680,215	2,745,503	3,227,371
Preservica Limited Seller of proprietary digital archiving software	1,558,333	2,430,416	623,333	623,333	2,181,666	2,977,489
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	1,584,105	1,244,982	1,355,336	1,383,313	2,809,199
Media Business Insight Holdings Limited A publishing and events business focussed on the creative production industries	1,466,622	-	2,199,934	2,661,708	3,666,556	2,469,625
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	857,014	1,714,028	934,924	934,924	1,791,938	1,384,696
Turner Topco Limited (trading as Auction Technology Group[4] SaaS based online auction market place platform	4,472	1,109,775	1,524,603	1,524,603	1,529,075	1,177,894
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	749,190	2,247,569	239,200	239,200	988,390	539,214
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	639,084	-	1,304,864	1,930,826	1,943,948	1,962,334
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	364,864	680,274	842,573	1,203,676	1,207,437	1,870,551
My Tutorweb Limited Digital marketplace connecting school pupils seeking one-to-one online tutoring	1,783,566	1,783,566	-	-	1,783,566	1,963,647
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	1,602,591	53,717	1,602,591	1,602,591	3,205,182	2,326,781
Arkk Consulting Limited Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	1,526,007	1,546,354	-	-	1,526,007	-
Tharstern Group Limited Software based management Information systems for the printing industry	451,328	97,649	1,002,950	1,436,795	1,454,278	1,569,303
Ibericos Etc. Limited (trading as Tapas Revolution) Spanish restaurant chain	465,886	580,872	931,500	931,500	1,397,386	1,630,329

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 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] Shares and loan stock in Turner Topco Limited arose as proceeds from the part realisation of ATG Media Holdings Limited in 2014.

Additional investments £	Total Valuation at 30 September 2019 £	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
-	4,144,573	253,064	-	34,341	-	-	13.1%	8.3%
773,943	3,858,515	24,120	-	1,198,907	-	-	7.3%	7.7%
-	3,421,474	262,121	-	194,103	-	-	13.7%	6.8%
-	3,053,749	56,100	-	76,260	-	-	15.1%	6.1%
-	2,939,441	132,425	-	130,242	-	-	2.5%	5.9%
-	2,661,708	562,167	-	192,083	-	-	21.2%	5.3%
934,924	2,648,952	91,443	-	329,332	-	-	7.4%	5.2%
-	2,634,378	-	-	1,456,484	-	-	3.8%	5.2%
449,176	2,486,769	18,821	-	1,498,379	-	-	3.4%	5.0%
-	1,930,826	193,604	-	(31,508)	-	-	8.4%	3.8%
-	1,883,950	75,832	-	13,399	-	-	9.5%	3.7%
-	1,783,566	-	-	(180,081)	-	-	9.8%	3.6%
-	1,656,308	160,259	-	(670,473)	-	-	8.8%	3.3%
1,526,007	1,546,354	-	-	20,347	-	-	10.3%	3.1%
-	1,534,444	118,166	-	(34,859)	-	-	16.2%	3.1%
-	1,512,372	86,940	-	(117,957)	-	-	7.8%	3.0%

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2019

	Ordinary shares Cost at 30 September 2019 £	Ordinary shares Valuation at 30 September 2019 £	Other investments[1] Cost at 30 September 2019 £	Other investments[1] Valuation at 30 September 2019 £	Total Cost at 30 September 2019 £	Total Valuation at 30 September 2018 £
I-Dox plc[4] Developer and supplier of knowledge management products	453,881	1,312,563	-	-	453,881	1,462,570
Master Removers Group 2019 Limited (formerly Master Removers Group Limited) (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	464,658	1,196,408	-	-	464,658	1,926,851
Buster and Punch Holdings Limited Industrial inspired lighting and interiors retailer	510,116	961,092	215,110	215,110	725,226	855,330
Rota Geek Limited Provider of cloud based enterprise software that uses data-driven technologies to help retail and leisure organisations schedule staff	625,400	1,122,456	-	-	625,400	625,400
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	472,500	945,000	-	-	472,500	-
Vectair Holdings Limited Designer and distributor of washroom products	53,207	935,353	193	193	53,400	684,085
Parsley Box Limited Supplier of home delivered, ambient ready meals for the elderly	925,800	925,800	-	-	925,800	-
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT industries	250,752	-	1,190,915	695,008	1,441,667	903,731
Blaze Signs Holdings Limited Manufacturer and installer of signs	401,550	582,583	16,731	16,731	418,281	598,605
Redline Worldwide Limited Provider of security services to the aviation industry and other sectors	362,534	-	766,587	550,430	1,129,121	956,894
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	460,108	-	1,150,271	349,376	1,610,379	1,153,951
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	280,026	263,674	-	-	280,026	350,010
Aquasium Technology Limited[5] Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	176,951	-	-	166,667	1,002,689
Jablite Holdings Limited Manufacturer of expanded polystyrene products	450,900	96,286	47,890	66,080	498,790	162,366
BookingTek Limited Software for hotel groups	779,155	-	93,491	87,233	872,646	436,323
Super Carers Limited Online platform that connects people seeking home care from experienced independent carers	649,528	-	-	-	649,528	649,528

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 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.

Additional investments £	Total Valuation at 30 September 2019 £	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
-	1,312,563	-	-	(150,007)	-	-	1.0%	2.6%
-	1,196,408	-	42,404	(248,733)	33,158	514,868	6.3%	2.4%
-	1,176,202	19,360	-	320,872	-	-	6.2%	2.3%
-	1,122,456	-	-	497,056	-	-	5.4%	2.2%
472,500	945,000	-	-	472,500	-	-	4.6%	1.9%
-	935,546	-	65,202	251,461	-	-	4.6%	1.9%
925,800	925,800	-	-	-	-	-	7.7%	1.8%
-	695,008	138,086	-	(208,723)	-	-	13.0%	1.4%
-	599,314	-	141,237	709	-	-	12.5%	1.1%
-	550,430	109,929	-	(406,464)	-	-	9.1%	1.1%
-	349,376	92,022	-	(804,575)	-	-	10.9%	0.7%
-	263,674	-	-	(86,336)	-	-	1.8%	0.5%
-	176,951	-	-	(825,738)	-	-	16.7%	0.4%
-	162,366	6,568	-	-	-	-	12.1%	0.3%
-	87,233	3,740	-	(349,090)	-	-	4.7%	0.2%
-	-	-	-	(649,528)	-	-	5.8%	0.0%

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2019

	Ordinary shares Cost at 30 September 2019 £	Ordinary shares Valuation at 30 September 2019 £	Other investments[1] Cost at 30 September 2019 £	Other investments[1] Valuation at 30 September 2019 £	Total Cost at 30 September 2019 £	Total Valuation at 30 September 2018 £
BG Training Limited Technical training business	-	-	53,125	26,563	53,125	26,563
Corero Network Security plc[4] Provider of e-business technologies	600,000	2,458	-	-	600,000	9,832
Veritek Global Holdings Limited Maintenance of imaging equipment	61,522	-	2,228,337	-	2,289,859	129,132
Oxonica Limited[4] International nanomaterials group	2,524,527	-	-	-	2,524,527	-
Racoon International Group Limited Supplier of hair extensions, hair care products and training	568,664	-	87,187	-	655,851	-
NexxtDrive Limited/Nexxt E-drive Limited[5] Developer and exploiter of mechanical transmission technologies	487,014	-	-	-	487,014	-
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	-	-	-	175,000	-
Biomer Technology Limited[6] Developer of biomaterials for medical devices	137,170	-	-	-	137,170	-
Hemmels Limited Company specialising in the sourcing, restoration, selling and servicing of high price, classic cars	-	-	30,180	-	30,180	-
Disposed in year						
ASL Technology Holdings Limited Printer and photocopier services	-	-	-	-	-	2,904,306
The Plastic Surgeon Holdings Limited (formerly TPSFF Holdings Limited) Supplier of snagging and finishing services to the property sector	-	-	-	-	-	829,934
Entanet Holdings Limited Wholesale communications provider	-	-	-	-	-	-
Hollydale Management Limited Company seeking to carry on a business in the food sector	-	-	-	-	-	621,600
Backhouse Management Limited Company seeking to carry on a business in the motor sector	-	-	-	-	-	300,800
Barham Consulting Limited Company seeking to carry on a business in the catering sector	-	-	-	-	-	300,800
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	-	-	-	-	-	300,800
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	-	-	-	-	-	300,800
Total	**26,489,731**	**27,350,858**	**23,412,279**	**22,873,869**	**49,902,010**	**49,397,230**

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 9 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 Foresight Group LLP up to various dates ending on or before 10 March 2009.

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

[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.

Strategic Report

Additional investments £	Total Valuation at 30 September 2019 £	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
-	26,563	-	-	-	-	-	0.0%	0.1%
-	2,458	-	-	(7,374)	-	-	0.0%	0.0%
-	-	-	-	(129,132)	-	-	16.8%	0.0%
-	-	-	-	-	-	-	10.6%	0.0%
-	-	-	-	-	-	-	0.0%	0.0%
-	-	-	-	-	-	-	3.9%	0.0%
-	-	-	-	-	-	-	5.8%	0.0%
-	-	-	-	-	-	-	3.0%	0.0%
-	-	-	-	-	-	-	0.0%	0.0%
-	-	167,202	-	-	1,886,767	4,791,073	13.3%	0.0%
-	-	-	10,823	-	490,989	1,320,923	7.7%	0.0%
-	-	-	-	-	735,302	735,302	0.0%	0.0%
-	-	12,352	-	-	-	621,600	15.5%	0.0%
-	-	9,078	-	-	-	300,800	15.0%	0.0%
-	-	9,550	-	-	-	300,800	15.0%	0.0%
-	-	9,695	-	-	-	300,800	15.0%	0.0%
-	-	10,731	-	-	-	300,800	15.0%	0.0%
5,082,350	**50,224,727**	**2,623,375**	**259,666**	**1,785,897**	**3,146,216**	**9,186,966**		**100.0%**

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 I&G 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' annual fundraisings 2010-17 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 30 to 31.

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 principal risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. The principal risks identified by the Board, a description of the possible consequences of each risk and how the Board manages each risk are set out below.

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 has adapted to these new requirements and put in place appropriate resource to identify and make suitable investments.

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 63 to 70.

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. Furthermore, as the securities of such smaller companies held by the Company are unquoted, they 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 and review of the Investment portfolio on a regular basis.* • *The Board seeks to ensure the Company has an adequate level of liquidity at all times.*
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 and future dividends paid by the Company being subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	• *The Company's VCT qualifying status is continually reviewed by the Board and the Investment Adviser.* • *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the VCT's compliance with the VCT Rules.*
Regulatory	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own Alternative Investment Fund Manager (AIFM). Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report or a loss of the Company's status as a VCT. Furthermore, changes to the UK VCT legislation or the State-aid rules could have an adverse effect on the Company's ability to achieve satisfactory investment returns.	• *Regulatory and legislative developments are kept under review by the Board.*
Economic and political	Events such as the impact of Brexit, 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 VCT's investments, as well as affecting the Company's own share price and its discount to net asset value	• *The Board monitors (i) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies and (ii) developments in the macro-economic environment such as movements in interest rates or general fluctuations in stock markets.*

Strategic Report

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.	• *The Board carries out an annual review of the internal controls in place, reviews the risks facing the Company at each quarterly Board meeting and receives reports by exception.* • *It reviews the performance of the service providers annually and has obtained assurance that such providers have controls in place to reduce the risk of breaches of their cyber security.*
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.*

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 significant cash position. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified. 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 63 to 71. 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 principal risks facing the Company and these are listed on pages 27 and 28. 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 27 and 28. 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 eighteen 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 however be monitoring this assumption on a regular basis as the change in focus will take time to manifest itself in executing such investments, and the prospective returns thereon are currently less clear until such investments are made over the next three years.

Shareholders should be aware that, under the Company's Articles, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in June 2018 (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

Jonathan Cartwright
Chairman

6 December 2019

Board of Directors

Jonathan Cartwright

Independent, Non-Executive Chairman

Age: 66

Date of appointment: 1 August 2010.

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

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

Helen Sinclair

Non-independent, Non-Executive Director

Age: 53

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 (now 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., Gresham House Strategic plc and Mobeus Income & Growth 4 VCT plc.

Justin Ward

Independent, Non-Executive Director

Age: 50

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 CFO at School Explained Limited and non-executive director and Chairman of the Audit and Finance Committee at Roehampton Club Limited.

Directors' Report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 September 2019.

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

The 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 1p 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 2019 was £1,033,029 (2018: £1,054,384) and the number of shares in issue at this date was 103,302,857 (2018: 105,438,384).

Buyback of shares

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 on the Company held on 6 February 2019, Shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to make market purchases of up to 15.81 million of its own shares, representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place since then.

During the year under review, the Company bought back 2,135,527 (2018: 1,947,624) of its own shares at an average price of 68.89 pence (2018: 70.82 pence) per share and a total cost of £1,471,131 including expenses (2018 £1,379,298). 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 12 July 2019, the Company paid an interim dividend of 1.50 pence per share to Shareholders. In addition to this, the Company paid a second interim dividend in respect of the year under review of 4.50 pence per share on 18 October 2019. The Directors are not proposing to pay a final dividend in respect of the year ended 30 September 2019.

Directors

During the year the Board consisted of three Non-Executive Directors. On 18 October 2019, Colin Hook stood down as Chairman of the Board and resigned as a Director of the Company. Jonathan Cartwright was subsequently made Chairman of the Board from this date. On 12 November 2019, Justin Ward joined the board as a Non-Executive Director and as chairman of both the Audit Committee and the Nomination & Remuneration Committee. The names of and brief biographical details on each of the Directors as at the date of this Report are given on page 29.

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.

Articles of Association

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

Post balance sheet events

For a full list of post balance sheet events that have occurred since 30 September 2019, please see Note 19 to the Financial Statements on page 71.

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

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

The Company does not have any employees or 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).

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 VCT 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 63 to 70 of this Annual Report.

Directors' Report

Annual General Meeting

The Notice of the Annual General Meeting of the Company, to be held at 11.00 am on 12 February 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU, is set out on pages 74 to 76 of this Annual Report. Proxy votes may be submitted electronically via the Link 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 80.

Resolutions 1 to 8 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour, whilst resolutions 9 and 10 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 ending 30 September 2019 to the meeting.

Resolution 2 – To approve the Directors' Remuneration Report

Under section 420 of the Companies Act 2006 (the "Act"), the Directors must prepare an annual report detailing the remuneration of the Directors and a statement by the chairman of the 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 38 to 40 of the this Annual Report. Resolution 2 is an advisory vote only.

Resolution 3 - To approve the Company's Remuneration Policy

The Company is required to put its Remuneration Policy to Shareholders every three years. A resolution on the Remuneration Policy was last voted on at the Annual General Meeting held on 8 February 2017 and therefore a similar resolution will be proposed at the forthcoming meeting. The Remuneration Policy is set out below, and full details of Directors' remuneration can be found in the Directors' Remuneration Report on pages 38 to 40 of this Annual Report.

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.

Resolutions 4 to 6 – To re-elect and elect the Directors

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

The Board had previously agreed that each Director would retire and offer themselves for re-election annually after serving on the Board for more than nine years. However, following the publication of the new AIC Code in February 2019, the Board has agreed to follow the recommendation of Provision 18, namely that all Directors be subject to annual re-election.

Jonathan Cartwright

Independent non-executive Chairman

Jonathan has served on the Board for more than nine years. As recommended by Provision 18 of the AIC Code, he will offer himself for re-election. Following an evaluation of Jonathan's performance, the remaining Directors agree that Jonathan continues to make a substantial contribution to the Company's long-term sustainable success, particularly in his capacity as chairman of the Audit Committee and the Nomination & Remuneration Committee during the year under review and stepping into the role as Chairman after the year end.

Jonathan's experience and commitment to the role enhances the effectiveness of the Board and the Directors have no hesitation in recommending his re-election to Shareholders. The Board is of the view that a term of service in excess of nine years is not in itself prejudicial to a director's ability to carry out their duties effectively and, from an independent perspective, the nature of the Company's business is such that individual directors' experience and continuity of non-executive board membership can significantly enhance the effectiveness of the Board as a whole.

Helen Sinclair

Non-independent non-executive director

Helen is considered to be a non-independent director by virtue of being a director of both the Company and Mobeus Income and Growth 4 VCT plc, both of which are advised by Mobeus. Following an evaluation of Helen's performance, the remaining Directors agree that Helen continues to make a substantial contribution to the Company's long-term sustainable success. Helen's substantial relevant experience and commitment to the role enhances the effectiveness of the Board and the Directors have no hesitation in recommending her re-election to Shareholders.

Justin Ward

Independent non-executive director

Justin was appointed to the Board on 12 November 2019 and under the Articles is seeking election at this his first Annual General Meeting since his appointment to the Board. Justin has extensive experience in private equity and venture capital investment and we are confident that he will make a very positive contribution to the Company and the Directors have no hesitation in recommending his election to Shareholders.

Provision 19 of the AIC Code recommends that the chair should not remain in post beyond nine years from the date of their first appointment to the Board. As Jonathan Cartwright, the non-executive Chairman of the Company, was first appointed to the Board in August 2010, he will retire and offer himself for re-election, as stated in the Chairman's Statement it is the Board's intention to initiate the recruitment of a new Non-Executive Chairman, and it is Jonathan Cartwright's intention to stand down from the Board following a period of handover.

While recognising the need to address the succession of the Chairman of the Board over the forthcoming year and the benefits that may be derived from further refreshment of the Board's membership, the Directors believe that the Board continues to include an appropriate balance of skills, experience and knowledge. Full biographies of the Directors seeking re-election and election are set out on page 29 of this Annual Report.

Resolution 7 – 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 36 to 37 of the Annual Report.

Authorities for the Directors to allot shares in the Company (Resolution 8) and disapply the pre-emption rights of members (Resolution 9)

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 8 will enable the Directors to allot new shares up to an aggregate nominal value of £344,342 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 9 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 £160,000 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

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

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

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). 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 9.

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 2021. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions renew previous general authorities approved at the Annual General Meeting of the Company held on 6 February 2019.

Authority to purchase the Company's own shares (Resolution 10)

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 15,495,428 shares representing approximately 14.99 per cent 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 price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

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

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

Recommendation

The Board recommends that Shareholders vote in favour of the resolutions being proposed at the AGM. The Directors intend to do so in respect to their own beneficial holdings of 45,615 (representing 0.04% of the issue share capital at 6 December 2019.

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.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

6 December 2019

Corporate Governance Statement

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

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2016 (the "AIC Code") for the financial year ended 30 September 2019.

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.

In February 2019, the AIC published a new revision to the AIC Code which has applied to the Company with effect from 1 October 2019. The revised AIC Code sets out a framework of best practice in respect of the governance of investment companies. It has been endorsed by the Financial Reporting Council (FRC).

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: www.theaic.co.uk/aic-code-of-corporate-governance-0.

Statement of compliance

This statement has been compiled in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2 on Corporate Governance Statements. The Board considers that the Company has complied with the recommendations of the AIC Code and 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 an annual review of the control systems is carried out. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company and includes a review of the risks in relation to the financial reporting process. The Board reviews a schedule of key risks at each quarterly Board meeting.

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 and Investment Adviser and Administrator when appropriate.

The Board, assisted by the Audit Committee, carries out separate assessments in respect of the Annual and Half-Year reports and other published financial information. As part of these reviews, the Board appraises all the relevant risks ensuing from the internal control process referred to above. The main aspects of the internal controls which have been in place throughout the year in relation to financial reporting are 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 27 November 2019. The Board has identified no significant problems with the Company's internal control system.

Investment management and service providers

Mobeus acts as Investment Adviser and provides administrative and company secretarial services to the Company. The Directors carry out an annual review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures 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

Reports of the Directors

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 has 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 recent changes to VCT tax legislation.

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 2019 and annual shareholder events.

The Board considers that the Investment Adviser continues to exercise independent judgement while producing valuations which reflect fair value. Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of Shareholders and this was formally approved by the Board on 27 November 2019.

The principal terms of the Company's Investment Management Agreement dated 29 March 2010, as amended on 30 November 2016, and its Performance Incentive Fee Agreement dated 30 September 2014 are set out in Note 4 to the Financial Statements on pages 53 to 54 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 paid are set out in Note 4 to the Financial Statements on pages 53 to 54.

In addition, the Investment Adviser received fees totaling £411,741 (2018: £426,207) during the year ended 30 September 2019, being £129,420 (2018: £147,400) for arrangement fees, and £282,321 (2018: £278,807) for acting as non-executive directors on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company.

Alternative Investment Fund Manager ("AIFM")

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

The Board and its Committees

The powers of the Directors have been granted by company law, the Company's Articles of Association ("the Articles") and resolutions passed by the Company's 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 12 February 2020.

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.

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 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 36 to 37 and 38 to 40 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

Report of the Audit Committee

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 20 to 25 of the Strategic Report.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
6 December 2019

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

The Audit Committee was chaired by Jonathan Cartwright during the year under review and throughout the year comprised all three Directors. On 12 November 2019 Justin Ward was appointed as chairman of the Audit Committee. A summary of the Audit Committee's principal activities for the year to 30 September 2019 is provided below:

Financial Statements

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

Internal control

The Committee monitored the system of internal controls throughout the year under review and as described in more detail in the Corporate Governance Statement on pages 34 to 35. It received reports by exception on the Company's progress against its internal controls at its annual and half-year results meetings and reviews a schedule of key risks at each meeting. A full review of the internal controls in operation by the Company was undertaken by the Committee on 27 November 2019.

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 report from the external auditor as part of both the year-end audit process and the half-year review. These reports were discussed in full by the Committee with the Auditor and the Investment Adviser 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 monitored the Company's resources at each quarterly Board meeting and has satisfied itself that the Company has an adequate level of resources for the foreseeable future. It has assessed the viability of the Company for the next three years. Its conclusions in respect of both going concern and viability are set out in the Strategic Report on page 28.

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 VCT 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 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 27 to 28). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the Corporate Governance Statement on pages 34 to 36.

Cyber Security

The Board has sought and obtained assurances during the year from the Investment Adviser, the Registrars 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 31.

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 meets 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") Ethical Reporting Standard 2016 which includes a list of prohibited non-audit services that cannot be provided by the external Auditor.

The Audit Committee, on the advice of the external auditor, has concluded that it is in the interests of the Company to purchase certain non-audit services, such as tax compliance services, from a separate firm. The auditor provides certain non-audit services, namely iXBRL tagging and a review of the Half-Year Report, whereas Philip Hare & Associates LLP provide tax compliance services.

Subsequent to its review, the Audit Committee was satisfied that audit independence had been maintained as the fees involved were relatively small compared to those for the audit. Also, with the exception of certain agreed upon procedures in respect of the Half-Year Report and the incentive fee, the work is undertaken by separate teams and none of the services involved undertaking any management role in preparing the information reported in the Financial Statements.

Additional disclosures in the Directors' Report

Disclosures required by certain publicly-traded companies as set out in Part 6 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are addressed in the Directors' Report on page 30.

By order of the Board

Justin Ward
Chairman of the Audit Committee

6 December 2019

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 Corporate Governance Code and the AIC Code of Corporate Governance (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.

Performance related remuneration

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

Additional benefits

The Company does not have any schemes in place to pay 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. It takes Shareholders' views into account, where appropriate, when formulating its Remuneration Policy.

Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association ("the Articles") 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 has adopted the 2019 AIC Code and all Directors will seek election or re-election at each Annual General Meeting commencing in February 2020.

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 11:00 am until the close of the meeting.

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 below illustrates how the Company's objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director 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 39 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.

Director Role	**Components of pay package**			**Maximum payment per annum**
	Directors' fees	**Supplements for committee membership**		
		Audit Committee	**Investment Committee**	
Jonathan Cartwright Chairman	£35,000	£6,000	£5,000	£46,000
Justin Ward Chairman, Audit and Nomination & Remuneration Committees	£25,000	£6,000	£5,000	£36,000
Helen Sinclair Chairman, Investment Committee	£25,000	£6,000	£5,000	£36,000
Total fees payable	**£85,000**	**£18,000**	**£15,000**	**£118,000**

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 2019 and subject to Shareholders approval will continue to apply to the current financial year ending 30 September 2020.

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 30 September 2016 was approved unanimously by Shareholders on a show of hands at the Annual General Meeting of the Company held on 8 February 2017. The Company also received proxy votes in favour of the resolution representing 96.83% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 3.17%).

The Board is required to ask Shareholders to approve the Remuneration Policy every three years. The Directors will therefore recommend that Shareholders approve the Policy again at the Annual General Meeting of the Company to be held on 12 February 2020.

Annual Remuneration Report

The resolution to approve the Annual Remuneration Report as set out in the Annual Report for the year ended 30 September 2018 was approved unanimously by Shareholders on a show of hands at the Annual General Meeting of the Company held on 6 February 2019. The Company also received proxy votes in favour of the resolution representing 87.42% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 5.19%). 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 12 February 2020.

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 comprises the full Board and was chaired by Jonathan Cartwright. 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 once during the year under review with full attendance from all 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. No appointments were made during the year under review.

Following the year end, Colin Hook resigned as a Director of the Company on 18 October 2019, and, on 12 November 2019, Justin Ward was appointed to the Board as a Non-Executive Director and chair of the Audit Committee and the Nomination and Remuneration Committee. 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.

Directors' Remuneration Report

Audited information

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

	Total Directors' fees year ended: 30 September 2019 £	30 September 2018 £
Colin Hook	46,000	46,000
Jonathan Cartwright	36,000	36,000
Helen Sinclair	36,000	36,000
Total	**118,000**	**118,000**

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

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

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 2019 were:

	30 September 2019		30 September 2018	
Director	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Colin Hook	98,925	0.09%	98,925	0.09%
Jonathan Cartwright	25,597	0.02%	25,597	0.02%
Helen Sinclair	20,018	0.02%	20,018	0.02%

Relative importance of spend on Directors' fees

Year ended:	30 September 2019 £	30 September 2018 £	Percentage increase/ (decrease)
Total Directors' fees	118,000	118,000	-
Dividends paid/payable in respect of the year	6,233,190	6,310,458	(1.2)%
Cost of share buybacks	1,471,131	1,379,298	6.7%

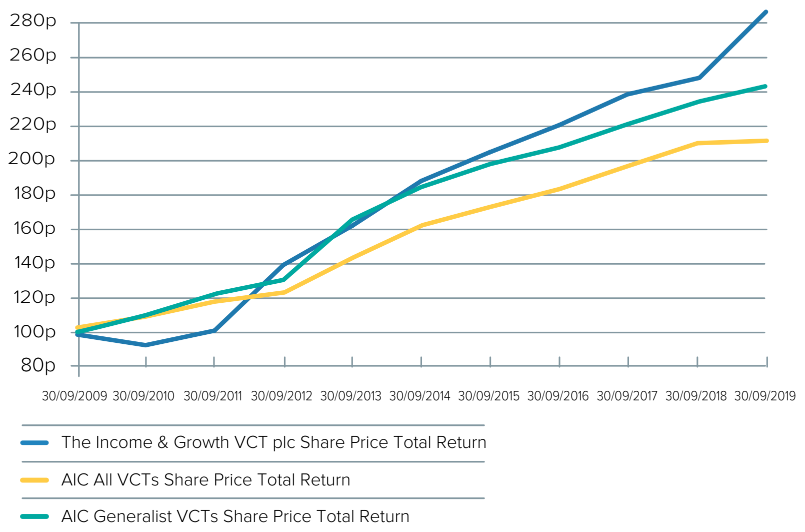
Directors' attendance at Board and Committee meetings in 2019

The table below sets out the Director's attendance at quarterly Board meetings and Committee meetings held during the year ended 30 September 2019. 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
Colin Hook	4	4	4	4	1	1
Jonathan Cartwright	4	4	4	4	1	1
Helen Sinclair	4	4	4	4	1	1

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 2009.



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 the former 'S' Fund class of shares up until the merger on 29 March 2010.

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 11 to 25.

By order of the Board

Justin Ward
Chairman of the Nomination & Remuneration Committee

6 December 2019

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.

(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 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 29.

For and on behalf of the Board

Jonathan Cartwright
Chairman

6 December 2019

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

Opinion

We have audited the Financial Statements of The Income & Growth VCT plc ("the Company") for the year ended 30 September 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. These matters were 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 these matters.

Key Audit Matter	How we addressed the key audit matter in the audit

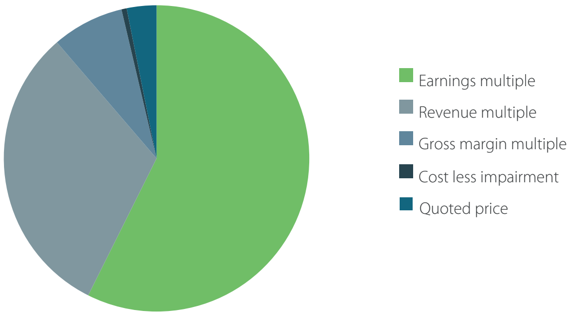
Valuation of unquoted investments

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

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

The Company's accounting policy for assessing the fair value of investments and disclosures regarding the fair value estimates are given on pages 58 to 59 in note 9.

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 FRS 102;
- Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies;

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

- Verified the cost or price of recent investments to supporting documentation;
- Considered whether the investment was an arm's length transaction; and
- Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee Company and the milestones and assumptions set out in the investment proposal.

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

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

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.

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

Independent Auditor’s Report

Our application of materiality

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

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

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

Materiality Measure (Basis)	Purpose	Key considerations	2019 Quantum (£)	2018 Quantum (£)
Financial Statement Materiality 2% value of investments	Assessing whether the Financial Statements as a whole present a true and fair view. We consider this to be the key measurement for Shareholders.	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuation	1,000,000	980,000
Specific Materiality – classes of transactions and balances which impact on revenue profits 10% revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.	• The level of net income return	225,000	220,000

Performance materiality is application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment together with our assessment of the Company’s overall control environment, our judgment was that overall performance materiality for the Company should be 75% (2018: 75%) of materiality, namely £750,000 (2018: £735,000).

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £12,000 (2018: £8,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

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

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

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

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Independent Auditor’s Report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor’s Report.

Other matters which we are required to address

Following a recommendation of the Audit Committee, we were appointed by The Board of Directors to audit the Financial Statements for the year ended 30 September 2007 and subsequent financial periods. Following a re-tender we were reappointed as auditors in respect of the year ended 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the periods ending 30 September 2007 to 30 September 2019.

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

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

Use of our report

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

Peter Smith
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London, United Kingdom
6 December 2019

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

Financial Statements

Income Statement for the year ended 30 September 2019

	Notes	Year ended 30 September 2019 Revenue £	Capital £	Total £	Year ended 30 September 2018 Revenue £	Capital £	Total £
Net unrealised gains on investments	9c	-	1,785,897	1,785,897	-	570,022	570,022
Net gains on realisation of investments	9	-	3,146,216	3,146,216	-	1,113,464	1,113,464
Income	3	3,130,823	-	3,130,823	3,093,838	-	3,093,838
Investment Adviser's fees	4a	(446,274)	(1,338,822)	(1,785,096)	(428,311)	(1,284,934)	(1,713,245)
Investment Adviser's performance fees	4b	-	-	-	-	(1,119)	(1,119)
Other expenses	5	(426,840)	-	(426,840)	(455,836)	-	(455,836)
Profit on ordinary activities before taxation		2,257,709	3,593,291	5,851,000	2,209,691	397,433	2,607,124
Tax on profit on ordinary activities	6	(381,993)	381,993	-	(339,227)	339,227	-
Profit for the year and total comprehensive income		**1,875,716**	**3,975,284**	**5,851,000**	**1,870,464**	**736,660**	**2,607,124**
Basic and diluted earnings per ordinary share:	7	**1.80p**	**3.80p**	**5.60p**	**1.88p**	**0.74p**	**2.62p**

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the 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 January 2017) 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 52 to 71 form part of these Financial Statements.

Balance Sheet as at 30 September 2019

Company No. 4069483

	Notes	as at 30 September 2019 £	as at 30 September 2018 £
Fixed assets			
Investments at fair value	9	50,224,727	49,397,230
Current assets			
Debtors and prepayments	11	263,116	458,043
Current asset investments	12	29,964,187	31,627,351
Cash at bank and in hand	12	1,498,030	1,284,816
		31,725,333	33,370,210
Creditors: amounts falling due within one year	13	(221,981)	(183,726)
Net current assets		31,503,352	33,186,484
Net assets		**81,728,079**	**82,583,714**
Capital and reserves			
Called up share capital	14	1,033,029	1,054,384
Capital redemption reserve		5,245	33,490
Share premium reserve		-	46,473,760
Revaluation reserve		4,652,457	4,102,002
Special reserve		63,751,255	19,655,855
Profit and loss account		12,286,093	11,264,223
Equity Shareholders' funds		**81,728,079**	**82,583,714**
Basic and diluted net asset value per ordinary share	15	**79.12p**	**78.32p**

The Notes on pages 52 to 71 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 6 December 2019 and were signed on its behalf by:

Jonathan Cartwright
Chairman

Statement of Changes in Equity for the year ended 30 September 2019

		Non-distributable reserves				Distributable reserves			
	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 £
At 1 October 2018		**1,054,384**	**33,490**	**46,473,760**	**4,102,002**	**19,655,855**	**8,627,792**	**2,636,431**	**82,583,714**
Comprehensive income for the year									
Profit for the year		-	-	-	1,785,897	-	2,189,387	1,875,716	5,851,000
Total comprehensive income for the year		**-**	**-**	**-**	**1,785,897**	**-**	**2,189,387**	**1,875,716**	**5,851,000**
Contributions by and distributions to owners									
Shares bought back (note d)	14	(21,355)	21,355	-	-	(1,471,131)	-	-	(1,471,131)
Dividends paid	8	-	-	-	-	-	(3,144,995)	(2,090,509)	(5,235,504)
Total contributions by and distributions to owners		**(21,355)**	**21,355**	**-**	**-**	**(1,471,131)**	**(3,144,995)**	**(2,090,509)**	**(6,706,635)**
Other movements									
Cancellation of Share Premium Reserve (note e)		-	(49,600)	(46,473,760)	-	46,523,360	-	-	-
Realised losses transferred to special reserve (note f)		-	-	-	-	(956,829)	956,829	-	-
Realisation of previously unrealised gains		-	-	-	(1,235,442)	-	1,235,442	-	-
Total other movements		**-**	**(49,600)**	**(46,473,760)**	**(1,235,442)**	**45,566,531**	**2,192,271**	**-**	**-**
At 30 September 2019		**1,033,029**	**5,245**	**-**	**4,652,457**	**63,751,255**	**9,864,455**	**2,421,638**	**81,728,079**

Notes

a) The Company's special reserve is available to fund buy backs of shares as and when it is considered by the Board to be in the interests of the Shareholders, and to absorb any existing and future realised losses and for other corporate purposes. As at 30 September 2019, the Company has a special reserve of £63,751,255, £34,256,969 of which relates to reserves from shares issued on or before 5 April 2014, or that arise from shares issued more than three years ago. Share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which shares were issued.

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 6 February 2019. The authority was limited to a maximum number of 15,805,214 shares (this being approximately 14.99% of the issued share capital at the date of the passing of the resolution at the Annual General Meeting held on 6 February 2019). 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 2,135,527 of its own shares at the prevailing market price for a total cost of £1,471,131, which were subsequently cancelled. The difference between the figure shown above of £1,471,131, and that per the Statement of Cash Flows of £1,430,752 is due to a share buyback creditor of £40,379 held at the year end.

e) The cancellation of £46,473,760 from the Share Premium Reserve and £49,600 from the Capital Redemption Reserve (as approved at the General Meeting on 6 February 2019 and by the court order dated 30 July 2019) has increased the Company's special reserve out of which it can fund buybacks of shares as and when it is considered by the Board to be in the interests of the Shareholders, and to absorb any existing and future realised losses, or for other corporate purposes.

f) The transfer of £956,829 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company this year.

The Notes on pages 52 to 71 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 30 September 2018

	Non-distributable reserves				Distributable reserves			
	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£	£
At 1 October 2017	**792,047**	**14,014**	**24,099,311**	**4,020,689**	**23,215,643**	**10,134,703**	**2,072,344**	**64,348,751**
Comprehensive income for the year								
Profit for the year	-	-	-	570,022	-	166,638	1,870,464	2,607,124
Total comprehensive income for the year	**-**	**-**	**-**	**570,022**	**-**	**166,638**	**1,870,464**	**2,607,124**
Contributions by and distributions to owners								
Shares issued under Offer for Subscription	266,076	-	21,293,047	-	(199,395)	-	-	21,359,728
Dividends re-invested into new shares	15,737	-	1,081,402	-	-	-	-	1,097,139
Shares bought back	(19,476)	19,476	-	-	(1,379,298)	-	-	(1,379,298)
Dividends paid	-	-	-	-	-	(4,143,353)	(1,306,377)	(5,449,730)
Total contributions by and distributions to owners	**262,337**	**19,476**	**22,374,449**	**-**	**(1,578,693)**	**(4,143,353)**	**(1,306,377)**	**15,627,839**
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,981,095)	1,981,095	-	-
Realisation of previously unrealised gains	-	-	-	(488,709)	-	488,709	-	-
Total other movements	-	-	-	**(488,709)**	**(1,981,095)**	**2,469,804**	-	-
At 30 September 2018	**1,054,384**	**33,490**	**46,473,760**	**4,102,002**	**19,655,855**	**8,627,792**	**2,636,431**	**82,583,714**

The composition of each of these reserves is explained below:

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

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 offer 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.

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 - 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), and 75% of the Investment Adviser 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;
- 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 together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

The Notes on pages 52 to 71 form part of these Financial Statements.

Statement of Cash Flows for the year ended 30 September 2019

	Notes	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Cash flows from operating activities			
Profit for the financial year		5,851,000	2,607,124
Adjustments for:			
Net unrealised gains on investments		(1,785,897)	(570,022)
Net gains on realisations on investments		(3,146,216)	(1,113,464)
Decrease/(increase) in debtors		117,537	(4,832)
Decrease in creditors and accruals		(2,124)	(574,960)
Net cash inflow from operating activities		**1,034,300**	**343,846**
Cash flows from investing activities			
Purchase of investments	9b	(5,004,960)	(6,290,160)
Disposal of investments	9	9,186,966	6,579,334
Net cash inflow from investing activities		**4,182,006**	**289,174**
Cash flows from financing activities			
Shares issued as part of Offer for subscription		-	24,305,938
Equity dividends paid	8	(5,235,504)	(4,352,591)
Purchase of own shares	14	(1,430,752)	(1,461,936)
Net cash (outflow)/inflow from financing activities		**(6,666,256)**	**18,491,411**
Net (decrease)/increase in cash and cash equivalents		**(1,449,950)**	**19,124,431**
Cash and cash equivalents at start of year		29,760,398	10,635,967
Cash and cash equivalents at end of year		**28,310,448**	**29,760,398**
Cash and cash equivalents comprise:			
Cash at bank and in hand	12	1,498,030	1,284,816
Cash equivalents	12	26,812,418	28,475,582

The Notes on pages 52 to 71 form part of these Financial Statements.

Notes to the Financial Statements for the year ended 30 September 2019

1 Company Information

The Income and Growth VCT plc is a public limited company incorporated in England, registration number 4069483. The registered office is 30 Haymarket, London, SW1Y 4EX.

2 Basis of preparation

A summary of the principal accounting policies, all of which have been applied consistently throughout the year are set out 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 January 2017) issued by the Association of Investment Companies. The Company has a number of financial instruments which are disclosed under FRS102 s11/12 as shown in Note 16.

3 Income

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

Interest income on loan stock is accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income or capital as appropriate once redemption is reasonably certain. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 30 September 2019 has been classified as capital and has been included within realised gains on investments.

	2019 £	2018 £
Income from bank deposits	48,292	43,178
Income from investments		
– from equities	259,666	424,491
– from OEIC funds	179,705	108,807
– from loan stock	2,623,375	2,497,742
– from interest on preference share dividend arrears	17,423	11,881
	3,080,169	3,042,921
Other income	2,362	7,739
Total income	**3,130,823**	**3,093,838**
Total income comprises		
Revenue dividends received	439,371	533,298
Interest	2,689,090	2,552,801
Other income	2,362	7,739
Total Income	**3,130,823**	**3,093,838**
Income from investments comprises		
Listed UK securities	-	43,335
Listed overseas securities	179,705	108,807
Unlisted UK securities	2,900,464	2,890,779
Total investment income	**3,080,169**	**3,042,921**

Total loan stock interest due but not recognised in the year was £630,147 (2018: £445,302) due to uncertainty over its recoverability.

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 2019 £	Capital 2019 £	Total 2019 £	Revenue 2018 £	Capital 2018 £	Total 2018 £
Mobeus Equity Partners LLP	446,274	1,338,822	1,785,096	428,311	1,284,934	1,713,245

Under the terms of a revised investment management agreement dated 29 March 2010, Mobeus Equity Partners LLP ("Mobeus") (formerly Matrix Private Equity Partners LLP ("MPEP")) provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2.4% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter. One sixth of this fee is subject to minimum and maximum limits of £150,000 (2018: £150,000) and £170,000 (2018: £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 ("Total expense ratio"). 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 (2018: £nil).

With effect from 1 April 2018, the Investment Adviser's fee upon the net funds raised from the over-allotment facility of £10 million under the 2017/18 Offer was reduced to 1.4% from 2.4%, for one year.

b) Investment Advisers' performance fees

	Revenue 2019 £	Capital 2019 £	Total 2019 £	Revenue 2018 £	Capital 2018 £	Total 2018 £
Portfolio						
Mobeus Equity Partners LLP	-	-	-	-	-	-
Foresight Group LLP	-	-	-	-	1,119	1,119
	-	-	-	-	1,119	1,119

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

On 30 September 2014, a new incentive fee agreement was signed between the Board and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. The previous agreement remained in force, but only with the former adviser, Foresight Group LLP, to whom, for the year ended 30 September 2018, £1,119 was payable. The agreement expired on 10 March 2019. Mobeus waived their right to their portion of the fee, under the previous agreement.

Any payment under the new incentive agreement is now 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 this amended agreement 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.

Notes to the Financial Statements for the year ended 30 September 2019

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 amended agreement, any fee payments to Mobeus 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 Mobeus 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 2019 was a 6% uplift on the previous year's Target Return of 150.99 pence, being 160.05 pence. As Cumulative Total NAV return is 151.62 pence per share at the year end, the Target Return has not been met and therefore no fee is payable (2018: £nil).

c) Offer for Subscription fees

	2019 £(m)	2018 £(m)
Funds raised by I&G VCT	-	22.01
Offer costs payable to Mobeus at 3.25% of funds raised by I&G VCT	**-**	**0.72**

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 6 September 2017, Mobeus was entitled to fees of 3.25% of the investment amount received from investors. This amount (for 2018 only) totalled £2.60 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.

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.

	2019 £	2018 £
Directors' remuneration (including NIC of £9,710 (2018: £9,796)) (note a)	127,710	127,796
IFA trail commission	70,169	83,890
Broker's fees	12,000	12,000
Auditor's fees – Audit of company (excluding VAT)	29,213	25,420
– tax compliance (note b) (excluding VAT)	1,845	1,640
– audit related assurance services (excluding VAT)	5,125	4,562
VCT monitoring fees	10,800	10,800
Registrar's fees	48,215	56,611
Printing	43,426	50,064
Legal & professional fees (note b)	18,916	15,010
Directors' insurance	7,565	7,842
Listing and regulatory fees	32,321	51,283
Sundry	19,535	8,918
Other expenses	**426,840**	**455,836**

a): See analysis in Directors' Remuneration table on page 40, which excludes the NIC above. The key management personnel are the three non-executive directors. The Company has no employees.

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

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 capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

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

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

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

	2019 Revenue £	2019 Capital £	2019 Total £	2018 Revenue £	2018 Capital £	2018 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	381,993	(381,993)	-	339,227	(339,227)	-
Total current tax charge/(credit)	**381,993**	**(381,993)**	**-**	**339,227**	**(339,227)**	**-**
Corporation tax is based on a rate of 19.0% (2018: 19.0%)						
b) Profit on ordinary activities before tax	2,257,709	3,593,291	5,851,000	2,209,691	397,433	2,607,124
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.0% (2018: 19.0%)	428,965	682,725	1,111,690	419,841	75,512	495,353
Effect of:						
UK dividends	(49,337)	-	(49,337)	(80,653)	-	(80,653)
Unrealised gains not taxable	-	(339,320)	(339,320)	-	(108,304)	(108,304)
Realised gains not taxable	-	(597,781)	(597,781)	-	(211,558)	(211,558)
Unrelieved expenditure	2,365	-	2,365	39	-	39
Losses utilised	-	(127,617)	(127,617)	-	(94,877)	(94,877)
Actual current tax charge	**381,993**	**(381,993)**	**-**	**339,227**	**(339,227)**	**-**

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

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

There is no potential liability to deferred tax (2018: £nil). There is an unrecognised deferred tax asset of £766,000 (2018: £880,000). 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.

Notes to the Financial Statements for the year ended 30 September 2019

7 Basic and diluted earnings and return per share

	2019 £	2018 £
Total earnings after taxation:	5,851,000	2,607,124
Basic and diluted earnings per share (note a)	**5.60p**	**2.62p**
Revenue profit from ordinary activities after taxation	1,875,716	1,870,464
Basic and diluted revenue earnings per share (note b)	**1.80p**	**1.88p**
Net unrealised capital gains on investments	1,785,897	570,022
Net realised capital gains on investments	3,146,216	1,113,464
Capitalised Investment Adviser fees and performance fees less taxation	(956,829)	(946,826)
Total capital return	3,975,284	736,660
Basic and diluted capital earnings per share (note c)	**3.80p**	**0.74p**
Weighted average number of shares in issue in the year	104,575,505	99,602,770

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

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

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	2019 £	2018 £
Final	Income	2017	0.50p	15 February 2018		470,185
Final	Capital	2017	2.50p	15 February 2018		2,350,933
Interim	Income	2018	0.80p	21 June 2018		843,492
Interim	Capital	2018	1.70p	21 June 2018		1,792,420
Final	Income	2018	1.00p	15 February 2019	1,049,870	-
Final	Capital	2018	2.50p	15 February 2019	2,624,676	-
Interim	Income	2019	1.00p	12 July 2019	1,040,639	-
Interim	Capital	2019	0.50p	12 July 2019	520,319	-
Previous dividends not claimed within the statutory period						(7,300)
					5,235,504	**5,449,730**

For the year ended 30 September 2018, £5,449,730 disclosed above differs to that shown in the Statement Cash Flows of £4,352,591 due to £1,097,139 of new shares issued under the Company's Dividend Investment Scheme ("DIS").

8 Dividends paid and payable (continued)

	2019 Revenue £	2019 Capital £	2019 Total £	2018 Revenue £	2018 Capital £	2018 Total £
Proposed distribution to equity holders at the year end						
Final dividend for the year ended 30 September 2018 of 1.00p (income), 2.50p (capital) per ordinary share	-	-	-	1,054,384	2,635,959	3,690,343
Second interim dividend for the year ended 30 September 2019 of 0.50p (income), 4.00p (capital) per ordinary share	519,137	4,153,095	4,672,232	-	-	-

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.

	2019 £	2018 £
Revenue available for distribution by way of dividends for the year	1,875,716	1,870,464
Interim income dividend for the year - 1.00p (2018: 0.80p)	1,040,639	843,492
Proposed final income dividend for the year - 1.00p	-	1,054,384
Second interim income dividend for the year - 0.50p	519,137	-
Total income dividends for the year	1,559,776	1,897,876

Notes to the Financial Statements for the year ended 30 September 2019

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. 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 light of more recent events or changes in the market performance of the investee company. The valuation bases used are the following:

a) a multiple basis. The investment may be valued by applying a suitable price-earnings ratio, revenue or gross profit multiple to that company's historic, current or forecast post-tax earnings before interest and amortisation, or revenue, or gross profit in order to derive an enterprise value (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:-

b) 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 or realisation proceeds basis may be applied.

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

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

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below 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.

9 Investments at fair value (continued)

	2019 £	2018 £
Traded on AIM	1,578,695	1,822,412
Unquoted equity shares	25,772,163	20,758,488
Unquoted preference shares	19,247	368,541
Loan stock	22,854,622	26,447,789
Total	**50,224,727**	**49,397,230**
Brought forward net unrealised gains now realised	1,235,442	488,709
Realised gains during the year	3,185,889	1,168,917
Transaction costs	(39,673)	(55,453)
Total realised gains over cost	4,381,658	1,602,173
Unrealised gains for the year	1,785,897	570,022
Total realised and unrealised gains	**6,167,555**	**2,172,195**

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 2018	1,333,907	24,937,303	24,718	25,636,366	51,932,294
Permanent impairment at 30 September 2018 (note d)	(500,000)	(6,019,699)	-	(117,367)	(6,637,066)
Unrealised gains at 30 September 2018	988,505	1,840,884	343,823	928,790	4,102,002
Valuation at 30 September 2018	**1,822,412**	**20,758,488**	**368,541**	**26,447,789**	**49,397,230**
Purchases at cost (note b)	-	3,997,926	-	1,084,424	5,082,350
Sale proceeds (note a)	-	(4,290,952)	(341,620)	(4,554,394)	(9,186,966)
Realised gains on investments (note a)	-	3,146,216	-	-	3,146,216
Unrealised (losses)/gains on investments (note c)	(243,717)	2,160,485	(7,674)	(123,197)	1,785,897
Valuation at 30 September 2019	**1,578,695**	**25,772,163**	**19,247**	**22,854,622**	**50,224,727**
Cost at 30 September 2019	1,333,907	25,155,824	24,138	23,388,141	49,902,010
Permanent impairment at 30 September 2019 (note d)	(500,000)	(3,712,373)	-	(117,367)	(4,329,740)
Unrealised gains/(losses) at 30 September 2019	744,788	4,328,712	(4,891)	(416,152)	4,652,457
Valuation at 30 September 2019	**1,578,695**	**25,772,163**	**19,247**	**22,854,622**	**50,224,727**

A full breakdown of the increases and decreases in unrealised valuations of the portfolio is seen in the Investment Portfolio Summary on pages 52 to 71.

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Notes to the Financial Statements for the year ended 30 September 2019

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 2018 £	Realised gain in year £
The Plastic Surgeon Holdings Limited	Realisation	40,877	1,320,923	829,934	490,989
ASL Technology Holdings Limited	Realisation	2,722,106	4,791,073	2,904,306	1,886,767
Master Removers Group	Part Realisation	217,525	514,868	481,710	33,158
Entanet Holdings Limited	Deferred Consideration	-	735,302	-	735,302
Hollydale Management Limited	Realisation	994,560	621,600	621,600	-
Backhouse Management Limited	Realisation	782,080	300,800	300,800	-
Barham Consulting Limited	Realisation	782,080	300,800	300,800	-
Creasy Marketing Services Limited	Realisation	782,080	300,800	300,800	-
McGrigor Management Limited	Realisation	782,080	300,800	300,800	-
Newquay Helicopters (2013) Limited	Realisation	9,246	-	-	-
		7,112,634	**9,186,966**	**6,040,750**	**3,146,216**

Note b) The outflow of cash for purchases shown above of £5,082,350 differs from the figure shown in the Statement of Cash Flows of £5,004,960, by £77,390. These funds were included in Debtors at the previous year end when they were held in a solicitor's client account in advance of an investment that completed in October 2018.

Note c) Within net unrealised gains of £1,785,897 for the year, the significant increases in value compared to last year were as follows: £1,498,379 in Proactive Group Holdings Inc, £1,456,484 in Turner Topco Limited (trading as Auction Technology Group), £1,198,907 in MPB Group Limited, £497,056 in Rota Geek Limited and £472,500 in Kudos Innovations Limited. These gains were partially offset by unrealised falls in valuation compared to last year, including: £825,738 in Aquasium Technology Limited, £804,575 in Bourn Bioscience Limited, £670,473 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet), £649,528 in Super Carers Limited, £406,464 in Redline Worldwide Limited, £349,090 in BookingTek Limited and £248,733 in Master Removers Group 2019 Limited.

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

Note d) During the year, permanent impairments of the cost of investments have decreased from £6,637,066 to £4,329,740. This write-back of £2,307,326 is due to the disposal of six investee companies in the period.

Provisions and write-offs against unlisted investments

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

	Total Provisions at end of year £	Net write-offs/ (write-backs) in year £
Financial Year		
2019	16,001,495	(2,307,326)
2018	16,029,509	38,426
2017	13,528,607	2,403,079
2016	11,500,860	(1,115,371)
2015	9,793,793	65,779

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10 Significant interests

At 30 September 2019 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%
Tovey Management Limited (Access IS)[4]	3,313,932	13.1%	43.4%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	3,205,182	8.8%	27.5%
Virgin Wines Holding Company Limited	2,745,503	13.7%	42.0%
Oxonica plc	2,524,527	10.6%	10.6%
Veritek Global Limited	2,289,859	16.8%	50.8%
Preservica Limited	2,181,666	15.1%	43.4%
MPB Group Limited	2,043,137	7.3%	23.6%
CGI Creative Graphics International Limited	1,943,948	8.4%	26.9%
Pattern Analytics Limited (trading as Biosite)	1,791,938	7.4%	23.9%
My Tutorweb Limited	1,783,566	9.8%	30.8%
Bourn Bioscience Limited	1,610,379	10.9%	23.8%
Turner Topco Limited (trading as Auction Technology Group)	1,529,075	3.8%	17.1%
Arkk Consulting Limited	1,526,007	10.3%	33.6%
Tharstern Group Limited	1,454,278	16.2%	52.5%
RDL Corporation Limited	1,441,667	13.0%	45.2%
Ibericos Etc. Limited (trading as Tapas Revolution)	1,397,386	7.8%	25.0%
Vian Marketing Limited (trading as Red Paddle Co)	1,207,437	9.5%	31.5%
Redline Worldwide Limited	1,129,121	9.1%	30.0%
Proactive Group Holdings Inc	988,390	3.4%	7.1%
Parsley Box Limited	925,800	7.7%	25.0%
BookingTek Limited	872,646	4.7%	14.9%
Buster and Punch Holdings Limited	725,226	6.2%	20.0%
Super Carers Limited	649,528	5.8%	18.7%
Rota Geek Limited	625,400	5.4%	17.1%
Jablite Holdings Limited	498,790	12.1%	40.1%
Nexxtdrive Limited	487,014	3.9%	3.9%
Kudos Innovations Limited	472,500	4.6%	14.6%
Master Removers Group 2019 Limited (formerly Master Removers Group) (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	464,658	9.5%	30.5%
Blaze Signs Holdings Limited	418,281	12.5%	52.5%
CB Imports Group limited	175,000	5.8%	23.2%
Aquasium Technology Holdings Limited	166,667	16.7%	16.7%
Biomer Technology Limited	137,170	3.0%	3.0%
Vectair Holdings Limited	53,400	4.6%	24.0%

[1] – Mobeus Equity Partners LLP also advises Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc and Mobeus Income & Growth 4 VCT plc.

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

[3] – Includes a loan of £788,589 to Media Business Insight Limited.

[4] – Includes a loan of £255,932 to Access IS 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. Also, the above investments are considered to be associates that are held as part of an investment portfolio and are accounted for in accordance with FRS 102 14.4B.

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

Notes to the Financial Statements for the year ended 30 September 2019

11 Debtors

	2019 £	2018 £
Amounts due within one year:		
Accrued income	250,056	366,283
Prepayments	13,060	14,370
Other debtors	-	77,390
	263,116	**458,043**

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.

	2019 £	2018 £
OEIC Money market funds	26,812,418	28,475,582
Cash equivalents per Statement of Cash Flows	26,812,418	28,475,582
Bank deposits that mature after three months	3,151,769	3,151,769
Current asset investments	**29,964,187**	**31,627,351**
Cash at bank	**1,498,030**	**1,284,816**

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	52,654	7,640
Other creditors	12,466	11,845
Accruals	156,861	164,241
	221,981	**183,726**

14 Called up share capital

	2019 £	2018 £
Allotted, called-up and fully paid: Ordinary Shares of 1p each: 103,302,857 (2018: 105,438,384)	1,033,029	1,054,384
Total	**1,033,029**	**1,054,384**

During the year, the Company purchased 2,135,527 (2018: 1,947,624) of its own ordinary shares for cash (representing 2.0% (2018: 2.5%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £1,471,131 (2018: £1,379,298). The shares bought back were subsequently cancelled. The difference between the figure of £1,471,131, and that per the Statement of Cash Flows of £1,430,752 is due to a share buy back creditor of £40,379 held at the year end.

Under the terms of the Dividend Investment Scheme ("DIS") (currently suspended), a total of 1,573,716 ordinary shares were allotted during the year ended 30 September 2018 for a total consideration of £1,097,139. For further details on the future of the DIS scheme, see the Chairman's Statement on page 3.

15 Basic and diluted net asset value per share

	2019	2018
Net assets	£81,728,079	£82,583,714
Number of shares in issue	103,302,857	105,438,384
Basic and diluted net asset value per share	**79.12p**	**78.32p**

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

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

Notes to the Financial Statements for the year ended 30 September 2019

16 Financial instruments (continued)

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2019:

	2019 (Fair value) £	2018 (Fair value) £
Assets at fair value through profit and loss:		
Investment portfolio	50,224,727	49,397,230
Loans and receivables held at amortised cost		
Accrued income	250,056	366,283
Current asset investments	29,964,187	31,627,351
Cash at bank	1,498,030	1,284,816
Other debtors	-	77,390
Financial liabilities		
Liabilities held at amortised cost		
Other creditors	(221,981)	(183,726)
Total for financial instruments	81,715,019	82,569,344
Non financial instruments	13,060	14,370
Net assets	**81,728,079**	**82,583,714**

The investment portfolio principally consists of unquoted investments - 96.9%; (2018: 96.3%) and AIM quoted stocks - 3.1%; (2018: 3.7%). The investment portfolio has a 100% (2018:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 61.5% (2018: 59.8%) 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 38.5% (2018: 39.9%) of net assets at the year end.

The main risks arising from the Company's financial instruments are the investment risk and the liquidity risk of the unquoted portfolio. Other important risks are credit risk, fluctuations in market prices (market price risk), and cash flow interest rate risk, although currency risk is also discussed overleaf. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below and 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. 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 £31,462,217 (2018: £32,912,167) which are all accessible at varying points over the next 12 months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

The table below shows a maturity analysis of financial liabilities:

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2019 Total £
Other creditors	144,966	77,015	-	-	**221,981**

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2018 Total £
Other creditors	97,107	86,619	-	-	**183,726**

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:

	2019 £	2018 £
Loan stock investments	22,854,622	26,447,789
Current asset investments	29,964,187	31,627,351
Accrued income and other debtors	250,056	443,673
Cash at bank	1,498,030	1,284,816
	54,566,895	**59,803,629**

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 majority of loan stock is held in companies with turnover under £50 million, which may be considered less stable than larger, longer established businesses. The Investment Adviser undertakes extensive financial and commercial due diligence before recommending an investment to the Board. The Investment Adviser usually takes a seat on the board of each investee company and the Board of the VCT receives regular updates on each company at each quarter end.

The accrued income shown above of £250,056 was all due within six months of the year end, with £107,629 still receivable 2 months after the year end.

16 Financial instruments (continued)

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

Repayable within	2019 £	2018 £
0 to 1 year	2,486,090	3,448,827
1 to 2 years	8,585,666	9,961,425
2 to 3 years	6,736,367	5,293,202
3 to 4 years	5,046,499	5,056,520
4 to 5 years	-	2,687,815
> 5 years	-	-
Total	**22,854,622**	**26,447,789**

Included within loan stock investments above are loans at a carrying value of £6,515,009 (2018: £1,353,782) which are past their repayment date but have been re-negotiated. Loans which are past their repayment date but which have not been renegotiated have a carrying value of £1,957,389 (2018: £1,059,426). 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 £	2019 Total £
Loans to investee companies past due	65,779	-	2,688,271	**2,754,050**

	0-6 months £	6-12 months £	over 12 months £	2018 Total £
Loans to investee companies past due	-	1,032,863	2,496,188	**3,529,051**

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 £26,812,419 which are all triple A rated funds, and along with bank deposits of £4,649,799 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 £462,645 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 £50,224,727, the fair value of the investment portfolio at the year end.

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to 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% (2018: 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 multiple basis, the calculation below has applied plus and minus 20% to the multiple (such as earnings or revenue) derived from quoted market comparators that are used to value the companies. The companies valued on a multiple basis represent £48.37 million of the total investment portfolio of £50.22 million. The remainder of the portfolio is valued at either price of recent investment or net asset value, as shown below.

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

	2019 Profit and net assets £	2018 Profit and net assets £
If overall share prices increased/(decreased) by 20% (2018: 20%), with all other variables held constant – increase/(decrease)	5,733,316 / (6,328,768)	5,067,948 / (5,632,954)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	5.55p / (6.13)p	4.81p / (5.34)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.

Notes to the Financial Statements for the year ended 30 September 2019

16 Financial instruments (continued)

The interest rate profile of the Company's financial net assets at 30 September 2019 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	27,350,858	-	-	27,350,858		
Preference shares	-	19,247	-	19,247	0.0%	1.21
Loan stocks	-	22,854,622	-	22,854,622	9.4%	2.13
Current asset investments	-	-	29,964,187	29,964,187	0.8%	0.05
Cash	-	-	1,498,030	1,498,030	0.5%	-
Debtors	250,056	-	-	250,056		
Creditors	(221,981)	-	-	(221,981)		
Total for financial instruments	27,378,933	22,873,869	31,462,217	81,715,019		
Other non financial assets	13,060	-	-	13,060		
Net assets	**27,391,993**	**22,873,869**	**31,462,217**	**81,728,079**		

The interest rate profile of the Company's financial net assets at 30 September 2018 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	22,580,900	-	-	22,580,900		
Preference shares	-	368,541	-	368,541	6.0%	3.14
Loan stocks	-	25,352,909	1,094,880	26,447,789	8.2%	2.35
Current asset investments	-	-	31,627,351	31,627,351	0.7%	0.05
Cash	-	-	1,284,816	1,284,816	0.5%	-
Debtors	443,673	-	-	443,673		
Creditors	(183,726)	-	-	(183,726)		
Total for financial instruments	22,840,847	25,721,450	34,007,047	82,569,344		
Other non financial assets	14,370	-	-	14,370		
Net assets	**22,855,217**	**25,721,450**	**34,007,047**	**82,583,714**		

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.

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:

	2019 Profit and net assets £	2018 Profit and net assets £
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	254,844 / (254,844)	275,457 / (275,457)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.25p / (0.25)p	0.26p / (0.26)p

Currency risk

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

Fair value hierarchy

The table 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 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	1,578,695	-	25,772,163	27,350,858
Preference shares	-	-	19,247	19,247
Loan stock investments	-	-	22,854,622	22,854,622
Total	**1,578,695**	**-**	**48,646,032**	**50,224,727**

Financial assets at fair value through profit and loss At 30 September 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	1,822,412	-	20,758,488	22,580,900
Preference shares	-	-	368,541	368,541
Loan stock investments	-	-	26,447,789	26,447,789
Total	**1,822,412**	**-**	**47,574,818**	**49,397,230**

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.

Notes to the Financial Statements for the year ended 30 September 2019

16 Financial instruments (continued)

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2018	20,758,488	368,541	26,447,789	47,574,818
Purchases	3,997,926	-	1,084,424	5,082,350
Sales	(4,290,952)	(341,620)	(4,554,394)	(9,186,966)
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				
- on assets sold	3,146,216	-	-	3,146,216
- on assets held at the year end	2,160,485	(7,674)	(123,197)	2,029,614
Closing balance at 30 September 2019	**25,772,163**	**19,247**	**22,854,622**	**48,646,032**

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 2019 £	30 September 2018 £
Valuation methodology		
Multiple of earnings, revenues or gross margin, as appropriate	48,369,870	39,461,312
Recent investment price	-	7,488,254
Net asset value	162,366	162,366
Estimated realisation proceeds	26,563	26,563
Recent investment price (reviewed for impairment)	87,233	436,323
Total	**48,646,032**	**47,574,818**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2018 and 30 September 2019:

Change in valuation methodology (2018 to 2019)	Carrying value as at 30 September 2019	Explanatory note
Recent investment price to multiple basis	9,251,306	Valuation inputs at date of investment are reconsidered at measurement date such that, it is a more appropriate basis for determining value

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the December 2018 IPEV guidelines. The Directors believe that, within these parameters, there are no other appropriate methods of valuation which would be reasonable as at 30 September 2019.

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 70% (as measured under the tax legislation, 80% from 1 October 2019 onwards) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

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 1 November 2019, a new investment of £1.54 million was made into Data Discovery Solutions Limited (trading as Active Navigation).

On 29 November 2019, a new investment of £0.96 million was made into IPV Limited.

Shareholder Information

Communication with Shareholders

We aim to communicate regularly with our Shareholders. The February Annual General Meeting provides a useful platform for the Board to meet Shareholders and exchange views. Your Board welcomes your attendance at general meetings 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. The Investment Adviser holds an annual Shareholder event and further information on the next event to be held on 4 February 2020, is given in the Chairman's Statement on page 3.

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

4 February 2020	Shareholder Event
12 February 2020	Annual General Meeting
June 2020	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 31 March 2020 to Shareholders
30 September 2020	Year end
December 2020	Annual Report for the year ended 30 September 2020 to be circulated to Shareholders

Annual General Meeting

The Company's next Annual General Meeting will be held on **Wednesday, 12 February 2020 at The Clubhouse, 8 St James's Square, London SW1Y4JU.** A copy of the notice of the meeting is included on pages 74 to 76.

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 Asset Services at the address given on page 80.

Shareholders are encouraged to ensure that the Registrars maintain 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 their bank. 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 Registrars do not have an up-to-date postal or email address for you.

Dividend Investment Scheme

As explained in the Chairman's Statement on page 3, the Dividend Investment Scheme which is currently suspended, will be recommenced with effect from the close of the Company's AGM on 12 February 2020. Please note that the Scheme terms and conditions are being amended as explained in the Chairman's Statement effective from today in respect of new participants and from the close of the Company's AGM on 12 February 2020 in respect of existing participants. Those Shareholders who wish to participate, or to amend their existing participation, in the Scheme, can do so by visiting investors.mobeus.co.uk/vct-investors/the-income-and-growth-vct/dividends. Please note that Shareholders' electors to participate or amendments to participation in the Scheme require 15 days to become effective.

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that you obtain the best price, you are strongly advised to contact the Company's stockbroker,** Panmure Gordon, by telephoning: 020 7886 2727, before agreeing a price with your stockbroker. Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

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.

Shareholder enquiries:

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

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

Full contact details for each of Mobeus and Link are included under Corporate Information on page 80 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.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an annual general meeting of The Income & Growth VCT plc ("the Company") will be held at 11.00 am on Wednesday, 12 February 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU ("Annual General Meeting") for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions. An explanation of the main business to be proposed is included in the Directors' Report on pages 32 and 33 of this document:

1. To receive and adopt the annual report and financial statements of the Company for the year ended 30 September 2019 ("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 approve the remuneration policy as set out in the Annual Report.

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

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

6. To elect Justin Ward as a director of the Company.

7. To re-appoint BDO LLP of 150 Aldersgate Street, London EC1A 4AB 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.

8. 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 £344,342, provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

9. That, subject to the passing of resolution 8 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 8 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, £160,000 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, 5% of the issued share capital of the Company from time to time,

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

10. 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 15,485,098 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 price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC2273/2003);

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

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

BY ORDER OF THE BOARD

Registered Office:
30 Haymarket
London SW1Y 4EX

Mobeus Equity Partners LLP
Secretary

Dated: 6 December 2019

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.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of trading on 10 February 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 11:00 (UK time) on 12 February 2020 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A Shareholder may appoint more than one proxy in relation to the 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.
4. 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).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can 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 Asset Services (previously called Capita), 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.

    In order for a proxy appointment to be valid it must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 11:00 am on 10 February 2019.
7. 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.

Notice of the Annual General Meeting

8. The return of a completed proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a Shareholder from attending the Meeting and voting in person if he/she wishes to do so.

9. 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.

10. 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 11:00 on 10 February 2019. 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 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.

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

12. 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.

13. As at 5 December 2019 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 103,302,857 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 December 2019 are 103,302,857.

14. 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.

15. Any Shareholder attending the Meeting has the right to ask questions. 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.

16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 11:00 am on the day of the Meeting until the conclusion of the Meeting:

    - copies of the Directors' letters of appointment or service contracts.

17. 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 2019

(unaudited)

Share price at 30 September 2019 **75.50p[1]**

NAV per share as at 30 September 2019 **79.12p**

Performance data for all fundraising rounds

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

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 30 September 2019. 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 2018 (NAV basis)
Funds raised - O Fund[3] (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	**60.62**	107.71	**164.92**	**167.67**	**2.7%**
Funds raised 2007/8 - S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	**70.00**	113.00	**188.50**	**192.12**	**3.1%**
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	**73.36**	112.50	**188.00**	**191.62**	**3.1%**
28 February 2011	107.90	**75.53**	110.50	**186.00**	**189.62**	**3.2%**
22 March 2011	105.80	**74.06**	110.50	**186.00**	**189.62**	**3.2%**
1 April 2011	105.80	**74.06**	108.50	**184.00**	**187.62**	**3.2%**
5 April 2011	105.80	**74.06**	108.50	**184.00**	**187.62**	**3.2%**
10 May 2011	105.80	**74.06**	108.50	**184.00**	**187.62**	**3.2%**
6 July 2011	106.00	**74.20**	108.50	**184.00**	**187.62**	**3.2%**
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	**74.48**	84.50	**160.00**	**163.62**	**3.7%**
4 April 2012	106.40	**74.48**	84.50	**160.00**	**163.62**	**3.7%**
5 April 2012	106.40	**74.48**	84.50	**160.00**	**163.62**	**3.7%**
10 May 2012	106.40	**74.48**	84.50	**160.00**	**163.62**	**3.7%**
10 July 2012	111.60	**78.12**	84.50	**160.00**	**163.62**	**3.7%**
Funds raised 2013/14 (launched 29 November 2012)						
14 January 2013	116.00	**81.20**	84.50	**160.00**	**163.62**	**3.7%**
28 March 2013	112.60	**78.82**	78.50	**154.00**	**157.62**	**3.8%**
4 April 2013	112.60	**78.82**	78.50	**154.00**	**157.62**	**3.8%**
5 April 2013	112.60	**78.82**	78.50	**154.00**	**157.62**	**3.8%**
10 April 2013 Pre RDR[4]	115.30	**80.71**	78.50	**154.00**	**157.62**	**3.8%**
10 April 2013 Post RDR[4]	112.60	**78.82**	78.50	**154.00**	**157.62**	**3.8%**
7 May 2013	112.60	**78.82**	78.50	**154.00**	**157.62**	**3.8%**

[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 2019

(unaudited)

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 2018 (NAV basis)
Funds raised 2014/15 (launched 28 November 2013)						
9 January 2014	117.82[2]	**82.47**	72.50	**148.00**	**151.62**	**4.0%**
11 February 2014	119.02[2]	**83.31**	72.50	**148.00**	**151.62**	**4.0%**
31 March 2014	115.64[2]	**80.95**	68.50	**144.00**	**147.62**	**4.1%**
3 April 2014	116.17[2]	**81.32**	68.50	**144.00**	**147.62**	**4.1%**
4 April 2014	115.45[2]	**80.82**	68.50	**144.00**	**147.62**	**4.1%**
6 June 2014	121.55[2]	**85.09**	68.50	**144.00**	**147.62**	**4.1%**
Funds raised 2015 (launched 10 December 2014)						
14 January 2015	108.33[2]	**75.83**	54.50	**130.00**	**133.62**	**4.5%**
17 February 2015	113.17[2]	**79.22**	54.50	**130.00**	**133.62**	**4.5%**
10 March 2015	109.88[2]	**76.92**	50.50	**126.00**	**129.62**	**4.7%**
Funds raised 2017/18 (launched 06 September 2017)						
28 September 2017	82.49[2]	**57.74**	10.50	**86.00**	**89.62**	**6.9%**
20 October 2017	82.67[2]	**57.87**	10.50	**86.00**	**89.62**	**6.9%**
9 November 2017	83.20[2]	**58.24**	10.50	**86.00**	**89.62**	**6.9%**
20 November 2017	84.54[2]	**59.18**	10.50	**86.00**	**89.62**	**6.9%**
21 November 2017	84.50[2]	**59.15**	10.50	**86.00**	**89.62**	**6.9%**
24 January 2018	81.27[2]	**56.89**	7.50	**83.00**	**86.62**	**7.2%**
13 March 2018	82.32[2]	**57.62**	7.50	**83.00**	**86.62**	**7.2%**

[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.

[5] - Average effective offer price. Shares were allotted pursuant to the 2014/15, 2015 and 2017/18 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)
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	**107.71**	**113.00**	**112.50**	**84.50**	**84.50**	**72.50**	**54.50**	**10.50**

[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 tables on pages 77 and 78.

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