Mobeus Income & Growth 4 VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Accounts

for the year ended 31 December 2015

mobeus
EQUITY PARTNERS

Mobeus Income & Growth 4 VCT plc, ("MIG4", the "Company" or the "Fund") is a Venture Capital Trust ("VCT") advised by Mobeus Equity Partners LLP ("Mobeus"), investing primarily in established, unquoted companies.

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

Dividend Policy

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

Contents

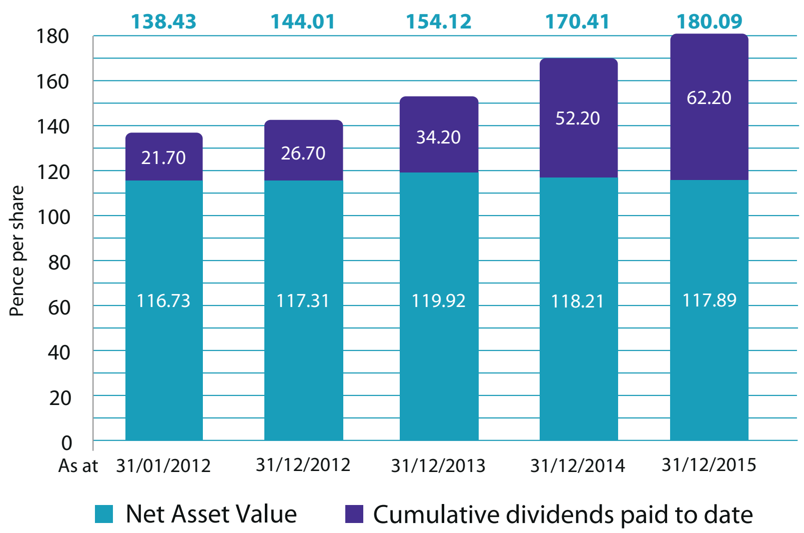
Financial Highlights

Annual results for the year ended 31 December 2015

- Net Asset Value ("NAV") Total Return per share of 8.2% for the year.
- Share Price Total Return per share of 11.7% for the year.
- Shareholders received an interim dividend of 2.00 pence per share in September 2015 and a final dividend of 9.00 pence per share is proposed, to be paid on 25 May 2016. This will bring dividends paid per share in respect of the year to 11.00 pence and cumulative dividends paid per share to 71.20 pence.
- £8.48 million was invested during the year into four new investments totalling £7.21 million with a further £1.27 million invested into three follow-on investments.
- A total of £7.49 million was received as net cash proceeds from realisations and loan repayments compared with a total cost of £3.42 million.

Cumulative total shareholder return per share (NAV basis)*

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



Cumulative total shareholder return per share (NAV basis)*

*Cumulative NAV total shareholder return is net asset value plus cumulative dividends paid since 1999 to date.

The net asset value (NAV) per share as at 31 December 2015 was 117.89 pence.

The chart above shows the recent past performance of the original funds raised in 1999. The original subscription price was 200p per share before the benefit of income tax relief. Subscription prices from subsequent fundraisings and historic performance data from 2008 are shown in the Investor Performance Appendix on the Company's website.

On 31 July 2006, Mobeus became sole Investment Adviser to the Company. The cumulative NAV total return at this date was 122.51 pence.

Chairman's Statement

I am pleased to present the annual results of Mobeus Income & Growth 4 VCT plc for the year ended 31 December 2015.

Overview

It has been another good year for the Company, due to profitable realisations, positive portfolio performance and a high level of new investment. During the year the Company successfully completed two major realisations at substantial gains over cost. In addition, a number of existing investee companies have returned solid performances in the portfolio, contributing to increases in their valuations.

Shareholders will have noted that the Finance Act 2015, which became legislation last November, requires some changes in the type of investments that the VCT is now permitted to make. These changes will require the Company's current Investment Policy to be amended. For further information please see Industry developments (below) and Changes to the Investment Policy on page 3.

Performance

The NAV total return per share was 8.2 per cent. for the year ended 31 December 2015 (2014: 13.6 per cent.). The share price total return was 11.7 per cent. (2014: 15.0 per cent.). For details of these calculations, please refer to page 6 of the Strategic Report on performance. There were two principal factors causing this result. Firstly, the value of the portfolio has risen due to strong performance from some of the portfolio companies, notably Virgin Wines, Jablite and Tharstern and secondly, returns benefitted from realised gains from the sales of Tessella and Westway, being part of the overall returns of 2.8 times and 6.7 times achieved respectively upon the original cost of these investments.

For more details on the performance of your investment in the Company, please consult the Investor Performance Appendix on the Company's website.

Dividends

Your Directors are pleased to propose a final dividend in respect of 2015 of 9.00 pence (2014: second interim 8.00 pence) per share. This dividend, if approved, will be paid on 25 May 2016 to shareholders on the Register on 8 April 2016. This will bring dividends paid in respect of the year ended 31 December 2015 to 11.00 pence (2014: 22.00 pence) per share and cumulative dividends paid since inception to 71.20 pence (2014: 60.20 pence) per share.

A chart showing the dividends paid in respect of each of the last five years and cumulative dividends on the same basis is included on page 7 of the Strategic Report.

Investment Portfolio

The VCT has maintained a steady rate of new investment, investing a total of £8.48 million during the year under review in seven companies.

During the year the value of the opening portfolio increased by £3.30 million in realised gains (net of transaction costs) and £1.09 million in unrealised gains. These represent a total increase of 17.6 per cent. in the valuation of the portfolio over the year on a like for like basis. Realised gains over the original cost of the investment were £4.07 million. The portfolio under management at the year-end was valued at £38.72 million representing 101.1 per cent. of cost.

Full details of all of these transactions and of a new investment following the year end are included in the Investment Review on pages 9 to 23.

Net proceeds totalling £7.49 million were received during the year under review. Of this total, £4.81 million was received from two substantial disposals, Tessella and Westway Services. In addition the Company received realisation proceeds from several other companies, principally Higher Nature, Newquay Helicopters, and BG Training totalling £0.62 million. The balance of £2.06 million comprised loan repayments from companies held within the portfolio.

Industry developments

The UK Finance Act 2015 became law on 18 November 2015. This has introduced rules designed to ensure that VCTs comply with new European Union ("EU") State Aid rules, while remaining able to provide finance to small and growing businesses.

The UK's VCT scheme must comply with the EU State Aid rules, as the tax relief given to investors is deemed to be State Aid to the companies in which the VCTs invest.

The new VCT rules have introduced new criteria regarding:

- the maximum age of companies that are eligible for investments (generally seven years under the UK Finance Act);
- besides an annual limit of £5 million, already in place, there is now also a lifetime cap on the total amount of state aided risk finance investment a company can receive (generally £12 million under the UK Finance Act); and
- a requirement that VCT investment is to be used for growth and development purposes only.

The practical consequences of the application of these EU State Aid rules by the UK Finance Act 2015 are that the range and size of potential investments open to generalist VCTs, such as Mobeus Income & Growth 4 VCT, will reduce. The Government has decided that VCT investments made to finance the purchase of existing business owners' shareholdings and the acquisition of businesses will no longer be permitted. Previous legislation had prevented such transactions if they used the VCT's funds raised after 5 April 2012. The 2015 Act has extended this restriction firstly, to apply to previously exempted monies raised prior to 5 April 2012 and secondly, to prevent such investment, even if it would be a non-qualifying holding. The new rules are therefore likely to restrict significantly all VCTs' future participation in management buyout ("MBO") transactions. However, such investments that have already been made remain qualifying investments as part of our investment portfolio.

The UK Finance Act now requires the VCT to re-adjust its focus for new investments to provide growth capital to younger companies, which is likely to alter the balance of the portfolio of the Company over a number of years. The UK Government has also announced an intention to permit VCTs to provide some replacement capital finance within investments, subject to agreement with the EU State Aid authorities. If this comes to pass, it would enlarge the pool of possible investment opportunities for VCTs compared to the more restricted regime that now applies under the new Act.

In theory, the change in focus to smaller investments in companies requiring growth (and possibly replacement) capital carries a higher risk, but also the prospect of higher, but more variable, returns. Generating the level of consistently high returns achieved over the last six years in particular is likely to be more challenging.

Your Board has questioned the Investment Adviser on its ability to comply with the new rules. The Board is pleased to note that recruitment of a senior hire with extensive experience of growth capital has already taken place and further recruitment is planned. The Board has confidence in the Investment Adviser, justified by the past strong returns to shareholders, being able to adapt its investment approach to the new rules so as to generate attractive returns in the future.

Changes to the Investment Policy

The new VCT legislation above requires revisions to this VCT's current Investment Policy (the "Policy") which, in turn, will require the approval by shareholders of an ordinary resolution that will be proposed at the AGM. Although the changes are significant, the investment methodology will continue. However, the current Investment Policy makes particular reference to investing in management buyout (MBO) transactions and includes some of the key specific VCT legislative requirements.

The principal change proposed to the Policy is to remove the reference to MBO transactions. In addition, references to the key specific VCT rules have been removed. The latter has been replaced by an intent that every investment will meet the requirements of prevailing VCT legislation. This should reduce the requirement to amend the Policy, which can be a costly and time-consuming process, each time VCT legislation changes.

The proposed Policy retains flexibility to enable the Board and the Investment Adviser to consider a wide range of opportunities amongst established businesses to provide growth capital under the new VCT legislative environment. The potential impact of the changes on the VCT's portfolio and investment risk is set out in Industry developments above.

Further details of the proposed changes to the Policy itself are contained in the Directors' Report, on pages 31 and 32 explaining the ordinary resolution to approve a revised Policy. The Board strongly recommends that shareholders approve the resolution. If the resolution is not approved, the Company is unlikely to continue to operate under current VCT regulations, and the Board will need to explore alternative strategies which may have a substantial impact on the Company and its shareholders.

Your Directors continue to work closely with Mobeus and our other professional advisers to understand the full implications of the new rules, so as to apply the revised Policy at a practical level. There remain many detailed points to be clarified in interpreting the new legislation.

Liquidity

The Board continues to investigate alternative investment options to secure greater returns on the Company's liquid assets, although the continuing security of capital remains a paramount consideration. Although the liquid assets are held in a range of credit worthy financial institutions it is recognised that the return on such assets is currently lower than wished due to the current government's low interest rate policies. Total liquidity is now £27.93 million (2014: £27.14 million), of which £9.92 million is held in companies preparing to trade and £18.01 million is held in deposit accounts at well-known banks and a selection of money market funds with AAA credit ratings.

VCT Fundraising

The Company participated with the three other Mobeus advised VCTs in a successful 2014/15 fundraising Offer which closed early, on 18 February 2015. The full amount of £6 million sought was raised which gave the Company £5.87 million net of costs.

The Company is not fundraising in 2015/16 and does not anticipate that there will be further fundraising until the Board has had the opportunity to consider in full the implications of the VCT tax legislation published in the Finance Act 2015 and until its review of projected liquidity indicates a need to raise further funds.

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way for shareholders to build up their shareholding in the Company. Instead of receiving cash dividends they can elect to receive new shares in the Company.

Shareholders who already participate, or are considering whether to participate, in the Scheme should consider the preceding sections on Industry Developments and Changes to the Investment Policy. There is an associated five year holding period required to secure income tax relief when new shares are allotted under the Scheme.

Shareholders may, therefore, wish to review their participation until the implications of these changes, outlined in the sections above, are clearer. If you are in any doubt whether to participate in the scheme or not, you should consult your financial adviser.

Following a commitment given to a shareholder who raised with me the question of whether shares issued under the Scheme should be issued at a discount of approximately 10 per cent. to the latest NAV, or at NAV, consultation took place with shareholders at the two investor meetings recently held. This process indicated that at present there are no strong views on the subject. There was a very limited response, and it was not unanimous. In view of this your board decided to leave the position as is. The Board will, however, keep this issue under review.

Further information on the Scheme, including details of where to obtain an application form, can be found in Shareholder Information on page 73.

Share buybacks

During the year ended 31 December 2015, the Company bought back 0.4 per cent. of the issued share capital of the Company. Further details of the purchases are included in the Directors' Report on page 29 of this Annual Report.

Chairman's Statement

Annual General Meeting

The Annual General Meeting of the Company will be held at 12 noon on Friday, 13 May 2016 at 33 St James's Square, London SW1Y 4JS. Both the Board and the Investment Adviser look forward to welcoming shareholders to the meeting which will include a presentation from the Investment Adviser on the investment portfolio and provide an opportunity to ask questions of the Board and the Investment Adviser. The Notice of the meeting is included on pages 75 to 78 of this Annual Report and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 30 and 32 of this Annual Report.

Shareholder Communications

The annual shareholder event was held on Tuesday 26 January 2016 at the Royal Institute of British Architects in central London. This annual event included presentations on the Mobeus advised VCTs' investment activity and performance including presentations by the Chief Executives of Jablite and Plastic Surgeon. There were separate day-time and evening sessions, and feedback from those who attended found it informative and worthwhile.

Industry awards for the Adviser

Your Board is pleased to see the Investment Adviser, once again, winning significant industry awards. The Investment Adviser was named VCT House of the Year for the fourth consecutive year at the unquote" British Private Equity Awards 2015 and also received the award for Exit of the year for Focus Pharmaceuticals. In addition, Mobeus was named VCT Manager of the Year by Investor Allstars. These three awards recognised again the continuing high level of performance achieved by the Investment Adviser in all areas of its activity including deals, exits, portfolio management and fundraising.

Future prospects

Most stock markets have been undergoing a corrective phase. There are a number of uncertainties including conflict in the Middle East, a slowdown in China, the migrant crisis in Europe, and an EU Referendum in June 2016. The recent correction in the UK market is not surprising after rises driven in part by cheap debt, which continues to drive up both public and private debt levels in the UK. On the other hand official figures still indicate UK growth and private equity investment is a medium to longer term process. Remunerative investments can still be found and the Investment Adviser remains busy analysing new proposals. Profitable exits can still be achieved.

As mentioned earlier, we are proposing changes to the Company's current Investment Policy at the AGM to ensure full compliance with the provisions of the Finance Act 2015. There may be a pause in new investment while the Investment Adviser identifies opportunities that comply with the requirements of the new legislation.

The Company and its Investment Adviser are confident that they will be able to adjust to the changes in VCT regulation introduced by the Finance Act 2015, and still produce attractive returns in the future. The existing portfolio continues to perform well and to provide a good foundation for future performance.

Finally, I would like to express my thanks to all shareholders for their continuing support of the Company.

Christopher Moore
Chairman

23 March 2016

Strategic Report

Introduction

The Directors are pleased to present the Strategic Report of the Company for the year ended 31 December 2015. The purpose of this Report is to inform shareholders and to help them assess how the Directors have performed their duty to promote the success of the Company.

The Report has been prepared by the Directors in accordance with section 414A of the Companies Act 2006 (the "Act").

Objective of Company

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

Current investment policy

The full text of the Company's current Investment Policy is available on page 24 of this Annual Report.

Shareholders should note that, in the light of the regulatory developments referred to in the Chairman's Statement, this policy requires revision and a resolution to approve changes to the policy will be submitted to shareholders at the AGM.

Business Model

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

VCT Legislation

To achieve continued status as a VCT, the Company must meet a number of conditions, the most important of which are that, currently, the:-

- Company must hold at least 70 per cent., by VCT tax value*, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- Of these qualifying holdings, an overall minimum of 30 per cent. by VCT tax value (70 per cent. for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules);
- No investment in a single company or group of companies may represent more than 15 per cent. (by VCT tax value) of the Company's total investments at the date of investment.

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

- which have no more than £15 million of gross assets at the time of investment and £16 million immediately following investment from VCTs;
- where the maximum age of a company eligible to receive investment from VCTs is generally 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, from VCTs and similar sources of State aid funding;
- that use the funds received from VCTs for growth and development purposes;

*VCT tax value means as valued in accordance with prevailing VCT legislation.

The above takes into account legislation up to the Finance Act 2015.

One of the other rules to remain a VCT is that it must remain a fully listed company on the London Stock Exchange, and thus must also comply with the listing rules governing such companies.

The Company is an externally advised fund with a Board comprising non-executive Directors. The Board has overall responsibility for the Company's affairs including the determination of its Investment Policy, although material changes to the policy are subject to approval by shareholders. Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser and are then subject to review and approval by the Directors. Investment management and operational support are outsourced to external service providers (including registrars and brokers) with the key strategic and operational framework and key policies set and monitored by the Board.

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

The Company's Investee companies are primarily unquoted businesses and operate in the UK. These businesses fulfil the criteria and characteristics as set out in the Investment Policy.

Industry developments

The Finance Act 2015 became law on 18 November 2015. This introduced rules designed to ensure that VCTs would comply with European Union ("EU") State Aid rules, while remaining able to provide finance to small and growing businesses.

The practical consequences of these new rules are that the size and range of investments open to generalist VCTs will be reduced. Investments to finance the purchase of existing businesses will be closed to all VCTs. As a result the VCT will re-adjust its investment focus to provide growth capital to younger companies. More details on this matter are contained in the Chairman's Statement.

Strategic Report

Performance and Key Performance Indicators

The Board has identified six key performance indicators that are used in its own assessment of the Company's progress. It is intended that these will provide shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 31 December 2015, 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

Total shareholder returns per share for the year

The Net Asset Value (NAV) and share price total returns per share for the year ended 31 December 2015 were 8.2 per cent. and 11.7 per cent. respectively, as shown below:

		NAV basis (p)		Share price basis (p)
Total return (p)	Closing NAV per share	117.89	Closing share price	104.50
	Plus: dividends paid in year	10.00	Plus: dividends paid in year	10.00
	Total for year	**127.89**	**Total for year**	**114.50**
	Less: opening NAV per share	(118.21)	Less: opening share price	(102.50)
	Return for year per share	**+9.68**	**Return for year per share**	**+12.00**
	Return for year	**+8.2%**	Return for year	**+11.7%**

Cumulative returns per share

		NAV basis (p)		Share price basis (p)
Cumulative total return (p)	Closing NAV per share	117.89	Closing share price	104.50
	Plus: cumulative dividends paid to date	62.20	Plus: cumulative dividends paid to date	62.20
	Closing cumulative total return	**180.09**	**Closing cumulative total return**	**166.70**
	Less: opening cumulative total return	(170.41)	Less: opening cumulative total return	(154.70)
	Increase in cumulative return for year	**+9.68**	**Increase in cumulative return for year**	**+12.00**

Taking into account initial income tax relief, founder shareholders who invested in 1999 have now seen, as at 31 December 2015, an overall gain on net investment cost of 12.6 per cent. (2014: 6.5 per cent.) since the launch of the Company. This is on a NAV return basis and assumes a net investment cost of 160.00 pence per share after initial income tax relief of 40.00 pence per share (both figures restated for the 2 for 1 share consolidation in 2006). Original shareholders who also took advantage of the enhanced buyback offer made in 2013 have now seen an overall gain over net investment cost on this basis of 45.5 per cent.

Although the initial performance of the Company was disappointing, recent performance has been much better. There are two main reasons for the earlier results. The Fund started with three managers. Unfortunately two of those managers performed very poorly. Neither of the two portfolios produced any significant dividends or capital returns. To remedy this, your Board terminated their management contracts and appointed Mobeus Equity Partners LLP as the sole adviser during 2006. The second factor was that, as a result, the Fund became sub-scale. To address this, the Board decided to expand the size of the Fund so that it could participate in an active investment programme, achieve a reasonable spread of risks within the portfolio, and operate with economic cost ratios. This has now been achieved, but the very low interest rates over the last few years have had an adverse impact on returns during the scaling up process. The Fund has now achieved reasonable scale, and shareholders will have noted that the Company successfully raised the full £6 million sought under its 2014/15 Offer.

Both NAV and share price returns for the year are considered to be satisfactory by the Board, while the cumulative returns are now on an improving trend. This is demonstrated in the shareholder returns chart above.

For NAV and share price performance data for each allotment in each fundraising since the inception of the Company, please see the Investor Performance Appendix on the Company's website.

Internal rate of return

	Original investment cost (pence per share)	Income tax relief	Cost net of income tax (pence per share)	Internal Rate of Return
With benefit of Income Tax Relief				
2006/7 shareholders	120.9	30%	84.6	9.3%
1999 shareholders	200.0	20%	160.0	0.7%
Without benefit of Income Tax Relief				
2006/7 shareholders	120.9	n/a	n/a	4.4%
1999 shareholders	200.0	n/a	n/a	(0.6)%

The table above shows internal rates of return of shareholders' investment for those founder shareholders who invested in 1999 alongside those shareholders who invested in 2006/7, shortly after the date on which Mobeus took over as sole Investment Adviser.

The internal rate of return is the annual discount rate that equates the original investment cost per share with the value of subsequent dividends received and the latest NAV.

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

The Board places emphasis on the Company's performance against a peer group of VCTs. Using the benchmark of NAV total return on an investment of £100, the VCT has improved its ranking and is now ranked 12 out of 53 (2014: 26 out of 56) over three years, and 16 out of 45 (2014: 20 out of 47) over five years amongst generalist VCTs by the Association of Investment Companies (AIC) (based on statistics prepared by Morningstar) at 29 February 2016. The Board considers this performance to be satisfactory.

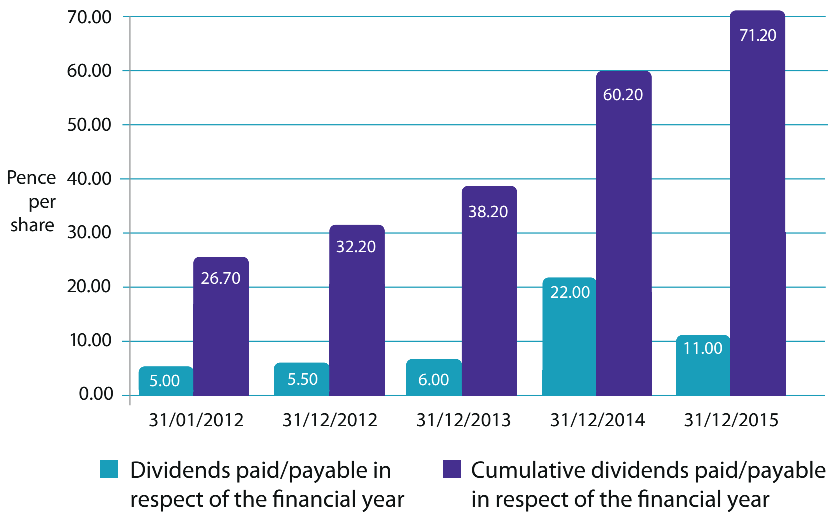
3. Dividend policy

The Company has an annual dividend target of paying not less than 4.00 pence per share in respect of each financial year. It has met or exceeded this target in respect of its last six financial years.

During the year the Company paid an interim dividend of 2.00 pence per share, comprising 1.00 penny from capital and 1.00 penny from income per share.

The Directors have proposed a final dividend in respect of 2015 of 9.00 pence (2014: second interim 8.00 pence) per share comprising 7.50 pence (2014: 7.00 pence) per share from capital and 1.50 pence (2014: 1.00 penny) per share from income. Following the payment of this final dividend cumulative dividends paid to shareholders since launch will total 71.20 pence per share.

The ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.



The proposed final dividend of 9.00 pence per share, to be paid on 25 May 2016 if approved, will increase cumulative dividends paid to 71.20 pence per share.

The proposed final dividend of 9.00 pence per share, to be paid on 25 May 2016 if approved, will bring the total dividends paid in respect of the year to 11.00 per share as shown in the chart above.

Strategic Report

4. Compliance with VCT legislation

In order to comply with VCT tax legislation, the Company must meet a number of tests set by HMRC as detailed on page 24 under VCT Regulation. For the year ended 31 December 2015, the Company continued to meet these tests. The changes to the VCT rules require a refocusing of the Company's investment strategy (as explained more fully in the Chairman's Statement) and a resolution to approve an amended Investment Policy will be put to shareholders at the forthcoming Annual General Meeting.

5. Share buyback and discount policy

Subject to the Company having sufficient available funds and distributable reserves, it is the Board's current intention to pursue a buyback policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 10 per cent. or less. It has succeeded in carrying out this objective in the year.

The Board considers that a 10 per cent. discount represents a fair balance between assisting investors who wish to sell shares and the majority of investors who wish to continue to invest in a portfolio of investments in unquoted shares.

The Board intends to continue with the above buyback policy. Any future repurchases will be subject to the Company having appropriate authorities from shareholders and sufficient funds available for this purpose. Share buybacks will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market are always cancelled.

The discount of approximately 10 per cent. has been maintained for the whole of the last five years, since the Board stated its intent to pursue this policy.

During the year ended 31 December 2015, shareholders holding 168,443 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon, to purchase these shares at prices representing discounts of approximately 10 per cent. to the previously announced NAV per share. The Company subsequently purchased these shares at prices of between 98.00 and 101.75 pence per share and cancelled them.

In total, the Company bought back 0.4 per cent. of the issued share capital of the Company, at the beginning of the year, as calculated by reference to the issued share capital on 1 January 2015.

Continuing shareholders benefit from the difference between the NAV and the price at which the shares are bought back and cancelled.

6. Costs

The Board monitors costs using the Ongoing Charges Ratio*, which is as follows:

	2015	2014
Ongoing charges	2.72%	2.77%
Performance fee	0.00%	0.00%
Ongoing charges plus accrued performance fee	**2.72%**	2.77%

*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 historic information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the fund in the future.

The Ongoing Charges Ratio replaces the Total Expense Ratio reported previously. The Total Expense Ratio still forms the basis of any expense cap that may be borne by the Investment Adviser. For the purpose of calculating this ratio, actual running costs are capped at 3.4 per cent. of closing net assets but exclude any irrecoverable VAT and exceptional costs. There was no breach of the expense cap for the year ended 31 December 2015 (31 December 2014: £nil).

The fall in the Ongoing Charges ratio reflects the higher level of net assets in 2015, itself the result primarily of the fundraising earlier in the year.

Investment Adviser fees and other expenses

In line with the rise in net assets, Investment Adviser fees charged to both revenue and capital have increased from £1.10 million to £1.21 million. Running costs have fallen slightly at £0.37 million. Trail commission fees have fallen in the year along with professional fees, the latter as a result of significant work relating to AIFMD and the cancellation of the share premium account in 2014. The fall in running costs was off-set by a provision made against interest receivable for one investee company which had been recognised as income in 2014, causing a small rise in other expenses over the year.

Further details of these are contained in the financial statements on pages 55 and 56 of this Annual Report.

Investment Review

This has been another strong year for the investment portfolio. The market continued to provide a strong pipeline of good investment opportunities and conditions have been favourable for both new investment and realisations. The portfolio is performing well as a whole as is demonstrated by the fact that the valuation of the portfolio as a whole has increased by 17.6 per cent. during the year on a like-for-like basis. Many of the companies in the portfolio are strongly cash generative and have made partial repayments of their loan stock during the year.

Investments remain spread across a number of sectors, primarily in support services, general retailers, media and fixed line telecommunications.

The changes to VCT Rules, introduced by the Finance Act 2015, have required all VCTs to reconsider the type of investments that VCTs can make in future to ensure a VCT complies with the new Finance Act. This process is not yet complete, and we anticipate a phase of familiarisation with the practical application of the rules to prospective opportunities. The application of the new regulations in practice is still being defined. We have been able to make our first investment under the new rules earlier this month.

As another part of our response to the changes, we intend to recruit additional investment professionals, who will focus primarily upon growth capital transactions. We are pleased to have already recruited a senior experienced individual to head up this team, who has a good track record of profitable investments in the VCT growth capital sector.

Two excellent realisations were delivered at the end of the year. The sale of Tessella realised cash proceeds of £2.94 million, and a gain over current cost of £1.95 million, being 4.03 pence per share. Total proceeds over the life of the investment were £3.57 million, representing a return of 2.8 times the original cost of the investment of £1.27 million, over the three and a half years that this investment was held.

The realisation of Westway Services generated cash proceeds of £1.87 million, and a gain over current cost of £1.83 million, being 3.78 pence per share. Total proceeds to date over the life of the investment were £2.50 million, representing a return of 6.7 times the original cost of the investment of £0.37 million. In addition the Company received realisation proceeds from a number of other companies, such as, Higher Nature, Newquay Helicopters, and BG Training totalling £0.62 million. Finally, £2.06 million, comprising loan repayments from companies held within the portfolio, make up the balance of total net realisation proceeds of £7.49 million.

New investment

A total of £8.48 million was invested in new deals during the year under review. This included £7.21 million in new investments into Media Business Insight ("MBI"), Jablite, Tushingham and Access IS and £1.27 million in three follow-on investments in Entanet, CGI Creative Graphics International and Racoon International.

Principal new investments in the year

	Company	Business	Date of investment	Amount of new investment (£m)
MBI	Media Business Insight	Events and publishing	January 2015	2.72*

Media Business Insight is a publishing and events business focused on the creative production industries, specifically advertising, TV production and film. Based in Shoreditch, East London, the company comprises four distinct brands. The investment represented an attractive opportunity to invest in a sector-leading company underpinned by strong recurring revenues from subscriptions and events. The company's latest audited accounts for the year ended 31 December 2014 show annual sales of £8.38 million and profit before interest, tax and amortisation of goodwill of £1.14 million.

* A further £1.14 million was invested into South West Services Investment Limited ("SWSI") adding to its earlier investment of £0.91 million. This enabled SWSI to acquire Media Business Insight Limited ("MBI"). The Company has also advanced a non-qualifying loan of £0.67 million to MBI. SWSI subsequently changed its name to Media Business Insight Holdings Limited.

Strategic Report

	Company	Business	Date of investment	Amount of new investment (£m)
Jablite INTELLIGENT INSULATION	Jablite	Expanded polystyrene products	April 2015	1.12 *

Jablite is the UK's largest domestic manufacturer of Expanded Polystyrene products operating under two divisions manufacturing packaging (Styropak) and construction (Jablite) products. The business was acquired from its Dutch parent and operates from five production sites in the UK. For the year ended 31 December 2014, Jablite Limited and Styropack (UK) Limited, generated annual sales of £32.83 million and £15.17 million respectively and profit before interest, tax and amortisation of goodwill of £2.01 million and £0.34 million respectively.

* £1.12 million was invested into Duncary 16, a company preparing to trade on 2 April 2015. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

Tushingham WINDSURFING	Tushingham Sails	Supplier of watersports equipment	July 2015	0.90*

Tushingham Sails is a supplier of sails to the UK windsurfing market. It has recently moved into the young and rapidly expanding watersport of stand-up paddleboarding, as the manufacturer of its own fast growing brand called Red Paddle. The Company's design ethos and historical market knowledge has enabled Tushingham to penetrate this world market and we are optimistic that its strong growth will continue. The Company had a turnover of £7.54 million and generated an adjusted profit before interest, tax and amortisation of goodwill of £1.08 million during the year ended 28 February 2015.

* £1.13 million held in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the company of £0.23 million.

Access IS	Access IS	Data capture and scanning hardware	October 2015	2.47*

Access IS is a leading provider of data capture and scanning hardware. The company has a significant share of the worldwide market for this technology in airports and strong positions in the fast growing markets of both ID & Security and Transport & Ticketing. This was an opportunity to acquire a longstanding and profitable business that is well positioned in its niche market. The company's latest audited accounts for the year ended 31 December 2014 show annual sales of £9.95 million and profit before interest, tax and amortisation of goodwill of £1.25 million.

* Amounts held in existing companies preparing to trade, Knighton Management Limited (£1.10 million) and Tovey Management Limited (£1.13 million), along with a further £0.24 million from the Company, were used for this investment.

New investment post year-end

	Company	Business	Date of investment	Amount of new investment (£m)
REDLINE® ASSURED SECURITY	Redline Assured Security	Provision of security products and services	February 2016	0.84

Redline Assured Security Limited ("Redline") is a market leader in the provision of security products and training services to airlines and corporate entities. Redline currently operates predominantly in the aviation security market and is at the forefront of counter terrorism training and services. The investment will be applied to enable the Company to grow in its core aviation market and in other sectors. The company's latest accounts for the year ended 31 March 2015 show turnover of £4.81 million and profit before interest, tax and amortisation of goodwill of £0.82 million.

* £1.13 million held in Pound FM Consultants Limited, a company preparing to trade, was used for this investment. This resulted in a net repayment of £0.29 million.

Further investment into existing portfolio companies in the year

	Company	Business	Date of investment	Amount of new investment (£m)
	Racoon International	Hair extension, hair care products and training	January and October 2015	0.08

Racoon International is a premier supplier of ethically sourced hair for hair extensions. A small further investment of £0.06 was made in January 2015 with the expectation that this, together with the appointment of a successful sales-orientated Mobeus operating partner to the management team of the business, will add value to a previously unsuccessful investment. A further £0.02 million was advanced in October 2015 to provide working capital. Racoon has a £1.57 million turnover and has generated profit before interest, tax and amortisation of goodwill in the year ended 31 March 2015 of £0.01 million.

	Company	Business	Date of investment	Amount of new investment (£m)
	Entanet	Wholesale provider of internet connectivity solutions	February 2015	0.80

Entanet is one of the UK's leading independent wholesale voice and data communications providers based in Telford. The VCT made a further loan stock investment in February 2015 as negotiated at the time of the original investment in February 2014. The operating subsidiary of Entanet had a turnover of £29.82 million and generated a profit before interest, tax and amortisation of goodwill of £2.31 million during the year to 31 December 2014.

	Company	Business	Date of investment	Amount of new investment (£m)
	CGI	Producer of adhesive decorative graphics for vehicles	June 2015	0.39

CGI Creative Graphics International is a leading specialist provider of adhesive decorative graphics to the automotive, recreational vehicle and airline markets. It operates from two centres, in Bedford, England and Cape Town, South Africa. The VCT made a further loan stock investment in June 2015 which had been negotiated at the time of the original investment in June 2014. The Company's latest audited accounts for the year ended 28 February 2015 show annual sales of £9.19 million and profits before interest, tax and amortisation of goodwill of £1.30 million.

The VCT also invested a further £7.90 million into new companies preparing to trade in March and April 2015 and a further investment of £1.10 million into an existing company preparing to trade in July 2015.

Strategic Report

Realisations

Four investments were sold in the year for £5.19 million. Of these, two were sizeable, profitable realisations which both generated attractive returns for the Company. These were the sales of Tessella Holdings Limited and Westway Services Holdings (2014) Limited, which realised proceeds totalling £4.81 million. The two other realisations, Higher Nature and BG Training, generated proceeds of £0.38 million. Other capital receipts were £0.24 million including £0.04 million from Newquay Helicopters (2013) Limited, as an interim distribution resulting from the members' voluntary liquidation of the company and a further consideration of £0.20 million from investments realised in earlier periods, most notably Monsal Holdings and Focus Pharma. With the loan repayments of £2.06 million, total net cash proceeds for the year amounted to £7.49 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
HIGHER NATURE	Higher Nature	Distributor of vitamins and natural medicines	Nov 1999 – June 2015	£1.26 million 1.1 times cost

Higher Nature is a mail order distributor of vitamins and natural medicines and was one of the VCT's oldest investments. The sale was to the existing management and its realisation delivered £0.30 million for shareholders. Cash proceeds from the investment totalled £1.26 million, compared to a total investment cost of £1.13 million providing a return of 1.1 times cost.

Tessella Technology & Consulting	Tessella	Science powered technology and consulting services	July 2012 – December 2015	£3.57 million 2.8 times cost

The VCT sold its investment in Tessella to the French engineering consultancy, Altran Group plc for £2.94 million. Founded in 1980, Tesella is now a global business. In 2011 the company received the prestigious Queen's Award for Enterprise in innovation for its work on preserving the integrity of digital information over long periods of time, irrespective of numerous changes in technology. As part of the sale transaction, the Company has retained a small investment in this data archiving business, Preservica, which was previously held within Tessella. The sale returned an IRR of 42% and during the three and a half years of this investment, revenue has increased by 43% from £18.5 million in 2012 to £26.5 million forecast for the current financial year.

WESTWAY delivering your environment	Westway	Air conditioning systems	June 2009 – December 2015	£2.50 million 6.7 times cost

The VCT sold its investment in Westway to ABM Industries Inc, one of the largest facility management services providers in the US for £1.87 million, the sale returning an IRR of 48%. During the period of the investment Westway, which is headquartered in Middlesex, and founded in 2001, has expanded its range of services from heating, ventilation and air conditioning and now offers other technical services including mechanical and electrical maintenance, energy services, communications, security systems and the servicing of electronic garment picking systems.

BG CONSULTING	BG Training	Specialist techinical training	September 2002 – August 2015	£0.17 million 0.9 times cost

The Company realised part of its loan stock and its entire equity investment in BG Training through a sale to its management team. BG Training is a City based provider of specialist technical training to investment banks. The Company holds a remaining loan stock investment in BG Training at a cost of £0.01 million.

Loan stock repayments

Loan stock repayments totalled £3.53 million for the year, including £1.47 million as part of the proceeds from the companies realised above. Positive cashflow at five other companies contributed to the balance of £2.06 million. These proceeds are summarised below:-

Company	Business	Month	Amount (£000's)
Jablite	Expanded polystyrene products	May-November	975
Motorclean	Vehicle cleaning and valeting services	February-October	342
Leap New Co (Ward Thomas)	Logistics, storage and removals business	May-December	337
Vian Marketing	Company preparing to trade	July	235
Tessella	Consultancy services	March-September	89
Tharstern Group	Software based management information systems	March	83
Total			**2,061**

Ten largest investments in the portfolio by valuation

Entanet Holdings Limited

www.enta.net

Cost £2,168,000

Valuation £3,338,000

Basis of valuation
Earnings multiple

Equity % held
9.6%

Income receivable in year
£192,655

Business
Wholesale communications provider

Location
Telford, Shropshire

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2014[1]
Turnover	£29,824,000
Operating profit	£2,309,000
Net assets	£4,246,000
Period ended	31 December 2013[1]
Turnover	£29,415,000
Operating profit	£2,782,000
Net assets	£2,332,000

[1] The financial information quoted above is for Entanet International Limited, the operating subsidiary of Entanet Holdings Limited.

Movements during the year

Further investment of £0.80 million made in February 2015.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost £1,931,000

Valuation £2,785,000

Basis of valuation
Earnings multiple

Equity % held
9.7%

Income receivable in year
£198,828

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Period ended	3 July 2015[1]
Turnover	£37,117,000
Operating profit	£2,402,000
Net assets	£8,212,000
Period ended	27 June 2014[1]
Turnover	£35,695,000
Operating profit	£1,580,000
Net assets	£6,175,000

[1] The financial information quoted above relates to the operating subsidiary, Virgin Wine Online Limited.

Movements during the year

None.

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost £2,469,000

Valuation £2,469,000

Basis of valuation
Recent investment price

Equity % held
10.1%

Income receivable in year
£47,007

Business
Data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2014[1]
Turnover	£9,952,000
Operating profit	£1,220,000
Net assets	£3,765,000
Year ended	31 December 2013[1]
Turnover	£8,191,000
Operating profit	£1,228,000
Net assets	£2,609,000

[1] The financial information quoted above relates to the operating subsidiary, Access Limited.

Movements during the year

New investment made in October 2015.

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

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

Media Business Insight Holdings Limited

www.mb-insight.com

Cost £2,723,000

Valuation £2,283,000

Basis of valuation
Earnings multiple

Equity % held
15.7%

Income receivable in year
£218,060

Business
Publishing and events business

Location
London

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2014[1]
Turnover	£8,378,000
Operating profit	£1,139,000
Net assets	£1,796,963
Year ended	31 December 2013[1]
Turnover	£8,238,000
Operating profit	£1,456,000
Net assets	£1,588,000

[1] The financial information quoted above is for Media Business Insight Limited.

Movements during the year

New investment made in January 2015.

ASL Technology Holdings Limited

www.asl-group.co.uk

Cost £1,934,000

Valuation £2,235,000

Basis of valuation
Earnings multiple

Equity % held
9.5%

Income receivable in year
£160,408

Business
Printer and photocopier services

Location
Cambridge

Original transaction
Management buyout

Audited financial information

Year ended	30 September 2015
Turnover	£15,361,000
Operating profit	£2,442,000
Net liabilities	£(2,450,000)
Year ended	30 September 2014
Turnover	£13,266,000
Operating profit	£1,176,000
Net liabilities	£(3,123,000)

Movements during the year

None.

Veritek Global Holdings Limited

www.veritekglobal.com

Cost £1,620,000

Valuation £1,659,000

Basis of valuation
Earnings multiple

Equity % held
10.3%

Income receivable in year
£181,170

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2015
Turnover	£22,301,000
Operating profit	£2,379,000
Net liabilities	£(72,000)
Year ended	31 March 2014[1]
Turnover	£14,443,000
Operating profit	£249,000
Net liabilities	(£804,000)

[1] The financial information above is for eight months only, after the acquisition of Veritek Global Limited in July 2013.

Movements during the year

None.

Ten largest investments in the portfolio by valuation

Tharstern Group Limited

www.tharstern.com

Cost £1,092,000

Valuation £1,519,000

Basis of valuation
Earnings multiple

Equity % held
12.2%

Income receivable in year
£90,406

Business
Software-based Management Information Systems for the print sector

Location
Colne, Lancashire

Original transaction
Management buyout

Audited financial information

Year ended	31 January 2015[1]
Turnover	£4,536,000
Operating profit	£1,209,000
Net assets	£916,000
Year ended	31 January 2014[1]
Turnover	£3,995,000
Operating profit	£799,000
Net assets	£885,000

[1] The financial information quoted above is for Tharstern Limited, the trading subsidiary of Tharstern Group Limited.

Movements during the year

Tharstern made a loan stock repayment of £0.08 million including premium.

Leap New Co Limited (trading as Ward Thomas Removals and Aussie Man & Van)

www.ward-thomas.co.uk

Cost £1,349,000

Valuation £1,486,000

Basis of valuation
Earnings multiple

Equity % held
4.5%

Income receivable in year
£84,396

Business
Logistics, removal and storage

Location
London

Original transaction
Corporate restructuring

Audited financial information

Year ended	30 September 2014[1]
Turnover	£16,526,000
Operating profit	£3,112,000
Net assets	£6,746,000
Year ended	30 September 2013[1]
Turnover	£12,169,000
Operating profit	£1,955,000
Net assets	£7,597,000

[1] The financial information quoted above is for Ward Thomas Removals Limited, the trading subsidiary of Leap New Co Limited.

Movements during the year

Aussie Man & Van was acquired by Leap New Co in July 2015. Total loan repayments of £0.34 million were made during the year.

Fullfield Limited (trading as Motorclean)

www.motorclean.net

Cost £1,195,000

Valuation £1,380,000

Basis of valuation
Earnings multiple

Equity % held
9.8%

Income receivable in year
£127,882

Business
Provider of vehicle cleaning and valet services

Location
Laindon, Essex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2015
Turnover	£41,166,000
Operating profit	£1,358,000
Net assets	£1,586,000
Year ended	31 March 2014
Turnover	£38,155,000
Operating profit	£2,554,000
Net assets	£2,567,000

Movements during the year

Fullfield made loan repayments totalling £0.34 million during the year.

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

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

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost £1,450,000

Valuation £1,180,000

Basis of valuation
Earnings multiple

Equity % held
6.3%

Income receivable in year
£120,157

Business
Vinyl graphics to global automotive and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Financial information (unaudited)

Year ended	28 February 2015[1]
Turnover	£12,124,000
Operating profit	£1,682,000
Net assets	£2,521,000

Year ended	28 February 2014[1]
Turnover	£9,742,000
Operating profit	£1,737,000
Net assets	£5,849,000

[1] The turnover and operating profit figures are from proforma financial statements for the 12 months to 28 February.

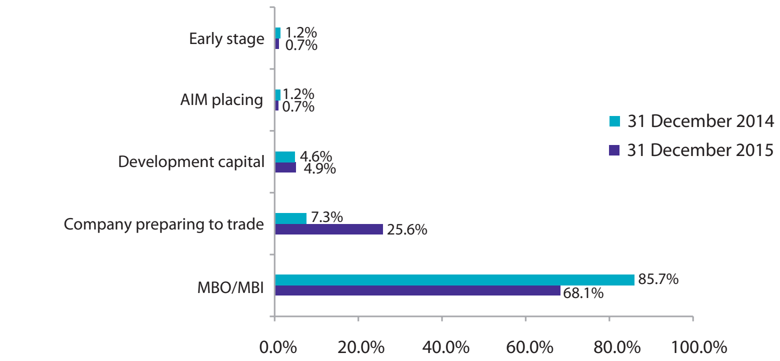
Movements during the year

Further investment made of £0.39 million in June 2015.

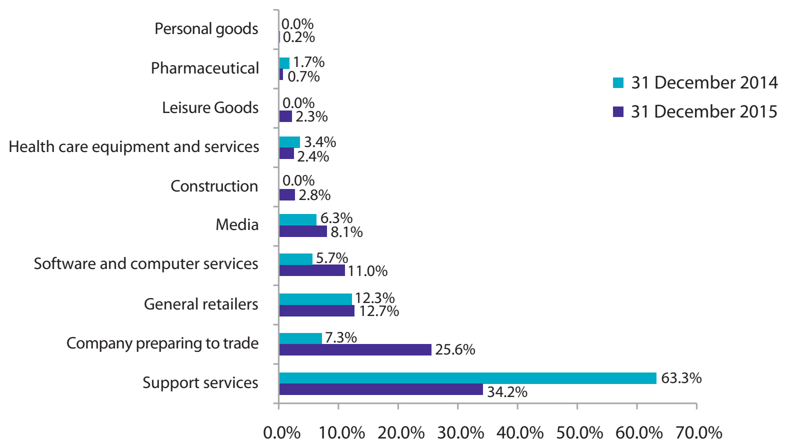
The remaining 30 investments in the portfolio have a current cost of £20.36 million and were valued at 31 December 2015 at £18.38 million.

Investments at valuation at 31 December 2015

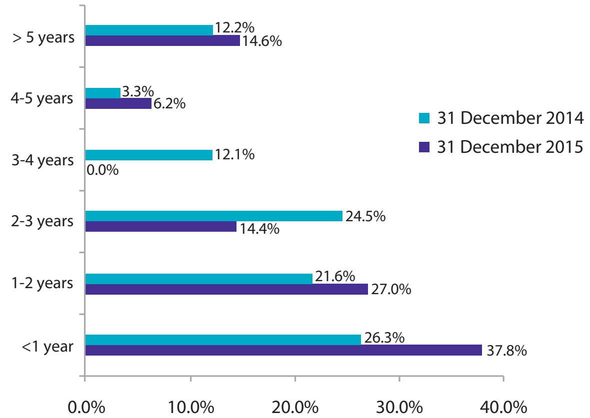
– By stage of development



– By market sector



– By number of years held



Investment Portfolio Summary
as at 31 December 2015

	Ordinary Shares		Other Investments[1] (loan stock/preference shares)	
	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £
Mobeus Equity Partners Portfolio				
Entanet Holdings Limited Wholesale communications provider	410,715	987,700	1,756,947	2,350,343
Virgin Wines Holding Company Limited Online wine retailer	45,915	899,831	1,884,898	1,884,898
Tovey Management Limited (trading as Access IS)[2] Provider of data capture and scanning hardware	891,576	891,576	1,577,437	1,577,437
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)[3] A publishing and events business focused on the creative production industries	1,089,103	648,950	1,633,657	1,633,657
ASL Technology Holdings Limited Printer and photocopier services	343,992	295,969	1,589,599	1,938,968
Manufacturing Services Investment Limited Company seeking to carry on a business in the manufacturing sector	456,400	456,400	1,560,500	1,560,500
Veritek Global Holdings Limited Maintenance of imaging equipment	43,527	82,504	1,576,559	1,576,559
Tharstern Group Limited MIS & Commercial print software solutions	338,861	440,007	753,025	1,078,760
Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man & Van)[4] A specialist logistics, storage and removals business	511,620	649,072	837,060	836,825
Fullfield Limited (trading as Motorclean Limited) Vehicle cleaning and valet services	462,184	188,208	733,304	1,191,766
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	476,612	-	973,134	1,179,872
Gro-Group Holdings Limited Baby sleep products	148,765	-	1,429,212	1,138,860
Backhouse Management Limited Company seeking to carry on a business in the motor sector	453,600	453,600	680,400	680,400
Barham Consulting Limited Company seeking to carry on a business in the catering sector	453,600	453,600	680,400	680,400
Chatfield Services Limited Company seeking to carry on a business in the retail sector	453,600	453,600	680,400	680,400
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	453,600	453,600	680,400	680,400
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	453,600	453,600	680,400	680,400
Pound FM Consultants Limited Company seeking to carry on a business in the construction sector	453,600	453,600	680,400	680,400

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

2 £1,095,500 and £1,134,000 was invested into Knighton Management Limited on 31 March 2015 and Tovey Management Limited on 1 April 2015 respectively, both companies preparing to trade. Tovey Management Limited acquired Knighton Management Limited and Access IS on 2 October 2015. The Company also invested a further £239,513 in Access IS Limited which took the form of a non-qualifying loan and is included in the cost figure of £2,469,013 above.

3 A further £1,140,005 was invested into South West Services Investment ("SWSI"), adding to its earlier investment of £908,000. This enabled SWSI to acquire Media Business Insight ("MBI"). The Company has also advanced a non-qualifying loan of £674,755 to MBI, which is included in the cost figure of £2,722,760 above. SWSI subsequently changed its name to Media Business Insight Holdings Limited.

4 On 31 July 2015, Leap New Co Limited (trading as Ward Thomas and Bishopsgate) acquired Aussie Man & Van Limited via a share for share exchange plus a small amount of cash. The figures represent the combined holding, which was the position at 31 December 2015.

Cost at 31-Dec-15 £	Total Valuation at 31-Dec-14 £	Additional investments £	Valuation at 31-Dec-15 £	Unrealised gains/ (losses) in the year £	Net Realised gains/ (losses) in the year £	Net Proceeds in the year £	% of equity held	% of portfolio by value
2,167,662	2,335,499	798,612	3,338,043	203,932	-	-	9.6%	8.6%
1,930,813	2,031,795	-	2,784,729	752,934	-	-	9.7%	7.2%
2,469,013	-	2,469,013	2,469,013	-	-	-	10.1%	6.4%
2,722,760	908,000	1,814,760	2,282,607	(440,153)	-	-	15.7%	5.9%
1,933,591	2,192,099	-	2,234,937	42,838	-	-	9.5%	5.8%
2,016,900	912,800	1,104,100	2,016,900	-	-	-	11.4%	5.2%
1,620,086	1,628,647	-	1,659,063	30,416	-	-	10.3%	4.3%
1,091,886	1,149,811	-	1,518,767	426,881	24,908	82,833	12.2%	3.9%
1,348,680	1,692,000	-	1,485,897	137,217	191	343,511	4.5%	3.8%
1,195,488	1,630,299	-	1,379,974	91,242	-	341,567	9.8%	3.6%
1,449,746	1,060,269	389,477	1,179,872	(269,874)	-	-	6.3%	3.0%
1,577,977	1,428,543	-	1,138,860	(289,683)	-	-	8.4%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%
1,134,000	-	1,134,000	1,134,000	-	-	-	11.3%	2.9%

Investment Portfolio Summary
as at 31 December 2015

	Ordinary Shares		Other Investments[1] (loan stock/preference shares)	
	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £
Jablite Holdings Limited (formerly Duncary 16 Limited)[2] Manufacturer of expanded polystyrene products	339,974	990,882	77,129	106,524
Hollydale Management Limited Company seeking to carry on a business in the food sector	438,200	438,200	657,300	657,300
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing	95,147	76,007	856,324	932,228
Vian Marketing Limited (trading as Tushingham Sails)[3] Design, manufacture and sale of stand-up paddleboards and windsurfing sails	271,683	271,683	627,391	627,391
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	323,577	86,484	808,944	808,944
The Plastic Surgeon Holdings Limited Snagging and finishing of domestic and commercial properties	45,982	345,339	412,953	495,498
Turner Topco Limited (trading as ATG Media) Publisher and online auction platform operator	4,472	-	1,524,603	828,610
RDL Corporation Limited Recruitment consultants for the pharmaceutical, business intelligence and IT industries	173,932	-	826,068	622,056
Blaze Signs Holdings Limited Manufacturer and installer of signs	183,005	348,860	7,626	7,626
Omega Diagnostics Group plc[4] In-vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	200,028	258,347	-	-
Vectair Holdings Limited Designer and distributor of washroom products	24,643	122,990	89	89
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	419,959	13,154	64,388	64,388
Lightworks Software Limited Provider of software for CAD and CAM vendors	9,329	24,858	-	-
Newquay Helicopters (2013) Limited (in liquidation) Helicopter service operator	21,250	21,250	-	-
BG Training Limited City-based provider of specialist technical training	-	-	14,167	14,167
Preservica Limited[5] Seller of proprietary digital archiving software	-	-	-	-
PXP Holdings Limited (no longer trading) Formerly a designer, manufacturer and supplier of timber frames for buildings	712,925	-	-	-
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home décor products	175,000	-	-	-
Watchgate Limited Holding company	1,000	-	-	-

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

2 £1,122,661 was invested into Duncary 16 Limited on 2 April 2015, a company preparing to trade. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

3 £899,074 held in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the Company of £234,926 from the original investment made in Vian Marketing.

4 Quoted on AIM.

5 The Company realised its investment in Tessella Holdings Limited in December 2015. In addition to the cash consideration received, the Company also received a small shareholding in Preservica Limited, a subsidiary of Tessella Holdings that was demerged as part of the transaction. The fair value of the holding received was deemed to be zero at the date of the transaction and therefore, the investment cost is zero.

Cost at 31-Dec-15 £	Total Valuation at 31-Dec-14 £	Additional investments £	Valuation at 31-Dec-15 £	Unrealised gains/ (losses) in the year £	Net Realised gains/ (losses) in the year £	Net Proceeds in the year £	% of equity held	% of portfolio by value
417,103	-	1,122,661	1,097,406	680,303	269,682	975,240	9.1%	2.8%
1,095,500	-	1,095,500	1,095,500	-	-	-	11.0%	2.8%
951,471	1,034,433	-	1,008,235	(26,198)	-	-	1.7%	2.6%
899,074	-	1,134,000	899,074	-	-	234,926	7.1%	2.3%
1,132,521	856,920	-	895,428	38,508	-	-	7.7%	2.3%
458,935	570,655	98	840,837	270,084	-	-	8.6%	2.2%
1,529,075	1,539,830	-	828,610	(711,220)	-	-	3.8%	2.1%
1,000,000	536,525	-	622,056	85,531	-	-	9.1%	1.7%
190,631	268,844	-	356,486	87,642	-	-	5.7%	0.9%
200,028	300,015	-	258,347	(41,668)	-	-	1.5%	0.8%
24,732	75,717	-	123,079	47,362	-	-	2.1%	0.3%
484,347	1,000	77,542	77,542	(1,000)	-	-	10.5%	0.2%
9,329	13,530	-	24,858	11,328	-	-	4.2%	0.1%
21,250	56,500	-	21,250	-	-	35,250	2.5%	0.1%
14,167	87,671	-	14,167	-	8,811	82,315	0.0%	0.0%
-	-	-	-	-	-	-	4.6%	0.0%
712,925	-	-	-	-	-	-	4.4%	0.0%
175,000	-	-	-	-	-	-	5.8%	0.0%
1,000	-	-	-	-	-	-	33.3%	0.0%

Investment Portfolio Summary
as at 31 December 2015

	Ordinary Shares		Other Investments[1] (loan stock/preference shares)	
	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £	Cost at 31-Dec-15 £	Valuation at 31-Dec-15 £
Disposals in year				
Tessella Holdings Limited Consultancy	-	-	-	-
Westway Services Holdings (2014) Limited Installation, service and maintenance of air conditioning systems	-	-	-	-
Higher Nature Limited Mail order distributor of vitamins and natural medicines	-	-	-	-
Legion Group plc (dissolved) Was a provider of manned guarding, patrolling and alarm response services	-	-	-	-
Further proceeds from disposals in previous year				
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	-	-	-	-
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	-	-	-	-
Youngman Group Limited Manufacturer of ladders and access towers	-	-	-	-
ATG Media Holdings Limited Publisher and online auction platform operator	-	-	-	-
EMaC Holdings Limited Provider of service plans for the motor trade	-	-	-	-
Machineworks Software Limited Provider of software for CAD and CAM vendors	-	-	-	-
Sub-total - Mobeus Equity Partners	**11,380,976**	**11,259,871**	**26,264,714**	**27,195,666**
Former Elderstreet Private Equity Portfolio				
Cashfac Limited Provider of virtual banking application software solutions to corporate customers	260,101	187,108	-	-
Sparesfinder Limited Supplier of industrial spare parts online	250,854	46,977	-	-
Sift Group Limited Developer of business-to-business internet communities	135,391	27,048	-	-
Sub-total - Former Elderstreet Private Equity	**646,346**	**261,133**	**-**	**-**
Investment Adviser's Total	**12,027,322**	**11,521,004**	**26,264,714**	**27,195,666**

Cost at 31-Dec-15 £	Total Valuation at 31-Dec-14 £	Additional investments £	Valuation at 31-Dec-15 £	Unrealised gains/ (losses) in the year £	Net Realised gains/ (losses) in the year £	Net Proceeds in the year £	% of equity held	% of portfolio by value
-	1,432,880	-	-	-	1,594,971	3,027,851	0.0%	0.0%
-	836,941	-	-	-	1,032,052	1,868,993	0.0%	0.0%
-	124,799	-	-	-	175,574	300,373	0.0%	0.0%
-	-	-	-	-	-	-	N/A	0.0%
-	-	-	-	-	76,465	76,465	-	0.0%
-	-	-	-	-	59,745	59,745	-	0.0%
-	-	-	-	-	35,094	35,094	-	0.0%
-	-	-	-	-	11,111	11,111	-	0.0%
-	-	-	-	-	7,810	7,810	-	0.0%
-	-	-	-	-	5,906	5,906	-	0.0%
37,645,690	**24,706,022**	**16,809,763**	**38,455,537**	**1,126,422**	**3,302,320**	**7,488,990**		**99.2%**
260,101	145,933	-	187,108	41,175	-	-	2.9%	0.5%
250,854	120,821	-	46,977	(73,844)	-	-	2.0%	0.2%
135,391	26,514	-	27,048	534	-	-	1.3%	0.1%
646,346	**293,268**	**-**	**261,133**	**(32,135)**	**-**	**-**		**0.8%**
38,292,036	**24,999,290**	**16,809,763**	**38,716,670**	**1,094,287**	**3,302,320**	**7,488,990**		**100.0%**

Strategic Report

Key policies

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

The Board will be recommending a revised Investment Policy to shareholders to take account of the new VCT Rules introduced by the Finance Act 2015. The text of the proposed Policy is set out on pages 31 and 32 in the Directors' Report. The current policy is set out below.

Current Investment Policy

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

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

The Company has a small legacy portfolio of investments in companies from the period prior to 1 August 2006, when it was a multi-manager VCT. This includes investments in early stage and technology companies.

Uninvested funds are held in cash and lower risk money market funds.

VCT Regulation

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

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

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

Asset Mix

The Company initially holds its funds in a portfolio of readily realisable interest-bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining around 80 per cent. of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to maximise the amount which may be invested in loan stock.

Co-investment

The Company aims to invest in larger, more mature unquoted companies through investing alongside three other VCTs advised by Mobeus with a similar investment policy. This enables the Company to participate in combined investments advised on by Mobeus of up to £5 million.

Borrowing

The Company's articles permit borrowings of amounts up to 10 per cent. of the adjusted capital and reserves (as defined therein). The Company has never borrowed and the Board has no current plans to undertake any borrowing.

Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' annual linked fundraising since 2010 in order to maintain a sufficient level of funds that can be deployed in meeting the day-to-day expenses of the Company and dividend distributions and purchases of the Company's own shares. This enables money raised prior to 6 April 2012 to be allocated for future MBO investment.

Diversity

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender and breadth of experience. The Board comprises 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.

Environmental and social responsibility

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.

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 officers and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however adopted electronic communications for shareholders as a means of reducing the volume of paper that the Company uses to produce its reports. It uses mixed source paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and half-yearly 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.

Further policies

In addition to the Investment policy and Diversity policy above and the policies on payment of dividends and share buybacks which were discussed earlier in this section, the Company has adopted a number of further policies relating to:

- Human rights
- Anti-bribery
- Global greenhouse gas emissions
- Whistleblowing

These are set out in the Directors' Report on page 30 of this Annual Report.

Principal risks, management and regulatory environment

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. Further details of these are contained in the corporate governance section of the Directors' Report on pages 36 to 43. The principal risks identified by the Board are set out below:

Risk	Possible consequence	How the Board manages risk
Economic	Events such as an economic recession and movement in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	● *The Board monitors the portfolio as a whole to (1) ensure that the Company invests in a diversified portfolio of companies and (2) ensure that developments in the macro-economic environment such as movements in interest rates are monitored.*
Loss of approval as a Venture Capital Trust	The Company must comply with section 274 of the Income Tax Act 2007 ("ITA") which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a Venture Capital Trust (VCT), qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	● *The Company's VCT qualifying status is continually reviewed by the Investment Adviser.* ● *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the VCT's compliance with the VCT Rules.*
Investment	Investment in unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. This may lead to variable investment returns.	● *The Board regularly reviews the Company's investment strategy.* ● *Careful selection and review of the investment portfolio on a regular basis.*

Risk	Possible consequence	How the Board manages risk
Regulatory	The Company is required to comply with the Companies Act, the listing rules of the UK Listing Authority and United Kingdom Accounting Standards. Changes to and breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.	• *Regulatory and legislative developments are kept under review by the Board.* *Please see the Chairman's Statement on page 2 for further details of the provisions of the Finance Act 2015.*
Financial and operating	Failure of the systems at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	• *The Board carries out an annual review of the Internal controls in place and reviews the risks facing the Company at each quarterly Board meeting.* • *It reviews the performance of the service providers annually.*
Market	Movements in the valuations of the VCT's investments will, inter alia, be connected to movements in UK Stock Market indices.	• *The Board receives quarterly valuation reports from the Adviser.* • *The Adviser alerts the Board about any adverse movements.*
Asset liquidity	The Company's investments may be difficult to realise.	• *The Board receives reports from the Adviser and reviews the portfolio at each quarterly Board meeting. It carefully monitors investments where a particular risk has been identified.*
Market liquidity	Shareholders may find it difficult to sell their shares at a price which is close to the net asset value given the limited secondary market in VCT shares.	• *The Board has a share buyback policy which seeks to mitigate market liquidity risk. This policy is reviewed at each quarterly Board meeting.*
Counterparty	A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company. This may lead to financial loss for the Company.	• *The Board regularly reviews and agrees policies for managing these risks. Further details can be found under 'credit risk' in Note 15 to the accounts on pages 66 and 67.*

The risk profile of the Company has changed as a result of the recent changes to VCT regulation. As the Company will now 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 remain confident that the Investment Adviser can adapt to these changing investment requirements, although the early stage investment process remains unproven. The combination of high liquidity levels in the Company and the challenge of the new VCT rules may also result in continuing high liquidity which may be a drag on performance and may lead to other actions being necessary by the Board. These issues will be monitored by the Board during the year.

Going concern and viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5, 25 and above. The Directors have satisfied themselves that the Company continues to maintain a significant cash position and has raised additional funds during the year. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well diversified. The major cash outflows of the Company (namely investments, 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 Note 15 on pages 65 to 72. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Furthermore, the Directors have considered whether there are any material uncertainties that the Company may face during the twelve months to 31 December 2016 that may impact on its ability to operate as a going concern. In particular, the Directors are considering the impact of the new VCT Tax Rules on the Company's Investment Policy and this is discussed further below. No further material uncertainties have been identified by the Board.

Viability Statement

The Financial Reporting Council updated the UK Corporate Governance Code in September 2014. The updated Code includes proposals for companies to include a "Viability Statement" in the Strategic 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 which are listed above. 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. This period has been chosen, as a period longer than three years creates a level of future uncertainty for which a Viability Statement cannot, in the Directors' view, be made meaningfully. The chosen three year period should accommodate any necessary transitioning of the Company's Investment Policy to focus upon growth capital transactions in line with the developing regulatory developments for VCTs, referred to in the Chairman's Statement.

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 25 and 26. 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 the latest VCT legislation. It expects the focus of new investment to move to financing primarily growth capital opportunities, and anticipates that positive returns should continue to be achievable from future investments and from the existing portfolio.

The Directors' conclusion has been reached on the assumption that the Resolution to approve the new Investment Policy is passed. If that does not happen, while the Company will have adequate liquidity to remain viable for three years, it will not be able to operate under the new VCT regulation, and the Directors are likely to have to seek alternatives which will have a substantial impact on the Company and its shareholders.

The Board will be monitoring the assumption of positive returns 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. The Board considers that the Company's liquidity is currently at adequate levels. It has no present plans to raise further capital but intends to maintain liquidity at a satisfactory level at all times.

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 September 2015 (under a Dividend Investment Scheme that remains in place), this factor has not affected the Board's assumptions for the next three years.

Future Prospects

For a discussion of the Company's future prospects (both short and medium term), please see the Chairman's Statement on pages 2 to 4 and the Investment Review on page 9.

Christopher Moore
Chairman

23 March 2016

Board of Directors
Non-Executive Directors

Christopher Moore (Chairman)

Date of appointment: 1 April 2002

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

Andrew Robson

Date of appointment: 1 August 2010

Experience: Andrew qualified as a Chartered Accountant in 1984. From 1984 to 1997, he worked in corporate finance at Robert Fleming & Co Limited, becoming a director. Following a four year term in charge of the finances of the National Gallery, he joined Société Générale as a director in the London M&A department. He subsequently became finance director of the eFinancial group, a group specialising in financial publishing and online recruitment. He now works as a business adviser to small companies. Andrew has over 15 years' experience as a non-executive director, including with investment companies. He is currently a non-executive director of First Integrity Limited (from December 2006), British Empire Securities and General Trust plc (from August 2008), Peckwater Limited (from August 2008), Shires Income PLC (from May 2008) and JP Morgan Smaller Companies Investment Trust plc (from 2007). Andrew was a non-executive director of Edinburgh UK Smaller Companies Tracker Trust PLC from 1998 to 2006, a non-executive director of Gate Gourmet Group Holding LLC from 2006 to 2007 and a non-executive director of M&G Equity Investment Trust plc from 2007 until 2011.

Helen Sinclair

Date of appointment: 1 February 2003

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc, based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and helped raise Mobeus Income & Growth 2 VCT plc (formerly Matrix e-Ventures VCT plc). She is a non-executive director of Downing ONE VCT plc, Gresham House Strategic plc, OFT2 Limited and is chairman of British Smaller Companies VCT plc. Helen is a director of both I&G and MIG 4 and, as both are advised by Mobeus, is deemed not to be an independent director under the Listing Rules.

For details of the share interests and remuneration of the Directors, please see pages 34 and 35 of the Directors' Remuneration Report. Details of the attendance record of the Directors is reported in the Corporate Governance Statement on page 41.

Directors' Report

The Directors present the Annual Report and Audited Accounts of the Company for the year ended 31 December 2015.

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

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

The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 ("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 profit to be distributed by way of dividends, the Company revoked its status as an investment company as defined by section 833 of the Companies Act 2006 ("the Companies Act") on 28 July 2008. The Company does not intend to re-apply for such status.

Share capital

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

Issue of shares

During the year under review, the Company issued a total of 5,981,293 (2014: 7,930,445) shares. Of this total, 5,167,929 (2014: 6,907,184) shares were issued under the Company's Offer for Subscription launched on 10 December 2014; 813,364 (2014: 1,023,261) shares were issued under the Company's Dividend Investment Scheme.

Buyback of shares

At the Annual General Meeting held on 14 May 2015 shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to buyback up to 7,151,922 of its own shares representing 14.99 per cent. of the issued share capital of the Company on 26 March 2015. This authority has been in place throughout the year under review. For further details please see Note 13 to the accounts on page 64 of this Annual Report. A resolution to renew this authority will be proposed to shareholders at the Annual General Meeting to be held on 13 May 2016.

During the year under review, the Company bought back 168,443 (2014: 514,303) of its own shares at a total cost of £168,734 (2014: £538,384) including expenses. These shares represented 0.4 per cent. of the issued share capital at the beginning of the year.

All shares bought back by the Company during the year were subsequently cancelled.

Issued share capital

The issued share capital of the Company as at 31 December 2015 was £483,562 (2014: £425,434) and the number of shares in issue at this date was 48,356,210 (2014: 42,543,360).

Dividend Investment Scheme

At the Annual General Meeting held on 27 May 2010, shareholders approved the introduction of a Dividend Investment Scheme (the "Scheme"). The Annual General Meeting on 14 May 2015 authorised the Directors to allot new ordinary shares to participating shareholders. The dividend payments made in the year were eligible for the Scheme and the following shares were allotted:

Dividend payment date	Dividend amount (p)	No. of new Ordinary Shares allotted under the Scheme	Allotment date	Issue price (p)
6 May 2015	8.00	644,109	6 May 2015	99.50
25 September 2015	2.00	169,255	25 September 2015	100.62
Total	**10.00**	**813,364**		

The Scheme will be available for the final dividend of 9.00 pence per share payable on 25 May 2016.

Shareholders who already participate, or are considering whether to participate, in the Scheme should consider carefully the comments in the Chairman's Statement on regulatory changes and proposed changes to the Investment Policy.

Shareholders wishing to join or leave the Scheme should submit a mandate form, if joining, or submit a written instruction requesting to leave the Scheme to Capita Asset Services, the Scheme Administrator, by no later than 10 May 2016. Capita Asset Services can be contacted on +44 (0) 371 664 0324. Telephone lines are open 9.00 am – 5.30 pm Mon – Fri excluding public holidays in England and Wales.

A copy of the Scheme rules and Scheme mandate form can be obtained from the Company's website, www.mig4vct.co.uk.

Directors

The names of and brief biographical details on each of the Directors are given on page 28 of this Annual Report.

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

Details of each Director's interest in the Company's shares are set out on page 35 of the Directors' Remuneration Report.

The powers of the Directors have been granted by company law, the Company's articles and resolutions passed by the Company's members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 13 May 2016.

Disclosure of Information to the Auditor

So far as each of the Directors in office at 31 December 2015 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' and officers' liability insurance

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

Directors' Report

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.

Human rights policy

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

Anti-bribery policy

The VCT has adopted a zero tolerance approach to bribery. The following is a summary of its policy:

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

Global greenhouse gas emissions

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

Whistleblowing

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

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in market prices, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Accounts on pages 65 to 72 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2015, please see Note 18 to the Accounts on page 72.

Additional disclosures

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

Articles of Association

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

Substantial interests

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

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.

Annual General Meeting

The Notice of the Annual General Meeting (AGM), which will be held at 12 noon on 13 May 2016 at 33 St James's Square, London SW1Y 4JS, is set out on pages 75 to 78 of this Annual Report. A proxy form for the meeting is enclosed separately with shareholders' hard copies of this Annual Report. Proxy votes may also be submitted electronically via the Capita Shareholder Portal www.capitashareportal.com.

Resolutions 1 to 9 and 12 are being proposed as ordinary resolutions requiring more than 50 per cent. of the votes cast at the meeting to be in favour and resolutions 10 and 11 will be proposed as special resolutions requiring the approval of at least 75 per cent. of the votes cast at the meeting. The following is an explanation of the main Resolutions to be proposed at the meeting.

Authorities for the Directors to allot shares of the Company (Resolution 9) and disapply the pre-emption rights of members (Resolution 10).

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 9 will enable the Directors to allot new shares up to an aggregate nominal value of £246,712, representing approximately 51.02 per cent. of the Company's issued share capital at the date of the notice convening the AGM.

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

(i) with an aggregate nominal value of up to £150,000 in connection with offer(s) for subscription;

(ii) with an aggregate nominal value of up to, but not exceeding, 10 per cent. of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company at a subscription price which is less than the net asset value; and

(iii) otherwise than pursuant to (i) and (ii) above, with an aggregate nominal value of up to 10 per cent. of the issued share capital from time to time;

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

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the Annual General Meeting of the Company held on 14 May 2015.

The Board intends to allot shares under the Company's Dividend Investment Scheme in respect of the proposed final dividend to be paid to shareholders on 25 May 2016. The Directors have no plans at the current time to fundraise for the Company or any other further immediate intention of exercising the above power. The Board is, however, intending to give consideration to a possible fundraising once the implications for the Company of the Finance Act 2015 have been clarified and/or the Board considers that the Company's projected liquidity indicates a requirement to raise more funds. It is therefore seeking authority to allot shares and dissapply the pre-emption rights of members to take account of this contingency.

Authority to purchase the Company's own shares (Resolution 11)

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 7,248,596 shares representing approximately 14.99 per cent. of the issued share capital of the Company as at the date the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99 per cent. 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 five per cent. above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding the date such shares are contracted to be purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the normal 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 2017 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.

Changes to the Company's Investment Policy (Resolution 12)

Resolution 12 proposes changes to the Company's Investment Policy, which are shown below. An explanation of the rationale behind these changes is set out in the Chairman's Statement on page 3.

Proposed Investment Policy

The investment policy is designed to meet the Company's objective.

Investments

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

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

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

Liquidity

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

Borrowing

The Company's articles of association permit borrowings of amounts up to 10 per cent. 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.

Directors' Report

Proposed Investment Policy – showing amendments from current policy

Investment Policy

The investment policy is designed to meet the Company's objective.

The Company~~'s policy is to~~ invests primarily in a diverse portfolio of UK unquoted companies. Investments are made selectively across a number of sectors, principally in established ~~structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee~~ companies. Investments are usually structured as part loan stock and part equity in order to produce a regular income and to generate capital gains from realisations.

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

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

~~The Company has a small legacy portfolio of investments in companies from the period prior to 1 August 2006, when it was a multi-manager VCT. This includes investments in early stage and technology companies.~~

~~Uninvested funds are held in cash and lower risk money market funds.~~

~~VCT Regulation~~

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

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

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

~~UK Companies~~

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

~~Asset Mix~~

~~The Company initially holds its funds in a portfolio of readily realisable interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining around 80% of net funds raised in qualifying investments.~~

~~Risk diversification and maximum exposures~~

~~Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to maximise the amount which may be invested in loan stock.~~

~~Co-investment~~

~~The Company aims to invest in larger, more mature unquoted companies through investing alongside three other VCTs advised by Mobeus with a similar investment policy. This enables the Company to participate in combined investments advised on by Mobeus of up to £5 million.~~

Liquidity

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

Borrowing

The Company's articles of association permit borrowings of amounts up to 10 per cent. 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. ~~has no current plans to undertake any borrowing.~~

Recommendation

The Board believes that the changes to the Investment Policy as set out above and explained in the Chairman's Statement on page 3 are in the best interests of the shareholders as a whole and recommends that shareholders vote in favour of the resolution to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 71,041 shares (representing 0.15 per cent. of the issued share capital as at 23 March 2016, this being the latest practicable date prior to publication of this document).

By order of the Board

Mobeus Equity Partners LLP

Company Secretary

23 March 2016

Directors' Remuneration Report

Introduction

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

The Company's independent Auditor is required to give its opinion on the information provided on Directors' emoluments on pages 34 and 35 of this Annual Report and this is explained further in the Auditor's report to shareholders on pages 45 to 47.

The resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2013 was approved by shareholders at the Annual General Meeting of the Company held on 9 May 2014. The Remuneration Policy will next be put to shareholders again at the Annual General Meeting of the Company to be held in 2017.

The resolution to approve the Directors' Annual Remuneration Report as set out in the Annual Report for the year ended 31 December 2014 was approved by shareholders at the Annual General Meeting of the Company held on 14 May 2015. An ordinary resolution will be proposed at the forthcoming Annual General Meeting of the Company to be held on 13 May 2016 for the approval of the Annual Remuneration Report as set out on pages 34 and 35.

Remuneration statement by the Chairman of the Nomination and Remuneration Committee

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

The Committee has reviewed the fees paid in the year ended 31 December 2015 and decided not to make any changes to the level of fees paid at the current time. As part of this review it considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector.

Directors' Remuneration Policy

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

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

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

In addition to the £20,000 paid to Directors (£25,000 paid to Christopher Moore as Chairman) supplements are paid to the Directors in respect of their membership of the Investment (£6,000) and Audit (£2,500) Committees. The Directors may at their discretion pay additional sums in respect of specific tasks carried out by individual Directors on behalf of the Company.

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

Performance related remuneration

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

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.

Additional benefits

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

Shareholders' views on remuneration

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

Directors' terms of appointment

Christopher Moore and Helen Sinclair have agreed to offer themselves for re-election annually as both of these Directors have served on the Board for more than nine years and Helen Sinclair is considered to be a non-independent Director in accordance with the AIC Code as explained on page 37. Andrew Robson has also agreed to offer himself for re-election annually.

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

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

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.

Directors' Remuneration Report

Annual Remuneration Report

The Directors' Remuneration Policy applied throughout the year ended 31 December 2015 and will continue to apply to the current year ending 31 December 2016.

Nomination and Remuneration Committee

The Committee comprises the full Board and is chaired by Andrew Robson. All members of the Committee are considered to be independent of the Investment Adviser with the exception of Helen Sinclair under the AIC code (see page 37 for further details). The Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the 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 additional payments in respect of extra-curricular 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.

Relative importance of spend on Directors' fees

	Year to 31 December 2015 £	Year to 31 December 2014 £	Percentage decrease
Total directors' fees	90,500	90,500	-
Dividends paid/payable in respect of the year	5,315,981	9,678,977	(45.1)
Share Buybacks	168,734	538,384	(68.7)

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

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Christopher Moore	33,500	33,500
Andrew Robson	28,500	28,500
Helen Sinclair	28,500	28,500
Total	**90,500**	**90,500**

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

£28,500 (2014: £28,500) of Christopher Moore's annual fee was paid to his consultancy business, The Moore Corporation.

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. No performance conditions are attached to any aspect of the fee paid to Directors.

Company Objective

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

Remuneration Policy

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

Director	Role	Components of Pay Package	Maximum payment per annum	Performance conditions
Christopher Moore	**Chairman**	Director's fee	£25,000	None
		Supplements payable to:		
		Investment Committee Members	£6,000	
		Audit Committee Members	£2,500	
		Total	**£33,500**	
Andrew Robson	**Chairman, Audit, and Nomination & Remuneration Committees**	Director's fee	£20,000	None
		Supplements payable to:		
		Investment Committee Members	£6,000	
		Audit Committee Members	£2,500	
		Total	**£28,500**	
Helen Sinclair	**Chairman, Investment Committee**	Director's fee	£20,000	None
		Supplements payable to:		
		Investment Committee Members	£6,000	
		Audit Committee Members	£2,500	
		Total	**£28,500**	
		Total remuneration payable	**£90,500**	

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

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

The Directors, however, believe that it is in the best interests of the Company and its shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 31 December 2015 were:

	31 December 2015		31 December 2014	
	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Director				
Christopher Moore	41,359	0.09	36,075	0.08
Andrew Robson	14,820	0.03	9,536	0.02
Helen Sinclair	14,862	0.03	12,425	0.03

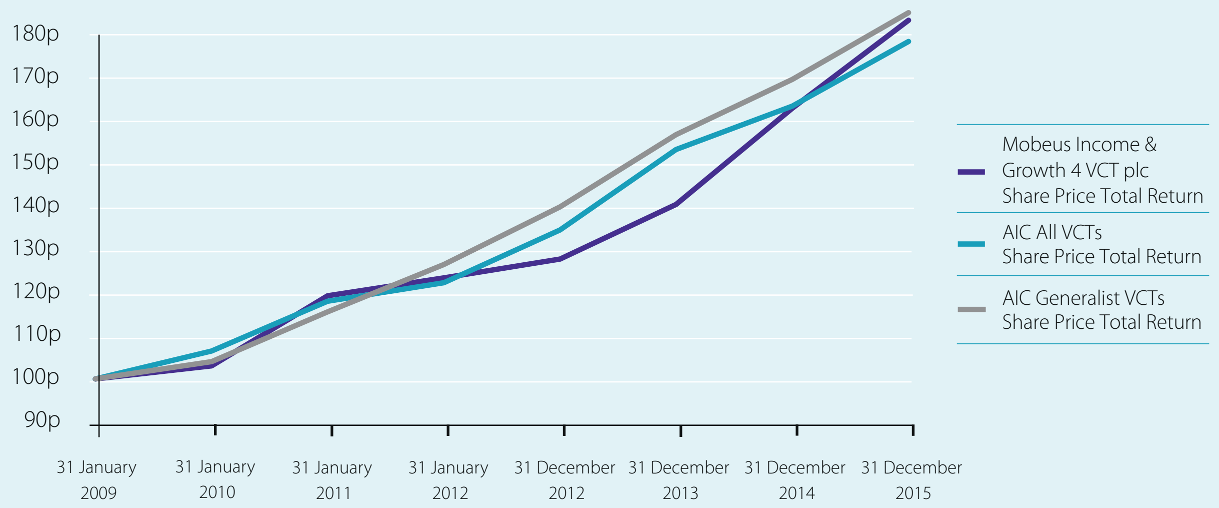
There have been no further changes to the Directors' share interests between the year-end and the date of this Annual Report.

Company performance

The graph below charts the total shareholder return of the Company's shares on a share price basis (assuming all dividends are re-invested and excluding the tax relief available to shareholders) over the past seven years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long term. The total shareholder returns have each been rebased to 100 pence at 31 January 2009.

An explanation of the performance of the Company is given in the Chairman's Statement on pages 2 to 4, the Performance section of the Strategic Report on pages 6 to 8 and in the Investment Review and Investment Portfolio Summary on pages 9 to 23.

Share Price Total Return Performance Graph



By order of the Board

Mobeus Equity Partners LLP

Company Secretary

23 March 2016

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2014 ("the AIC Code") for the financial year ended 31 December 2015. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The AIC Code was endorsed by the Financial Reporting Council (FRC) on 18 February 2015. In adopting the AIC Code, the Company will therefore meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

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 AIC Code throughout the year under review, except as explained in the following paragraphs.

As an externally managed VCT, most of the Company's operations are delegated to third parties. The Board has therefore concluded, for the reasons set out in the AIC Guide, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the rate of the chief executive and executive director's remuneration are not relevant to the Company. Secondly, the system and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP (previously Robertson Hare LLP) and formerly PriceWaterhouseCoopers LLP until 1 November 2014, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

The table below and on the following pages shows how the Company has complied with the AIC Code during the year. Explanations are provided where the Company had not complied with the AIC Code.

AIC Code	Principle	Compliance and/or departure from the Code
1	The Chairman should be independent.	The Board have assessed the independence of the Chairman and concluded that Christopher Moore has continued to meet the independence criteria as identified in the UK Code, as re-stated in principle 1 of the AIC Code. The remaining Directors monitor the continuing independence of the Chairman, and inform the Chairman of their discussions. The significant directorships and time commitments of the Chairman and the other Directors are considered by the Board and are disclosed on page 28. The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. As suggested in the AIC Code, this role can be, and in this instance is, fulfilled by the Chairman of the Audit Committee.

AIC Code	Principle	Compliance and/or departure from the Code
2	A majority of the Board should be independent of the manager.	The Company has a Board of three non-executive directors. The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Helen Sinclair is also a director of The Income & Growth VCT plc, a company that is also advised by Mobeus, and is therefore not considered to be independent of the Investment Adviser. The Board has concluded that Christopher Moore and Andrew Robson were independent of the Investment Adviser throughout the year ended 31 December 2015. The Directors have declared any existing or potential conflicts of interest and these are reviewed and authorised by the Board, as appropriate, in accordance with the procedures under the Articles and applicable rules and regulations. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. No Director currently holds, or has previously held, a direct interest in any of the Company's investee companies.
3	Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. The Board has agreed that each Director will retire annually and, if appropriate, seek re-election, which is over and above what is required under the AIC Code. A Director's appointment may be terminated on three months' notice being given by the Company. For further information please see the Directors' Remuneration Report on pages 33 to 35.
4	The Board should have a policy on tenure, which is disclosed in the annual report.	The Board has considered a policy on tenure and agreed that for a Company of the size and structure of MIG 4, it is not appropriate to insist on a Director's period of service being limited to a set number of years. The AIC Code does not explicitly make recommendations on the overall length of tenure for directors and has stated that it does not believe that there is any evidence that an individual director's lengthy service on a board may compromise his or her independence in the case of investment companies. It has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of the Company's Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board. In particular, the Board considers that the Chairman's length of service as a Director of the Company is an asset to the Board.
5	There should be full disclosure of information about the board.	Full biographical details on each Director are included on page 28 and on the Company's website.

Corporate Governance Statement

AIC Code	Principle	Compliance and/or departure from the Code
6	The board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Board believe that there is a diversity of skills, gender, experience and approach amongst the Board members. Both the Board and Nomination and Remuneration Committee give careful consideration to issues of board balance and diversity when considering board composition and appointments. Details of each Director's experience and background is set out on page 28.
7	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has carried out a performance evaluation review in respect of the year ended 31 December 2015. As part of their review, the Directors considered the performance of each of the Directors and of the Board as a whole in relation to specific areas of their activity. The performance of the Chairman is assessed separately. The Board as a whole discussed the outcome of the performance evaluation, and led by the Chairman, considered and agreed a plan of action to rectify any shortfalls where appropriate. The Board concluded that the performance of the Board, the Chairman and the Directors remained effective.
8	Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Nomination and Remuneration Committee considers the remuneration of the Directors annually and makes recommendations to the Board. One of the main tenets of the Company's Remuneration Policy is that directors' fees should take account of the workload and responsibilities of each and the value and amount of time that each Director is required to commit to the Company. For further details, please see page 33.
9	The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	The Nomination and Remuneration Committee is responsible for proposing candidates for appointment to the Board and for overseeing the recruitment process. The Committee comprises a majority of independent directors. No new directors were appointed to the Board during the year under review.
10	Directors should be offered relevant training and induction.	New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board and the Investment Adviser. A formal training programme has not been required during the year under review as all the Directors are experienced directors of listed companies. All of the Directors participate in continuing professional development and regularly attend conferences and workshops relevant to the VCT industry.
11	The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company. However, the Board participated fully in the launch of the fundraising in December 2014.

AIC Code	Principle	Compliance and/or departure from the Code
12	Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets at least quarterly, which meetings are also attended by the Investment Adviser. Both parties are in regular contact between these meetings. The Board and the Investment Adviser aim to work together in a supportive, co-operative and open manner. The Board has overall responsibility for the Company's affairs. The Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board and the Board has agreed policies with the Investment Adviser covering key operational issues. All investment, divestment and variation decisions are made by the Board having considered formal recommendations from the Investment Adviser. The Board invites senior members of the Investment Adviser to attend and contribute to its annual strategy meeting that it has held since 2012.
13	The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board considers a report from the Investment Adviser at each of its quarterly meetings which provides information on the performance of each of the investments in the portfolio, recent or forthcoming corporate actions at any of the investee companies and other matters relating to the portfolio. The Board monitors the investments made by the Investment Adviser to ensure they are in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy. In addition, the Board monitors financial and other internal controls including maintenance of VCT status and the level of share price discount or premium. The Board has no current plans to undertake any gearing of the Company.
14	Boards should give sufficient attention to overall strategy.	The Board monitors performance against its agreed strategy on an ongoing basis and reviews its overall strategy at its annual strategy meeting.
15	The Board should regularly review both the performance of, and contractual arrangements with, the manager.	The Board reviews annually and at other times, as and when necessary, the Investment Management Agreement and the performance of the Investment Adviser.
16	The Board should agree policies with the manager covering key operational issues.	The Board has agreed that the Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board. The Board has agreed policies with the Investment Adviser covering key operational issues.
17	The Board should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	A review of the level of share price discount or premium is performed at each Board meeting. The Board approves every buyback of the Company's shares as it is undertaken.
18	The Board should monitor and evaluate other service providers.	The Board reviews annually and at other times, as and when necessary, the performance of the other service providers including the auditor, VCT status adviser, solicitors, bankers and registrars. Philip Hare & Associates LLP (previously Robertson Hare LLP) was the VCT Status Adviser to the Company during the year.

Corporate Governance Statement

AIC Code	Principle	Compliance and/or departure from the Code
19	The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	The Board has a duty to promote the success of the Company and to ensure that its obligations to shareholders are met. The Company communicates with shareholders and solicits their views where it is appropriate to do so. The Board approves the circulation of the Half-Yearly and Annual Report and Accounts to shareholders. Shareholders are welcome at the Annual General Meeting which provides a forum for shareholders to ask questions of the Directors and the Investment Adviser and to discuss issues affecting the Company with them. In addition, the Investment Adviser publishes a twice-yearly VCT shareholder newsletter which contains information on the portfolio and recent investment and corporate activity. The Investment Adviser also organises an annual shareholder event, which the Board attends to listen to any views that shareholders may have and answer any questions about the Company. The Company has established its own website which is a dedicated section of the Investment Adviser's website.
20	The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Board reviews and agrees the content of all communications issued on behalf of the Company. It is consulted regarding promotional material which may be issued by the Investment Adviser.
21	The Board should ensure that shareholders are provided with sufficient information for them to understand the risk: reward balance to which they are exposed by holding the shares.	The Board believes that the Annual Report and Accounts have been prepared in order to ensure that the information presented to shareholders is fair, balanced and understandable and complies with the recommendations of the AIC Code. The principal risks faced by the Company are documented in the Strategic Report, as part of the Annual Report, and in the Half-Yearly Report.

Additional information relevant to the corporate governance of the Company is set out on the following pages:

The Board

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

Christopher Moore and Helen Sinclair have both served on the Board for more than nine years and in accordance with the recommendation of the AIC Code of Corporate Governance and the Company's Policy on tenure, have agreed to stand for re-election annually. Andrew Robson in conjunction with his fellow directors also offers himself for re-election at the forthcoming Annual General Meeting.

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

Directors' attendance at Board and Committee meetings in 2015

The table below sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2015. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

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

Board committees

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

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Andrew Robson and comprises all three Directors.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on page 34.

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. The Board has made a commitment to consider diversity, including gender as part of the recruitment process for future appointments.

Investment Committee

The Investment Committee is chaired by Helen Sinclair and comprises all three 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 by written resolution of the Committee following discussion between Committee members and are subsequently ratified by the Board. Investment matters are discussed extensively at Board meetings. During the year, the Committee formally approved all investments, divestments and variation decisions and met informally on numerous occasions.

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

Audit Committee

The Audit Committee is chaired by Andrew Robson and comprises all three Directors.

A summary of the Audit Committee's principal activities for the year to 31 December 2015 is provided below:

Financial statements

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

Internal control

The Committee has monitored the system of internal of controls throughout the year under review as described in more detail in this Report on page 43. It received a report by exception on the Company's progress against internal controls at its annual and half-yearly results meetings. In a wider context, the Board has continued to identify the key risks faced by the Company and established appropriate controls. This is again explained further in the section on internal controls on page 43. The Committee also monitors these controls and reviews any incidences of non-compliance.

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 continues to monitor whether the controls in place for the preparation of these valuations were adequate. 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 IPEVC Valuation Guidelines. The Committee received a report on the valuations from the external auditor as part of both the year-end audit process and the half-year review. These reports were discussed in full by the

Corporate Governance Statement

Committee with the Auditor and the Investment Adviser before a recommendation to approve the valuations was made to the Board.

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

Going concern and long term viability

The Committee monitors the Company's resources to satisfy itself that the Company has an adequate level of resources for the foreseeable future. Consideration is given to the cash balances and holdings in money market funds, together with the ability of the Company to realise its investments. See pages 26 and 27 of the Strategic Report for further details.

Recognition of impairment and realised losses

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

Compliance with the VCT tests

The Company engaged 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. One of the main areas of the Committee's work during the year has been to consider the risk and compliance aspects of changes to the VCT Rules introduced by the Finance Act 2015. Subsequent to this, the Company's VCT Status Adviser, Philip Hare & Associates LLP attended three of the quarterly Board meetings held during the year, to provide advice.

Income from investee companies

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

Counterparty Risk

The Committee has given careful consideration to the credit worthy status of the banks with whom the Company's cash resources have been placed. The Committee took into account factors such as maturity, interest rate and credit rating across a number of financial institutions. The Board has a policy of spreading risk by placing funds across a number of financial institutions.

Key risks faced by the Company

The Board has identified the key risks faced by the Company, as disclosed in the Strategic Report on pages 25 and 26, and established appropriate controls. The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal controls (page 43).

Relationship with the external auditor

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

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

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

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 Audit Committee has concluded that it is in the interests of the Company to purchase certain non-audit services from the external Auditor given its knowledge of the Company. The Services contracted for during the year were tax compliance services, the review of the half-yearly report and IXBRL tagging. Subsequent to its review, the Audit Committee was satisfied that the audit independence had been maintained as the fees involved were relatively small compared to those for the audit. Also, with the exception of the half-year review the work is undertaken by separate teams and none of the services involved undertaking any management role in preparing the information reported in the accounts.

Re-appointment of the external auditor

It is the Company's policy that the audit services contract should be put out to tender at least every ten years and the last tender process took place in 2007. The Committee is considering the need for a further tender by 2017. However, should the Committee be dissatisfied with the standard of service received from the incumbent Auditor in the interim, a tender process would be undertaken.

The Audit Committee assesses the effectiveness of the external audit process annually and makes a recommendation to the Board on the re-appointment of the Auditor. This is considered by the Board prior to agreeing the recommendation to shareholders for the re-appointment of the Auditor at each annual general meeting of the Company.

As part of its review, the Audit Committee considers the performance of the Auditor and whether it has met the agreed audit plan, the quality of its reporting in its management letter and the cost-effectiveness of the services provided as well as the manner in which it has handled key audit issues and responded to the Committee's questions. The Committee concluded that the re-appointment of BDO as Auditor was in the best interests of the Company and of shareholders and its recommendation was endorsed by the Board.

Investment management and service providers

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

The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 6 to 23. 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, demonstrating the success of the Company's Investment Policy to date. The strength of the Investment Adviser in its sector was further evidenced by the fact that Mobeus has received significant industry awards for 2015, as is explained further on page 4 of the Chairmen's Statement.

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 7. 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 fundraisings since 2010 and shareholder events which had taken place since 2012.

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 are also confident that the Investment Adviser can adjust to the new VCT regulations, although this will be carefully monitored by the Board in the coming year. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on terms currently agreed is in the interests of shareholders and this was formally approved by the Board on 11 March 2016.

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

Internal control

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

These aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the Investment Policy and regular reviews of the financial results and investment performance.

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

The Board has delegated, contractually to third parties, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and the registration services.

The system of internal control and the procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this Report. An assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the relevant service providers. The last review took place on 11 March 2016. The Board has identified no significant problems with the Company's internal control mechanisms.

Additional disclosures in the Directors' Report

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

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

23 March 2016

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether 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 Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

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

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

The names and functions of the Directors are stated on page 28.

For and on behalf of the Board

Christopher Moore

Chairman

23 March 2016

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

Our opinion on the financial statements

In our opinion the Mobeus Income & Growth 4 VCT plc financial statements for the year ended 31 December 2015 , which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' :

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

What our opinion covers

Our audit opinion on the financial statements covers the:

- Income Statement;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- related notes

Respective responsibilities of directors and auditor

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

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

An overview of the scope of the audit including our assessment of the risk of material misstatement

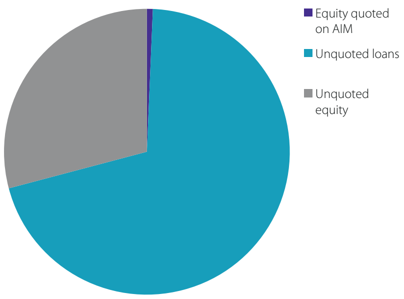
Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administrator and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement. Below are those risks which we considered to have the greatest effect on the overall audit strategy including the allocation of resources in the audit, and our audit response:

Valuation of investments

The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the company.

We performed initial analytical procedures to determine the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. A breakdown of the investment portfolio by nature of instrument and valuation method is shown below.

Investments by type

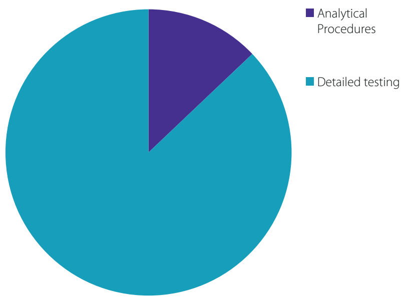


In respect of unquoted investments our sample for testing was stratified according to risk, having regard to the subjectivity of the inputs to the valuations. 34% of the portfolio is based on price of recent investment or cost (where the investment was recently acquired within the last 12 months). For such investments, we verified the cost or price of recent investment to supporting documentation and reviewed the Investment Adviser's determination of whether there were any reasons why the valuation did not remain appropriate. 66% of the unquoted investment portfolio is valued in accordance with more subjective techniques, mainly on an earnings multiple basis. In respect of the sample selected for detailed testing (representing 98% by value of the investments valued using more subjective techniques) we:

- Reviewed and challenged the assumptions inherent in the valuation of unquoted investments 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 recent management information available for unquoted investments used to support assumptions about maintainable earnings used in the valuations;
- Considered the earnings multiples applied by reference to observable listed company market data; and
- Challenged adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted.

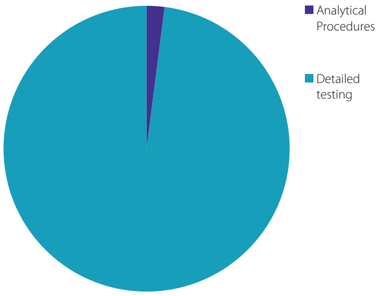
In respect of equity investments quoted on AIM, we confirmed that bid price had been used as the most appropriate indication of fair value.

Investments by number



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

Investments by value



For all investments tested, we developed our own point estimate where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

The remainder of the portfolio was subject to analytical procedures to confirm there were no unexpected movements in value warranting further investigation.

Revenue recognition

Revenue consists of dividends receivable from the investee companies and interest earned on loans to investee companies and cash balances. Revenue recognition is considered to be a significant audit risk as it is one of the key drivers of dividend returns to investors.

We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.

We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest.

In respect of dividends receivable, we compared actual income to expectations set based on independent published data on dividends declared by the investee companies held. We tested the categorisation of dividends received from the investee companies between the revenue and capital.

The audit committee's consideration of their key issues is set out on pages 41 to 43.

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. 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. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality -	Assessing whether the financial statements as a whole present a true and fair view	The value of investments The level of judgement inherent in the valuation The range of reasonable alternative valuation	775,000
Specific materiality – classes of transactions and balances which impact on revenue profits	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	150,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £15,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the company

We have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated,
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, 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 entity 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.

Matters on which we are required to report by exception

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

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

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

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

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

Under the Listing Rules we are required to review:

- the directors' statements, set out on page 26, in relation to going concern and on page 27 in relation to longer-term viability; and
- the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

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

23 March 2016

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

Income Statement
for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 Revenue £	 Capital £	 Total £	Year ended 31 December 2014 Revenue £	 Capital £	 Total £
Unrealised gains on investments	8	-	1,094,287	1,094,287	-	1,123,572	1,123,572
Realised gains on investments	8	-	3,302,320	3,302,320	-	4,911,818	4,911,818
Income	3	2,202,056	-	2,202,056	2,415,923	-	2,415,923
Investment Adviser's fees	4a	(303,725)	(911,176)	(1,214,901)	(275,054)	(825,163)	(1,100,217)
Other expenses	4d	(402,156)	-	(402,156)	(380,120)	-	(380,120)
Profit on ordinary activities before taxation		1,496,175	3,485,431	4,981,606	1,760,749	5,210,227	6,970,976
Taxation on ordinary activities	5	(184,209)	184,209	-	(169,152)	169,152	-
Profit for the year and total comprehensive income		**1,311,966**	**3,669,640**	**4,981,606**	**1,591,597**	**5,379,379**	**6,970,976**
Basic and diluted earnings per ordinary share	7	**2.74p**	**7.67p**	**10.41p**	**3.91p**	**13.21p**	**17.12p**

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 charged to capital.

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the Statement of Recommended Practice ("SORP") issued in November 2014 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 54 - 72 form part of these financial statements.

Balance Sheet

as at 31 December 2015

Company No. 03707697

	Notes	31 December 2015 £	£	£	31 December 2014 £	£	£
Fixed assets							
Investments at fair value	8			38,716,670			24,999,290
Monies held pending investment	10			2,085,130			2,538,251
				40,801,800			27,537,541
Current assets							
Debtors and prepayments	11	561,950			244,103		
Current investments	10	15,347,121			13,331,283		
Cash at bank	10	573,591			9,445,843		
			16,482,662			23,021,229	
Creditors: amounts falling due within one year	12		(276,680)			(267,733)	
Net current assets				16,205,982			22,753,496
Net assets				**57,007,782**			**50,291,037**
Capital and reserves							
Called up share capital	13			483,562			425,434
Share premium reserve				12,629,944			5,985,042
Capital redemption reserve				6,827			5,143
Revaluation reserve				1,545,364			1,214,933
Special distributable reserve				32,622,021			33,748,039
Realised capital reserve				8,422,420			7,968,451
Revenue reserve				1,297,644			943,995
Equity shareholders' funds				**57,007,782**			**50,291,037**
Basic and diluted net asset value per ordinary share	**14**			**117.89p**			**118.21p**

The notes on pages 54 - 72 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2016 and were signed on its behalf by:

Christopher Moore
Chairman

Statement of Changes in Equity
For the year ended 31 December 2015

	Notes	Non-distributable reserves: Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Distributable reserves: Special distributable reserve (note a) £	Realised capital reserve (note b) £	Revenue reserve (note b) £	Total £
At 1 January 2015		**425,434**	**5,985,042**	**5,143**	**1,214,933**	**33,748,039**	**7,968,451**	**943,995**	**50,291,037**
Comprehensive income for the year									
Profit for the year		-	-	-	1,094,287	-	2,575,353	1,311,966	4,981,606
Total comprehensive income for the year		**-**	**-**	**-**	**1,094,287**	**-**	**2,575,353**	**1,311,966**	**4,981,606**
Contributions by and distributions to owners									
Shares issued via Offer for Subscription	13	51,679	5,841,843	-	-	(26,070)	-	-	5,867,452
Dividends re-invested into new shares	13	8,133	803,059	-	-	-	-	-	811,192
Shares bought back (note c)	13	(1,684)	-	1,684	-	(168,734)	-	-	(168,734)
Dividends paid	6	-	-	-	-	-	(3,816,454)	(958,317)	(4,774,771)
Total contributions by and distributions to owners		**58,128**	**6,644,902**	**1,684**	**-**	**(194,804)**	**(3,816,454)**	**(958,317)**	**1,735,139**
Other movements									
Realised losses transferred to special reserve (note a)		-	-	-	-	(931,214)	931,214	-	-
Realisation of previously unrealised appreciation		-	-	-	(763,856)	-	763,856	-	-
Total other movements		-	-	-	(763,856)	(931,214)	1,695,070	-	-
At 31 December 2015		**483,562**	**12,629,944**	**6,827**	**1,545,364**	**32,622,021**	**8,422,420**	**1,297,644**	**57,007,782**

Note a: The Special distributable reserve provides the Company with a reserve to absorb any existing and future realised losses and, when considered by the Board to be in the interests of shareholders, to fund share buybacks and for other corporate purposes. All of this reserve originates from funds raised prior to 6 April 2014. The transfer of £931,214 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year.

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

Note c: During the year, the Company purchased 168,443 of its own shares at the prevailing market price for a total cost of £168,734, which were subsequently cancelled.

Statement of Changes in Equity
For the year ended 31 December 2014

	Non-Distributable reserves				Distributable reserves			
	Called up share capital	Share premium reserve	Capital redemption reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£	£
At 1 January 2014	**351,272**	**13,374,724**	**969,753**	**4,518,594**	**17,418,387**	**4,786,430**	**704,563**	**42,123,723**
Comprehensive income for the year								
Profit for the year	-	-	-	1,123,572	-	4,255,807	1,591,597	6,970,976
Total comprehensive income for the year	**-**	**-**	**-**	**1,123,572**	**-**	**4,255,807**	**1,591,597**	**6,970,976**
Contributions by and distributions to owners								
Shares issued via Linked Offer for Subscription	69,072	8,128,331	-	-	(3,488)	-	-	8,193,915
Dividends re-invested into new shares	10,233	1,039,770	-	-	-	-	-	1,050,003
Shares bought back	(5,143)	-	5,143	-	(538,384)	-	-	(538,384)
Dividends paid	-	-	-	-	-	(6,157,031)	(1,352,165)	(7,509,196)
Total contributions by and distributions to owners	**74,162**	**9,168,101**	**5,143**	**-**	**(541,872)**	**(6,157,031)**	**(1,352,165)**	**1,196,338**
Other movements								
Cancellation of the share premium account	-	(16,557,783)	(969,753)	-	17,527,536	-	-	-
Realised losses transferred to special reserve	-	-	-	-	(656,012)	656,012	-	-
Realisation of previously unrealised appreciation	-	-	-	(4,427,233)	-	4,427,233	-	-
Total other movements	-	(16,557,783)	(969,753)	(4,427,233)	16,871,524	5,083,245	-	-
At 31 December 2014	**425,434**	**5,985,042**	**5,143**	**1,214,933**	**33,748,039**	**7,968,451**	**943,995**	**50,291,037**

The composition of each of these reserves is explained below:

Called up share capital

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

Share premium reserve

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

Capital redemption reserve

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

Revaluation reserve

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

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

Special distributable reserve

The cost of share buybacks is charged to this reserve. In addition, any realised losses on the sale or impairment of investments, and 75% of the Investment Adviser's fee, and the related tax effect, are transferred from the Profit and Loss Account reserve to this reserve.

Statement of Changes in Equity
For the year ended 31 December 2015

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 of investments; and
- 75% of the Investment Adviser's fee and 100% of any performance incentive fee payable, together with the related tax effect to this reserve in accordance with the policies.
- 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 dividend paid that are classified as revenue in nature.

The notes on pages 54 - 72 form part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows from operating activities			
Profit for the financial year		4,981,606	6,970,976
Adjustments for:			
Unrealised gains on investments		(1,094,287)	(1,123,572)
Gains on realisations of investments		(3,302,320)	(4,911,818)
(Increase)/decrease in debtors		(68,758)	117,165
Increase in creditors		8,948	73,063
Net cash inflow from operating activities		**525,189**	**1,125,814**
Cash flows from investing activities			
Purchase of investments	8	(16,809,665)	(8,467,543)
Sale of investments	8	7,239,803	14,017,378
Monies held pending investment		453,120	(625,512)
Net cash (outflow) / inflow from investing activities		**(9,116,742)**	**4,924,323**
Cash flows from financing activities			
Shares issued as part of Offer for Subscription		5,867,452	8,193,915
Equity dividends paid	6	(3,963,579)	(6,459,193)
Purchase of own shares		(168,734)	(538,384)
Net cash inflow from financing activities		**1,735,139**	**1,196,338**
Net (decrease)/increase in cash and cash equivalents		(6,856,414)	7,246,475
Cash and cash equivalents at start of year		22,777,126	15,530,651
Cash and cash equivalents at end of year		**15,920,712**	**22,777,126**
Cash and cash equivalents comprise:			
Cash at bank and in hand		573,591	9,445,843
Cash equivalents		15,347,121	13,331,283

The notes on pages 54 - 72 form part of these financial statements.

Notes to the Accounts
for the year ended 31 December 2015

1 Company Information

Mobeus Income and Growth 4 VCT plc is a public limited company incorporated in England, registration number 3707697. The registered office is 30 Haymarket, London, SW1Y 4EX.

2 Basis of preparation

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

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102"), with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Companies. The Company has a number of financial instruments which are disclosed under FRS102 s11/12 as shown in note 15.

This is the first year in which the financial statements have been prepared under FRS102. There has been no material change in the accounting policies and so there has been no restatement of comparatives, other than in relation to monies held pending investment and current investments. The Company has chosen to apply revised disclosure requirements as set out in Amendments to FRS 102 - Fair Value hierarchy disclosures issued in March 2016.

3 Income

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

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

When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return, the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 31 December 2015 has been classified as capital and has been included within gains on investments.

	2015 £	2014 £
Income from bank deposits	78,334	118,350
Income from investments		
– from equities	61,752	456,510
– from overseas based OEICs	30,470	26,884
– from loan stock	2,031,331	1,797,666
– from interest on preference share dividend arrears	169	5,997
	2,123,722	2,287,057
Other income	-	10,516
Total income	**2,202,056**	**2,415,923**
Total income comprises		
Dividends	92,222	483,394
Interest	2,109,834	1,922,013
Other income	-	10,516
	2,202,056	**2,415,923**

	2015 £	2014 £
Income from investments comprises		
Listed overseas securities	30,470	26,884
Unlisted UK securities	61,921	462,507
Loan stock interest	2,031,331	1,797,666
	2,123,722	**2,287,057**

Total loan stock interest due but not recognised in the year was £184,887 (2014: £112,212).

4 Investment Adviser's fees and other expenses

All expenses are accounted for on an accruals basis.

a) Investment Adviser's fees

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

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

	Revenue £	Capital £	2015 Total £	Revenue £	Capital £	2014 Total £
Mobeus Equity Partners LLP	**303,725**	**911,176**	**1,214,901**	**275,054**	**825,163**	**1,100,217**

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

The Investment Adviser fee includes provision for a cap on expenses excluding irrecoverable VAT and exceptional items set at 3.4% of closing net assets at the year-end. In accordance with the investment management agreement, any excess expenses are borne by the Investment Adviser. The excess expenses during the year amounted to £nil (2014: £nil).

The Company is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses") subject to the cap on total annual expenses referred to above.

In line with common practice, Mobeus LLP retain the right to charge arrangement and syndication fees and Directors' or monitoring fees to companies in which the Company invests. The Investment Adviser received fees totalling £361,416 (2014: £341,973) during the year ended 31 December 2015, being £210,253 (2014: £178,682) for arrangement fees, and £151,163 (2014: £163,291) for acting as non-executive directors on a number of investee company boards. These fees attributable to MIG 4 VCT are based upon the investment allocation to MIG 4 VCT which applied at the time of each investment. These figures are not part of these financial statements.

b) Incentive fee agreement

Under the terms of a separate agreement dated 1 November 2006, from the end of the accounting period ending on 31 January 2009 and in each subsequent accounting period throughout the life of the company, the Investment Adviser will be entitled to receive a performance related incentive fee of 20% of the dividends paid in excess of a "Target Rate" comprising firstly, an annual dividend target of 6% of the net asset value per share at 5 April 2007 (indexed each year for RPI) and secondly a requirement that any cumulative shortfalls below the 6 per cent hurdle must be made up in later years. Payment of a fee is also conditional upon the average Net Asset Value ("NAV") per share for each such year equalling or exceeding Base NAV per share for the same year. The performance fee will be payable annually. No incentive fee is payable to date.

Notes to the Accounts
for the year ended 31 December 2015

c) Offer for Subscription fees

	2015 £ million	2014 £ million
Funds raised across four Mobeus advised VCTs	39.00	33.73
Of which funds raised by MIG 4 VCT	6.00	8.43
Offer costs at 3.25% of amounts subscribed to MIG 4 VCT	0.19*	0.27*

* All costs associated with the Offer were met out of these fees, excluding any payments to advisers facilitated under the terms of the Offer.

d) Other expenses

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

	2015 £	2014 £
Directors' remuneration (including NIC of £9,327 (2014: £9,370) (note i))	99,827	99,870
IFA trail commission	77,227	70,796
Broker's fees	12,000	12,000
Auditor's fees – Audit of Company	28,320	27,000
– audit related assurance services - (note ii)	4,920	4,320
– tax compliance services - (note ii)	6,345	3,000
Registrar's fees	45,154	43,743
Printing	34,196	37,247
Legal & professional fees	6,117	20,049
VCT monitoring fees	9,000	10,800
Directors' insurance	9,248	8,056
Listing and regulatory fees	39,132	40,832
Sundry	1,914	2,407
Running costs	**373,400**	**380,120**
Provision against loan interest receivable (note iii)	28,756	-
Other expenses	**402,156**	**380,120**

Note i): See analysis in the Directors' Remuneration table on page 34, which excludes the NIC above. The key management personnel are the three non-executive directors. The Company has no employees.

Note ii): The Directors consider the Auditor was best placed to provide the audit related services and tax compliance services disclosed above. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained.

Note iii): Provision against loan interest receivable above of £28,756 (2014:£nil), is a provision made against loan stock interest recognised in previous years.

5 Taxation on profit on ordinary activities

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

Any tax relief obtained in respect of Investment Adviser's 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.

	Revenue £	Capital £	2015 Total £	Revenue £	Capital £	2014 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits for the year	184,209	(184,209)	-	169,152	(169,152)	-
Total current tax charge	**184,209**	**(184,209)**	**-**	**169,152**	**(169,152)**	**-**
Corporation tax is based on a rate of 20% (2014: 20%)						
b) Profit on ordinary activities before tax	1,496,175	3,485,431	4,981,606	1,760,749	5,210,227	6,970,976
Profit on ordinary activities multiplied by company rate of corporation tax in the UK of 20% (2014: 20%)	299,235	697,086	996,321	352,150	1,042,045	1,394,195
Effect of:						
UK dividends not taxable	(12,350)	-	(12,350)	(91,302)	-	(91,302)
Unrealised gains not taxable	-	(218,857)	(218,857)	-	(224,714)	(224,714)
Realised gains not taxable	-	(660,464)	(660,464)	-	(982,364)	(982,364)
Marginal relief	1,974	(1,974)	-	4,119	(4,119)	-
Losses brought forward	(104,650)	-	(104,650)	(97,761)	-	(97,761)
Unrelieved expenditure	-	-	-	1,946	-	1,946
Actual current tax charge	**184,209**	**(184,209)**	**-**	**169,152**	**(169,152)**	**-**

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 (2014: £nil). There is an unrecognised deferred tax asset of £34,737 (2014: £159,755).

Notes to the Accounts
for the year ended 31 December 2015

6 Dividends paid and payable

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

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

	2015 £	2014 £
Amounts recognised as distributions to equity holders in the year:		
Final income dividend for the year ended 31 December 2013 of 1.25 pence per ordinary share paid 16 May 2014	-	514,726
Final capital dividend for the year ended 31 December 2013 of 2.75 pence per ordinary share paid 16 May 2014	-	1,132,396
Interim income dividend for the year ended 31 December 2014 of 2.00 pence per ordinary share paid 12 September 2014	-	837,439
Interim capital dividend for the year ended 31 December 2014 of 12.00 pence per ordinary share paid 12 September 2014	-	5,024,635
Second interim income dividend for the year ended 31 December 2014 of 1.00 penny per ordinary share paid 6 May 2015	476,355	-
Second interim capital dividend for the year ended 31 December 2014 of 7.00 pence per ordinary share paid 6 May 2015	3,334,494	-
Interim income dividend for the year ended 31 December 2015 of 1.00 penny per ordinary share paid 25 September 2015	481,961	-
Interim capital dividend for the year ended 31 December 2015 of 1.00 penny per ordinary share paid 25 September 2015	481,961	-
	4,774,771*	**7,509,196***

* - £4,774,771 (2014: £7,509,196) disclosed above differs to that shown in the Statement of Cash Flows of £3,963,579 (2014: £6,459,193) due to £811,192 (2014: £1,050,003) of new shares issued as part of the DIS scheme.

	2015 £	2014 £
Proposed distributions to equity holders after the year end:		
Final income dividend for the year ended 31 December 2015 of 1.50 pence (2014: second interim 1.00 penny) per ordinary share	725,343	477,113
Final capital dividend for the year ended 31 December 2015 of 7.50 pence (2014: second interim 7.00 pence) per ordinary share	3,626,716	3,339,790
	4,352,059	3,816,903

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.

Recognised income distributions in the financial statements for the year

	2015 £	2014 £
Revenue available for distribution in the financial statements for the year	1,311,966	1,591,597
Interim dividend for year ended 31 December 2015 of 1.00 penny (2014: 2.00 pence) per ordinary share	481,961	837,439
Final income dividend for the year ended 31 December 2015 of 1.50 pence (2014: second interim 1.00 penny) per ordinary share	725,343	477,113
Total income dividends	1,207,304	1,314,552

7 Basic and diluted earnings per share

	2015 £	2014 £
Total earnings after taxation:	4,981,606	6,970,976
Basic and diluted earnings per share (note a)	**10.41p**	**17.12p**
Net revenue from ordinary activities after taxation	1,311,966	1,591,597
Basic and diluted revenue return per share (note b)	**2.74p**	**3.91p**
Net unrealised capital gains	1,094,287	1,123,572
Net realised capital gains	3,302,320	4,911,818
Capital expenses (net of taxation)	(726,967)	(656,011)
Total capital return	3,669,640	5,379,379
Basic and diluted capital return per share (note c)	**7.67p**	**13.21p**
Weighted average number of shares in issue in the year	47,857,465	40,720,836

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

d) There are no instruments that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

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for the year ended 31 December 2015

8 Investments at fair value

The most critical estimates, assumptions and judgments 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 "fair value through profit and loss" ("FVTPL") and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, each investment is considered as a whole on a 'unit of account' basis, alongside consideration of:

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

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

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

(iii) Premiums that 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.

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

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. None were identified in the year.

Movements in investments during the year are summarised as follows:

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Loan stock £	Total £
Cost at 31 December 2014	200,028	7,070,909	26,006	17,758,246	25,055,189
Unrealised gains/(losses) at 31 December 2014	99,987	(1,228,385)	186,940	2,156,391	1,214,933
Permanent impairment of cost of investments as at 31 December 2014	-	(701,697)	(1,649)	(567,486)	(1,270,832)
Valuation at 31 December 2014	**300,015**	**5,140,827**	**211,297**	**19,347,151**	**24,999,290**
Purchases at cost	-	5,584,329	227	11,225,207	16,809,763
Sale proceeds	-	(3,831,770)	(130,077)	(3,527,143)	(7,488,990)
Reclassification at value	-	(181,141)	224	180,917	-
Net realised gains/(losses) in the year	-	3,045,066	(37,335)	294,589	3,302,320
Unrealised (losses)/gains in the year (Note a)	(41,668)	1,505,346	(31,285)	(338,106)	1,094,287
Valuation at 31 December 2015	**258,347**	**11,262,657**	**13,051**	**27,182,615**	**38,716,670**
Cost at 31 December 2015	200,028	11,827,294	15,144	26,249,570	38,292,036
Unrealised gains/(losses) at 31 December 2015	58,319	(13,042)	(444)	1,500,531	1,545,364
Permanent impairment of the cost of investments as at 31 December 2015 (Note b)	-	(551,595)	(1,649)	(567,486)	(1,120,730)
Valuation at 31 December 2015	**258,347**	**11,262,657**	**13,051**	**27,182,615**	**38,716,670**

Details of investment transactions such as disposal proceeds, valuation movements, cost and carrying value at the end of previous year are contained in the Investment Portfolio Summary on pages 18 to 23.

Note a) The major components of the increase in unrealised valuations of £1,094,287 in the year were increases of £752,934 in Virgin Wines Holding Company Limited, £680,303 in Jablite Holdings Limited, and £426,881 in Tharstern Group Limited. These gains were partly offset by falls of £711,220 in Turner Topco Limited (trading as ATG Media), £440,153 in Media Business Insight Holdings Limited and £289,683 in Gro-Group Holdings Limited.

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

Note b) During the year, permanent impairments of the cost of investments have reduced from £1,270,832 to £1,120,730. The reduction of £150,102 is due to an investee company being dissolved in the year, which removes the cost and related impairment of this investment from these accounts.

Reconciliation of investment transactions to Statement of Cash Flows

Purchases above of £16,809,763 are greater than that shown in the Statement of Cash Flows of £16,809,665 by £98. This relates to the purchase of shares via the exercising of options in an investee company, which completed in the year.

The cash flow from investment proceeds shown above of £7,488,990 differs from the sale proceeds shown in the Statement of Cash flows of £7,239,803, by £249,187. This is due to £305,221 of deferred cash sale proceeds not received until after the year-end, against which £56,034 of deferred cash sale proceeds were received during the year relating to a prior year.

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9 Significant interests

At 31 December 2015 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (ordinary shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity
Media Business Insight Holdings Limited[1]	1,089,103	1,633,657	2,722,760	15.7%
Tovey Management Limited (trading as Access IS)[2]	891,576	1,577,437	2,469,013	10.1%
Entanet Holdings Limited	410,715	1,756,947	2,167,662	9.6%*
Manufacturing Services Investment Limited	456,400	1,560,500	2,016,900	11.4%
ASL Technology Holdings Limited	343,992	1,589,599	1,933,591	9.5%*
Virgin Wines Holding Company Limited	45,915	1,884,898	1,930,813	9.7%
Veritek Global Holdings Limited	43,527	1,576,559	1,620,086	10.3%*
Gro-Group Holdings Limited	148,765	1,429,212	1,577,977	8.4%*
Turner Topco Limited (trading as ATG Media)	4,472	1,524,603	1,529,075	3.8%
CGI Creative Graphics International Limited	476,612	973,134	1,449,746	6.3%*
Leap New Co Limited (trading as Ward Thomas Removals and Aussie Man & Van)	511,620	837,060	1,348,680	4.5%*
Fullfield Limited (trading as Motorclean)	462,184	733,304	1,195,488	9.8%
Backhouse Management Limited	453,600	680,400	1,134,000	11.3%
Barham Consulting Limited	453,600	680,400	1,134,000	11.3%
Chatfield Services Limited	453,600	680,400	1,134,000	11.3%
Creasy Marketing Services Limited	453,600	680,400	1,134,000	11.3%
McGrigor Management Limited	453,600	680,400	1,134,000	11.3%
Pound FM Consultants Limited	453,600	680,400	1,134,000	11.3%
Bourn Bioscience Limited	323,577	808,944	1,132,521	7.7%
Hollydale Management Limited	438,200	657,300	1,095,500	11.0%
Tharstern Group Limited	338,861	753,025	1,091,886	12.2%*
RDL Corporation Limited	173,932	826,068	1,000,000	9.1%*
Vian Marketing Limited (trading as Tushingham Sails)	271,683	627,391	899,074	7.1%*
PXP Holdings Limited	712,925	-	712,925	4.4%
Racoon International Holdings Limited	419,959	64,388	484,347	10.5%*
The Plastic Surgeon Holdings Limited	45,982	412,953	458,935	8.6%
Jablite Holdings Limited (formerly Duncary 16 Limited)	339,974	77,129	417,103	9.1%
Blaze Signs Holdings Limited	183,005	7,626	190,631	5.7%
CB Imports Group Limited	175,000	-	175,000	5.8%*
Lightworks Software Limited	9,329	-	9,329	4.2%*
Watchgate Limited	1,000	-	1,000	33.3%
Preservica Limited	-	-	-	4.6%

1 – Includes a loan of £674,755 to Media Business Insight Limited.

2 – Includes a loan of £239,513 to Access IS Limited.

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

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

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

Mobeus Equity Partners LLP also advises The Income and Growth VCT plc, Mobeus Income and Growth VCT plc and Mobeus Income & Growth 2 VCT plc which have investments as at 31 December 2015 in the following:

	The Income and Growth VCT plc at cost £	Mobeus Income and Growth VCT plc at cost £	Mobeus Income and Growth 2 VCT plc at cost £	Total at cost £	% of equity held by funds managed by Mobeus %
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)	3,666,556	3,282,263	2,009,071	8,957,890	67.5
Tovey Management Limited (trading as Access IS)	3,313,932	3,263,682	1,953,373	8,530,987	45.0
ASL Technology Holdings Limited	2,722,036	2,942,292	2,092,009	7,756,337	47.5
Entanet Holdings Limited	3,175,171	2,713,077	1,444,090	7,332,338	42.0
Manufacturing Services Investment Limited	2,708,100	2,666,700	1,608,300	6,983,100	50.0
Virgin Wines Holding Company Limited	2,745,503	2,439,351	1,284,333	6,469,187	42.0
Gro-Group Holdings Limited	2,398,928	1,975,007	1,123,088	5,497,023	37.6
Turner Topco Limited (trading as ATG Media)	1,529,075	2,501,087	1,320,963	5,351,125	17.1
Veritek Global Holdings Limited	2,289,858	2,045,275	967,781	5,302,914	44.0
CGI Creative Graphics International Limited	1,943,948	1,807,531	999,568	4,751,047	26.9
Fullfield Limited (trading as Motorclean)	1,603,643	1,717,691	1,083,179	4,404,513	46.0
Leap New Co Limited (trading as Ward Thomas Removals and Aussie Man & Van)	1,797,476	1,618,990	973,919	4,390,385	19.0
RDL Corporation Limited	1,441,667	1,558,334	1,000,000	4,000,001	45.2
Hollydale Management Limited	1,554,000	1,465,500	885,000	3,904,500	50.0
Backhouse Management Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
Barham Consulting Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
Chatfield Services Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
Creasy Marketing Services Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
McGrigor Management Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
Pound FM Consultants Limited	1,504,000	1,513,500	848,500	3,866,000	50.0
Tharstern Group Limited	1,454,278	1,376,521	789,815	3,620,614	52.5
EOTH Limited (trading as Equip Outdoor Technologies)	1,383,313	1,298,031	817,185	3,498,529	8.0
PXP Holdings Limited (Pinewood Structures)	965,371	1,277,722	1,220,579	3,463,672	32.9
Racoon International Holdings Limited	655,851	1,663,816	1,045,985	3,365,652	47.5
Vian Marketing Limited (trading as Tushingham Sails)	1,207,437	1,188,950	717,038	3,113,425	31.5
Bourn Bioscience Limited	1,610,379	-	757,101	2,367,480	23.8
Blaze Signs Holdings Limited	418,281	610,308	437,030	1,465,619	52.5
Jablite Holdings Limited (formerly Duncary 16 Limited)	553,195	556,687	312,091	1,421,973	40.1
The Plastic Surgeon Holdings Limited	406,169	478,580	392,349	1,277,098	37.5
Omega Diagnostics Group plc	280,026	305,030	-	585,056	6.0
CB Imports Group Limited	175,000	350,000	-	525,000	24.0
Newquay Helicopters (2013) Limited (in voluntary liquidation)	42,500	148,750	85,000	276,250	34.9
Lightworks Software Limited	20,471	222,584	25,727	268,782	45.0
Vectair Holdings Limited	53,400	138,574	60,293	252,267	24.0
BG Training Limited	70,833	-	-	70,833	0.0
Watchgate Limited	1,000	1,000	-	2,000	100.0
Preservica Limited	-	-	-	-	20.2

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10 Cash and cash equivalents and Monies pending investment

Cash and cash equivalents, for the purposes of the Statement of Cash Flows, comprises cash in hand and deposits repayable on demand. 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 notice. Monies held pending investment are realisable in periods of greater than 3 months. Current asset investments and Monies held pending investments comprise term deposits and investments in money market managed funds.

Monies held pending investment total £2,085,130 (2014: £2,538,251) held in bank deposits accounts repayable within one year.

Current investments of £15,347,121 (2014: £13,331,283) comprise investments of £12,529,514 (2014: £6,526,003) held in five OEIC money market funds and £2,817,607 (2014: £6,805,280) held in bank deposits, both subject to immediate access. These sums are treated as cash equivalents in the Statement of Cash Flows.

Cash at bank and in hand total £573,591 (2014: £9,445,843) held in deposit accounts at Natwest Bank plc.

11 Debtors

	2015 £	2014 £
Amounts due within one year:		
Accrued income	241,576	172,340
Prepayments	15,153	15,631
Other debtors	305,221	56,132
	561,950	**244,103**

Other debtors of £305,221 are amounts of deferred consideration receivable upon sales of investments, all received after the year-end.

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	40,431	3,476
Other creditors	11,432	4,037
Accruals	224,817	260,220
	276,680	**267,733**

13 Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 48,356,210 (2014: 42,543,360)	483,562	425,434

During the year the Company purchased 168,443 (2014: 514,303) of its own shares for cash (representing 0.4% (2014: 1.5%) of the shares in issue at the start of the year) at the prevailing market price for a total cost of £168,734 (2014: £538,384). These shares were subsequently cancelled by the Company.

As part of the Offer for Subscription launched on 10 December 2014, a total of 5,167,929 ordinary shares were allotted at average effective offer prices ranging from 115.40 pence to 117.10 pence per share, raising net funds of £5,867,452.

Under the terms of the Dividend investment Scheme, 813,364 (2014: 1,023,261) shares were allotted during the year for a non-cash consideration of £811,192 (2014: £1,050,003). Net share capital subscribed for the year was therefore £6,678,644.

14 Basic and diluted net asset value per share

Net asset value per ordinary share is based on net assets at the end of the year, and on 48,356,210 (2014: 42,543,360) ordinary shares, being the number of ordinary shares in issue on that date.

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

15 Financial instruments

The Company's financial instruments comprised:

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

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

Classification of financial instruments

The Company held the following categories of financial instruments at 31 December 2015:

	2015 (Book value) £	2015 (Fair value) £	2014 (Book value) £	2014 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	38,716,670	38,716,670	24,999,290	24,999,290
Current investments	15,347,121	15,347,121	13,331,283	13,331,283
Monies held pending investment	2,085,130	2,085,130	2,538,251	2,538,251
Cash at bank	573,591	573,591	9,445,843	9,445,843
Loans and receivables				
Accrued income	241,576	241,576	172,340	172,340
Other debtors	305,221	305,221	56,132	56,132
Liabilities at amortised cost or equivalent				
Other creditors	(276,680)	(276,680)	(267,733)	(267,733)
Total for financial instruments	56,992,629	56,992,629	50,275,406	50,275,406
Non-financial instruments	15,153	15,153	15,631	15,631
Total net assets	**57,007,782**	**57,007,782**	**50,291,037**	**50,291,037**

The investment portfolio principally consists of unquoted investments 99.3% (2014: 98.8%). The investment portfolio has a 100% (2014: 100%) concentration of risk towards small UK based, sterling denominated companies, and represents 67.9% (2014: 49.7%) of net assets at the year-end.

Current investments and monies held pending investment are money market funds, and bank deposits which, along with cash are discussed under credit risk below, which represent 31.6% (2014: 50.3%) of net assets at the year-end.

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

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Investment risk

The Company's investment portfolio is made up of predominantly UK companies which are not quoted on any recognised stock exchange. The companies held in the portfolio are usually smaller than those companies which are quoted on a stock exchange. They are therefore usually regarded as carrying more risk compared to larger companies, as they are more sensitive to changes in key financial indicators, such as a reduction in its turnover or an increase in costs. The Board is of the view that the Investment Adviser mitigates this risk as the investment in an investee company is held as part of a portfolio of such companies so that the performance of one company does not significantly affect the value of the portfolio as a whole. The Investment Adviser also usually 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 and bank deposits of £17,432,251, which are 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 £	2015 Total £
Other creditors	182,234	-	94,446	-	276,680

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2014 Total £
Other creditors	198,035	-	69,698	-	267,733

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:

	2015 £	2014 £
Loan stock investments	27,182,615	19,347,151
Current investments	15,347,121	13,331,283
Monies held pending investment	2,085,130	2,538,251
Accrued income	241,576	172,340
Other debtors	305,221	56,132
Cash at bank	573,591	9,445,843
	45,735,254	**44,891,000**

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The loan stock is 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 £241,576 was all due within five months of the year-end, with £69,776 still receivable two months after the year end.

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

Repayable within	2015 £	2014 £
0 to 1 year	931,159	481,611
1 to 2 years	509,437	931,159
2 to 3 years	6,412,851	2,070,365
3 to 4 years	7,812,944	5,978,518
4 to 5 years	11,516,224	9,885,498
Total	**27,182,615**	**19,347,151**

Included within loan stock investments above are loans at a carrying value of £495,270 (2014: £1,000), which are past their repayment date but have been renegotiated. One loan with a value of £622,056 is now past its repayment date but has not yet been renegotiated. The loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk below.

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

	0-6 months £	6-12 months £	over 12 months £	2015 Total £
Loans to investee companies past due	**622,056**	-	-	**622,056**

	0-6 months £	6-12 months £	over 12 months £	2014 Total £
Loans to investee companies past due	-	-	**496,270**	**496,270**

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 as there could be defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The five OEIC money market funds holding £12,529,515 are all triple A rated funds and, along with bank deposits of £4,902,736 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 cash at bank of £573,591 is held with NatWest Bank plc, so the risk of default is considered to be low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of the unquoted portfolio held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies (Investment risk), as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £38,716,670 at the year-end, the fair value of the investment portfolio.

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

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

Market price risk sensitivity

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

Although a small part of these assets are quoted on AIM, nearly all of these assets are unquoted. All of the investments made by the Investment 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 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% (2014: 20%) movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares, preference shares and loan stocks) held by the Company produces a movement overall of 20% (2014: 20%), and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

	2015 £ Profit and net assets	2014 £ Profit and net assets
If overall share prices rose/fell by 20% (2014: 20%), with all other variables held constant – increase/(decrease)	5,760,054 / (5,760,054)	4,999,858 / (4,999,858)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	11.91p / (11.91)p	11.75p / (11.75)p

The impact of a change of 20% (2014: 20%) has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

Cash flow interest rate risk

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

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

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

The interest rate profile of the Company's financial net assets at 31 December 2015 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	11,521,004	-	-	11,521,004		
Preference shares	-	13,051	-	13,051	-	3.1
Loan stocks	-	20,882,415	6,300,200	27,182,615	7.8	3.2
Monies held pending investment	-	-	2,089,693	2,089,693	1.5	
Current investments	-	-	15,342,558	15,342,558	0.5	
Cash	-	-	573,591	573,591	0.2	
Debtors	546,797	-	-	546,797		
Creditors	(276,680)	-	-	(276,680)		
Total for financial instruments	11,791,121	20,895,466	24,306,042	56,992,629		
Non-financial instruments	15,153	-	-	15,153		
Total net assets	**11,806,274**	**20,895,466**	**24,306,042**	**57,007,782**		

The interest rate profile of the Company's financial net assets at 31 December 2014 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	5,440,842	-	-	5,440,842		
Preference shares	-	211,297	-	211,297	6.3	4.6
Loan stocks	-	18,345,951	1,001,200	19,347,151	8.4	3.7
Monies held pending investment	-	-	2,538,251	2,538,251	2.0	
Current investments	-	-	13,331,283	13,331,283	0.7	
Cash	-	-	9,445,843	9,445,843	0.3	
Debtors	228,472	-	-	228,472		
Creditors	(267,733)	-	-	(267,733)		
Total for financial instruments	5,401,581	18,557,248	26,316,577	50,275,406		
Non-financial instruments	15,631	-	-	15,631		
Total net assets	**5,417,212**	**18,557,248**	**26,316,577**	**50,291,037**		

Notes to the Accounts
for the year ended 31 December 2015

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

Floating rate cash earns interest based on LIBOR rates.

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

Cash flow interest rate sensitivity

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

	2015 £ Profit and net assets	2014 £ Profit and net assets
If interest rates rose/fell by 1%, with all other variables held constant – increase/ (decrease)	194,448 / (194,448)	210,533 / (210,533)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	0.40p / (0.40)p	0.49p / (0.49)p

Currency risk

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

Fair value hierarchy

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

Financial assets at fair value through profit and loss At 31 December 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	258,347	-	11,262,657	11,521,004
Preference shares	-	-	13,051	13,051
Loan stock investments	-	-	27,182,615	27,182,615
Current Investments	15,347,121	-	-	15,347,121
Monies held pending investment	2,085,130	-	-	2,085,130
Total	**17,690,598**	**-**	**38,458,323**	**56,148,921**

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 note 8.

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 January 2015	5,140,827	211,297	19,347,151	24,699,275
Purchases	5,584,329	227	11,225,207	16,809,763
Sales	(3,831,770)	(130,077)	(3,527,143)	(7,488,990)
Reclassification at Value*	(181,141)	224	180,917	-
Total (losses)/gains included in gains/(losses) on investments in the Income Statement:				
- on assets sold or impaired	3,045,066	(37,335)	294,589	3,302,320
- on assets held at the year end	1,505,346	(31,285)	(338,106)	1,135,955
Closing balance at 31 December 2015	**11,262,657**	**13,051**	**27,182,615**	**38,458,323**

* - Four transactions whereby the equity of a company preparing to trade was exchanged for equity and loan stock issued by the eventual acquirer of the target business, as well as one corporate restructuring.

As detailed in the accounting policy for note 8, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a price-earnings ratio taken from a comparable sector on the quoted market which is then appropriately adjusted for points of difference. These ratios are correlated to the share prices and so any change in share prices will have a significant effect on the fair value measurements of the investments classified as Level 3 investments.

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

	31 December 2015 £	31 December 2014 £
Valuation methodology		
Estimated realisation proceeds	35,417	56,500
Cost (reviewed for impairment)	-	1,000
Recent investment price*	13,362,029	6,579,800
Earnings multiple	25,060,877	18,061,975
	38,458,323	**24,699,275**

* - These are all investments made during the year. None arise from a follow on investment at a price that differed from the original cost.

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2014 and 31 December 2015:

Change in valuation methodology	Carrying value as at 31 December 2015 £	Explanatory note
Recent investment price to earnings multiple	5,079,964	Sufficient time has elapsed since investment such that earnings multiple is a more appropriate basis for determining fair value
Cost (reviewed for impairment) to recent investment price	77,542	Further funding round

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 2015 IPEVCV guidelines. The Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 December 2015.

The Standard requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternatives, the value of the unquoted investments would be £2,513k or 6.5% lower and using the upside alternatives the value would be increased by £2,725k or 7.0%. In arriving at both these figures, a 5% change to earnings multiples was applied and for six investee companies, an adjusted maintainable earnings figure was used.

16 Management of capital

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

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

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

17 Segmental analysis

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

18 Post balance sheet events

On 29 January 2016, Leap New Co Limited (trading as Ward Thomas) repaid loan stock of £0.84 million.

On 1 February 2016, Fullfield Limited (Motorclean) repaid loan stock of £0.06 million.

On 26 February 2016, one of the Company's investments, Pound FM Consultants Limited, a company preparing to trade, provided growth capital of £0.84 million to invest in Redline Assured Security Limited.

On 7 March 2016, a further £0.37 million was received as deferred consideration, arising from the realisation of Focus Pharma Holdings Limited in the previous year.

Shareholder Information

Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Yearly and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board. The May annual general meetings provide 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 your Directors and representatives of the Investment Adviser.

Recent changes to the European Commission's Transparency Directive mean that the Company is no longer required to publish quarterly Interim Management Statements. However, the Board intends to continue doing so to keep shareholders informed of the Company's progress.

Shareholders wishing to follow the Company's development can also visit the Company website at www.mig4vct.co.uk which contains publicly available information or links to information about the Company's largest investments, the latest NAV and the share price. The London Stock Exchange's website at: www.londonstockexchange.com under prices and markets, provides up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Tax Efficient Review at www.taxefficientreview.com provide comparative performance figures for the VCT sector as a whole.

Mobeus website

Shareholders can check the performance of the VCT by visiting the Investment Adviser's website at www.mobeusequity.co.uk. This is regularly updated with information on your investment including case studies of portfolio companies. The Company continues to have its own dedicated section of the website which shareholders may prefer to access directly by going to www.mig4vct.co.uk. This includes performance tables and details of dividends paid as well as copies of past reports to shareholders and information on fundraisings.

Financial calendar

25 May 2016	Payment of final dividend for year ended 31 December 2015.
13 May 2016	Annual General Meeting.
August 2016	Half-Yearly Report for the six months ending 30 June 2016 to be announced and circulated to shareholders.
September 2016	Payment date for interim dividend, if payable.
31 December 2016	Year-end.
January 2017	Shareholder event.

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Capita Asset Services at the address given on page 74 .

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 your 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 address and/or email address.

Dividend Investment Scheme

The Scheme is a convenient, easy and cost effective way to build up your shareholding in the Company. Instead of receiving cash dividends, you can elect to receive new shares in the Company. Application forms for the Scheme are available on the Company website. There are three benefits available to shareholders by opting to receive your dividend in this manner:

- The dividend is tax free to you;
- Shareholders are allotted new shares which will, subject to your particular circumstances, attract VCT tax relief applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30 per cent. for the 2014/15 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one other, particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10 per cent. to the underlying net asset value (provided that this is greater than 70 per cent. of the latest published net asset value per share).

Shareholders who already participate, or are considering whether to participate, in the Scheme should be aware of the current uncertainties around the Company's future investment activities created by the regulatory changes enacted in the Finance Act 2015, as referred to on page 2 and 3 of the Chairman's Statement. There is an associated five year holding

Shareholder Information

period required to secure income tax relief when new shares are allotted under the Scheme. Shareholders may wish to defer or suspend their participation until the implications of these changes are clearer. If you are in any doubt about whether to participate in the Scheme or not, you should consult your financial adviser.

Selling your shares

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

Managing your shareholding online

For details on your individual shareholding and to manage your account on online shareholders may log into or register with the Capita Shareholder Portal at: www.capitashareportal.com.

You can use the Shareholder Portal to change your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive your dividends.

Common Reporting Standard

With effect from 1st January 2016 new tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") is being introduced. The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As an affected company, Mobeus Income & Growth 4 VCT plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders, and corporate entities.

All new shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be sent a certification form for the purposes of collecting this information.

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.

Details on what to do to combat boiler room fraud can be found on the Company's website.

Shareholder enquiries

For enquiries concerning the Company, please contact the Investment Adviser, Mobeus Equity Partners LLP, on 020 7024 7600 or by e-mail to vcts@mobeusequity.co.uk.

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

Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by e-mail at www.capitashareportal.com.

The Capita VCT investor line: +44 (0)371 664 0324. Telephone lines are open 9.00am-5.30pm Monday-Friday excluding public holidays in England and Wales.

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

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Mobeus Income & Growth 4 VCT plc ("the Company") will be held at 12 noon on Friday 13 May 2016 at 33 St James's Square, London SW1Y 4JS for the purpose of considering and, if thought fit, passing the following resolutions of which, resolutions numbered 1 to 9 and 12 will be proposed as ordinary resolutions and resolutions numbered 10 and 11 will be proposed as special resolutions:

1. To receive and adopt the audited annual report and accounts of the Company for the year ended 31 December 2015 ("Annual Report") together with the auditor's report thereon.

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

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

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

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

6. To re-elect Andrew Robson as a director of the Company.

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

8. To approve the payment of a final dividend in respect of the year ended 31 December 2015 of 9.00 pence per Ordinary share of 1 penny each in the capital of the Company, payable on 25 May 2016 to shareholders on the register on 8 April 2016.

9. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £246,712 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 2017 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

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

    (i) with an aggregate nominal value of up to, but not exceeding, £150,000 in connection with offer(s) for subscription;

    (ii) with an aggregate nominal value of up to, but not exceeding, 10 per cent. of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company at a subscription price per share which is less than the net asset value per share; and

    (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, with an aggregate nominal value of up to, but not exceeding, 10 per cent. of the issued share capital of the Company from time to time;

    in each case where the proceeds of the allotment may be used, in whole or 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 passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017, 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.

Notice of the Annual General Meeting

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

    (i) the aggregate number of Shares which may be purchased shall not exceed 7,248,596 or, if lower , such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99 per cent. of the Shares in issue at the date of passing 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 five per cent. above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

    (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 passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017; 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.

12. That the Investment Policy of the Company be amended as set out on pages 31 and 32 of the Annual Report.

BY ORDER OF THE BOARD

Mobeus Equity Partners LLP
Company Secretary
Dated: 23 March 2016

Registered Office
30 Haymarket
London SW1Y 4EX

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the meeting (and the number of votes they may cast thereat) will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Asset Services to request additional copies of the proxy form, on +44 (0) 371 664 0324. Telephone lines are open between 9.00 am and 5.30 pm Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons Capita Asset Services will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment adviser or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
7. A personal reply paid form of proxy is enclosed with this document. To be valid, it should be lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarilly certified or office copy thereof, at the offices of the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 12 noon on 11 May 2016 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
8. If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST CAPITA, PXS (This is all you need to write on the envelope, no other address details are required).
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 11 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com if not already registered for the share portal, you will need your investor code which can be found on your share certificate.
13. As at 23 March 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital consisted of 48,356,210 ordinary shares of 1p, carrying one vote each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 23 March 2016 were 48,356,210.
14. The Register of Directors' Interests and Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the end of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.

Notice of the Annual General Meeting

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

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

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

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

Corporate Information

Directors (Non-executive)
Christopher Moore (Chairman)
Andrew Robson
Helen Sinclair

Secretary
Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX

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

Company Registration Number
03707697

Investment Adviser, Promoter and Administrator
Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX
Telephone: 020 7024 7600
www.mobeusequity.co.uk

Website
www.mig4vct.co.uk

E-mail
vcts@mobeusequity.co.uk

Independent Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

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

Sponsor
Howard Kennedy Corporate Services LLP
1 London Bridge Walk
London
SE1 9BG

Solicitors
Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham
B4 6AA

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

Tel: +44 (0)371 664 0324
Telephone lines are open 9.00am- 5.30pm
Mon-Fri excluding public holidays in
England and Wales.

Corporate Broker
Panmure Gordon (UK) Limited
1 New Change
London
EC4M 9AF

VCT Status Adviser
Philip Hare & Associates LLP
4-6 Staple Inn
High Holborn
London
WC1V 7QH

Bankers
National Westminster Bank plc
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PB

Mobeus Equity Partners LLP
30 Haymarket
London SW1Y 4EX

020 7024 7600
www.mig4vct.co.uk