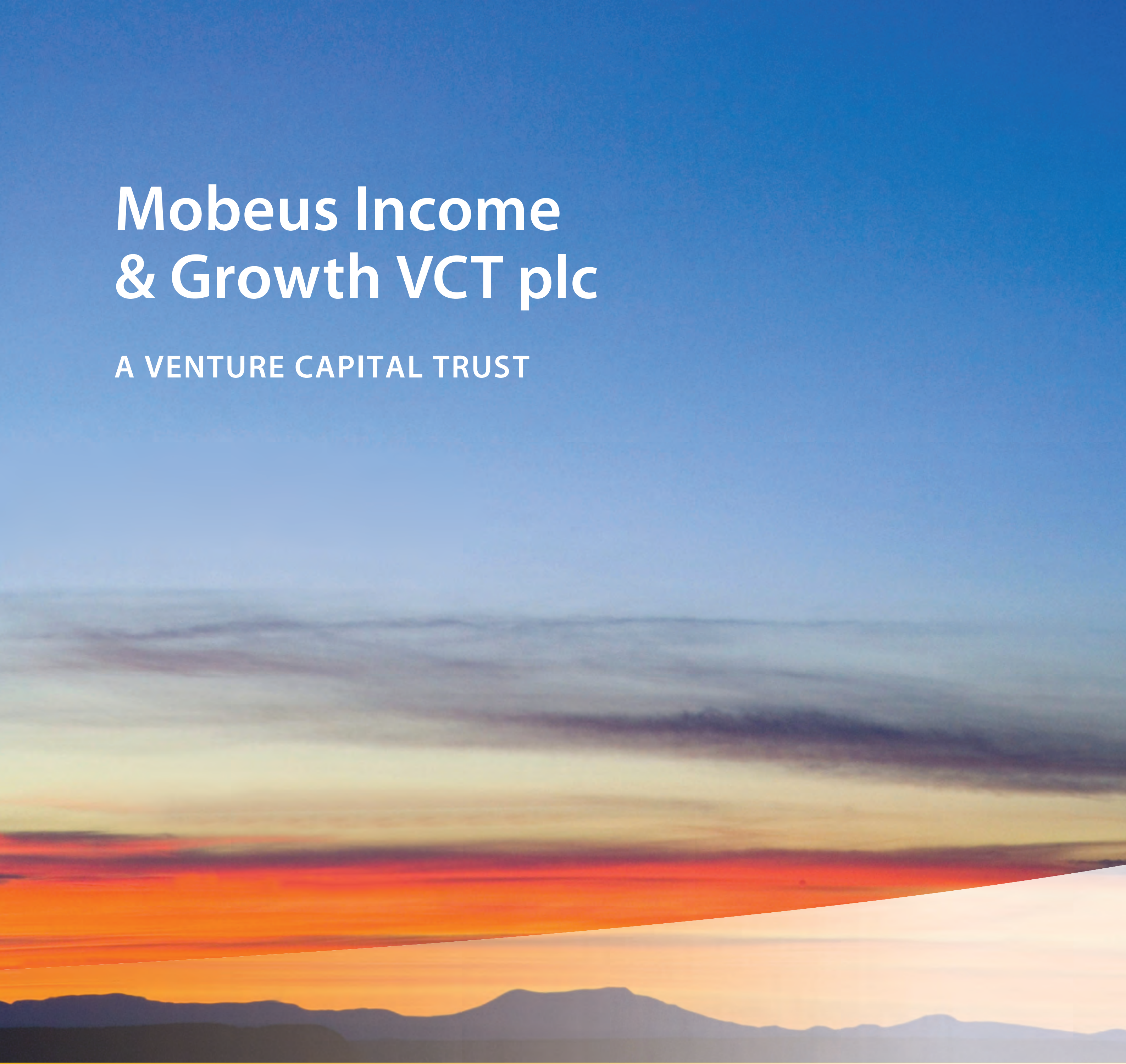


Mobeus Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Accounts
for the year ended 31 December 2014

mobeus
EQUITY PARTNERS

Mobeus Income & Growth VCT plc ("the Company", "the VCT" or "MIG VCT") is a Venture Capital Trust ("VCT") listed on the London Stock Exchange. Its investment portfolio, which invests primarily in established and profitable unquoted companies, is advised by Mobeus Equity Partners LLP ("Mobeus" or "the Adviser")

Timeline of the Company

July 2004	Company launched as Matrix Income & Growth VCT plc advised by Matrix Private Equity Partners LLP
June 2005	The Company completed its first fundraising
September 2005	Matrix Income & Growth 3 VCT plc launched advised by Matrix Private Equity Partners LLP
April 2006	Matrix Income & Growth 3 VCT plc completed its first fundraising
May 2010	Matrix Income & Growth 3 VCT plc merged into Matrix Income & Growth VCT plc
June 2012	Matrix Private Equity Partners LLP became a fully independent firm owned by its partners and renamed itself, Mobeus Equity Partners LLP. Matrix Income & Growth VCT plc changed its name to Mobeus Income & Growth VCT plc to be consistent with the Investment Adviser's change of name
November 2013	The Company is awarded 'VCT of the Year' at the 2013 Investment Week Investment Company of the Year Awards
2010 – 2014	The Company launched five fundraisings with the other Mobeus VCTs

Contents

WARNING TO SHAREHOLDERS –

– Boiler Room fraud and unsolicited communications to shareholders

We are aware that from time to time our shareholders have received unsolicited telephone calls and/or mail which purport to come from the Company or to be authorised by the VCT.

Further information on boiler scams and who to contact, should you believe that you have been approached by a spurious company, is included within Shareholder Information on page 69.

Financial Highlights

Results for the year ended 31 December 2014

- Net asset value ("NAV") total return per share for the year was 17.1% while the share price total return per share for the year was 21.4%.
- Shareholders received an interim dividend of 17.00 pence per share in September 2014. A second interim dividend of 7.00 pence per share has been declared, payable on 30 April 2015. This will bring total dividends paid per share in respect of the year to 24.00 pence and cumulative dividends paid per share since launch in 2004 to 71.30 pence.
- This has been an exceptional year for disposals. A total of £20.69 million was received as net cash proceeds from seven major realisations, compared with a total cost of £4.85 million.
- The Company invested a total of £9.89 million into new investments during the year.
- The cash position has been enhanced as a result of the Mobeus VCT Offer in 2014, which raised £8.43 million (before costs) for the Company and this year's fundraising, which closed on 10 March 2015, having raised the full £15 million (before costs) offered for subscription.

Performance Summary

The net asset value per share of the Company at 31 December 2014 was 99.44 pence

The table below shows the recent past performance of the original funds raised in 2004/05. Performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT shareholders are shown in a table on pages 73 – 74 of this Annual Report.

Reporting date as at	Net assets (£m)	NAV per share (p)	Share price (mid-market price)[1] (p)	Cumulative dividends paid per share (p)	Cumulative total return per share since launch[2] (NAV basis) (p)	(Share price basis) (p)	Dividends per share in respect of the year (p)
31 December 2014	60.41	99.44	86.00	64.30	163.74	150.30	24.00[3]
31 December 2013	54.27	102.18	87.50	44.05	146.23	131.55	7.25
31 December 2012	43.29	94.22	80.50	38.05	132.27	118.55	7.00
31 December 2011	40.73	95.59	78.75	26.80	122.39	105.55	6.75
31 December 2010	38.45	96.66	84.00	21.30	117.96	105.30	5.00

[1] Source: London Stock Exchange.

[2] Cumulative total return per share comprises either the NAV per share (NAV basis) or the mid-market price per share (share price basis), plus cumulative dividends paid since launch in October 2004.

[3] This figure of 24.00 pence includes the second interim dividend of 7.00 pence per share referred to in the Financial Highlights above, which will reduce the net assets per share from the 31 December 2014 position.

Discount of share price to NAV – The discount on the Company's shares at 31 December 2014 was 9.9% based on the NAV per share at 30 September 2014 of 95.40 pence, which was the latest published NAV per share at that time.

Chairman's Statement

I am pleased to present the annual results of Mobeus Income & Growth VCT plc for the year ended 31 December 2014.

Performance

This has been an extremely good year for the VCT. The NAV total return per share for the year to 31 December 2014 was 17.1% (2013: 14.8%) while the share price total return was 21.4% (2013: 16.2%). For a detailed explanation of how these total return figures have been calculated, please see page 17 of the Strategic Report. As a result of this performance, the cumulative NAV total return per share (being the closing NAV plus total dividends paid to date since launch) rose during the year by 12.0% from 146.23 pence to 163.74 pence.

This strong performance was attributable to one principal factor: the number of realisations in this period has been exceptional and these sales achieved returns markedly in excess of their valuations at the start of the year.

Dividends

As a consequence of the significant profits realised during the year, your Company was able to pay a substantial interim dividend of 17.00 pence per share to shareholders on 17 September 2014. The Directors have declared a sizeable second interim dividend in respect of 2014, of 7.00 pence (2013: final 3.25 pence) per share, comprising 5.80 pence (2013: final 1.50 pence) per share from capital and 1.20 pence (2013: final 1.75 pence) per share from income. This dividend will be paid on 30 April 2015 to shareholders on the Register on 7 April 2015.

Once this payment has been made, total dividends in respect of the year will be 24.00 pence (2013: 7.25 pence) per share, bringing cumulative dividends paid since inception in 2004 to 71.30 pence (2013: 47.30 pence) per share.

Shareholders should not expect this level of distributions to be repeated unless an equally successful run of realisations occurs in such a short period of time.

The Company's target of paying a dividend of at least 4.00 pence per share in respect of each financial year has been exceeded in each of the last five years. A full dividend history is contained in the Performance Data appendix on page 74.

Investment portfolio

The VCT has maintained a steady rate of new investment, investing a total of £9.89 million (including £1.00 million which was previously held in an acquisition vehicle) during the year under review. Full details of all of these transactions and of a substantial new investment following the year-end of £3.28 million (including £1.14 million from an acquisition vehicle) are included in the Investment Adviser's Review on pages 4 – 8.

The Company received cash proceeds in the year of £23.93 million from fifteen companies which were either sold or repaid loans. Within this figure, the six full realisations and the partial sale of ATG Media (set out on pages 6 – 7) realised proceeds of £20.69 million, which was £8.04 million greater than their aggregate value at the beginning of the year. Realised gains over the original cost of the seven investments sold (£4.85 million) totalled £15.84 million.

Performance also benefitted from net unrealised valuation gains in the year, reflecting progress within the portfolio generally. The investment portfolio was valued at £33.36 million at the year-end representing 103.4% of cost.

Review of longer term performance

Shareholders who invested in 2004 at the launch of the Company have seen a cumulative total return of 163.74 pence per share compared with their initial investment cost of 100 pence per share, or a net cost (after initial income tax relief of 40 pence) of 60 pence per share. As part of this return 64.30 pence in dividends have been received. This is an average annual dividend yield upon the initial 100 pence investment of 6.3% and 10.5% upon the same investment of 60 pence (net of 40 pence of initial income tax relief). The balance of the total return, the underlying NAV, is 99.44 pence per share.

As noted in the Strategic Report on page 21, the Board also regularly reviews the Company's relative performance compared with its peer group again using, as a benchmark, NAV cumulative total returns. Among generalist (including planned exit) VCTs monitored by the Association of Investment Companies ("AIC") and based on the latest statistics prepared by Morningstar, the Company was ranked seventh out of 32 VCTs monitored over the ten years to 28 February 2015.

Performance incentive fee

Under the current performance incentive agreement, the Adviser is entitled to receive performance incentive fees of an amount equal to 20% of subsequent cash distributions made to the Company's shareholders in each financial year (whether by dividend or otherwise from 20 May 2010) over and above a target return of dividends declared and paid in a financial year, currently 7.07 pence per share per annum subject to the maintenance of a target NAV per share, currently 98.52 pence. The performance incentive fee is payable annually and any cumulative shortfalls against the annual target return have to be made up before any entitlement arises. The cumulative dividend shortfall is currently 1.81 pence. No performance incentive fee has been paid to date.

Towards the end of last year, given the relatively small shortfall then projected against the target return of dividends as at 30 September 2014, and the possibility of a final dividend for the financial year ending 31 December 2014, the Board, together with the Company's current legal adviser and Mobeus, began to focus on the implications of the current performance incentive agreement. The parties believe that the existing agreement, the basis of which dates back to the original launch of the Company, has a number of shortcomings. Mobeus believes the target return for dividends was intended to refer to dividends paid in respect of a financial year and not dividends declared and paid in a financial year. Additionally, the Board believes that the definition of the NAV hurdle is also ambiguous. No specific allowance is made for excluding dividends subsequently paid out of net assets in the calculation of NAVs and reference is made to the average net asset value in the financial year without defining how this is to be calculated.

Depending on how the performance incentive agreement is interpreted, and also taking into account performance based on dividends paid in respect of a year rather than dividends declared and paid in a year, it was considered, at that time, that a performance incentive fee payment might have been due to Mobeus for 2014 ranging between nothing and around £1.00 million. The latter figure is an example only and was based on a final dividend being paid in respect of 2014 in the region of 10.00 pence per share and the NAV hurdle being satisfied.

Chairman's Statement

In light of the above and giving consideration to the absolute and relative performance of the Company in terms of total returns driven by a strong level of profitable realisations over the last eighteen months, the Board agreed to:

- make a bonus payment to Mobeus of £250,000 (inclusive of VAT, if any), subject to the approval of shareholders and the requirements of the Listing Rules of the Financial Conduct Authority; and
- consider implementing a revised performance incentive agreement with Mobeus, such agreement to be similar to that currently in place, reflective of total return performance and effective from 1 January 2015, such revised agreement to be proposed to shareholders for approval and subject to the requirements of the Listing Rules of the Financial Conduct Authority.

A notice convening the general meeting referred to above will be sent to shareholders on or before 10 June 2015, this being three months following the close of the recent Offer.

In consideration of the above, Mobeus has agreed that, in respect of the current arrangements, no performance incentive fee will be payable in respect of the financial year ended 31 December 2014.

Appointment of a new director

Following a review of the composition of the Board by the Nomination and Remuneration Committee, the Board appointed Catherine Wall as a Director of the Company with effect from 1 July 2014. Catherine has 30 years' experience in the private equity industry, principally gained at Barclays Private Equity (now Equistone Partners Europe), where she led and managed numerous investments in management buy-outs. Later, as the firm's UK portfolio director, she supervised the management of all the firm's UK investments and held numerous non-executive directorships as part of this role. Shareholders will have the opportunity to ratify her appointment at the Annual General Meeting.

Buybacks of the Company's own shares

During the year ended 31 December 2014, the Company bought back 536,729 ordinary shares, representing 1.0% of the issued share capital of the Company at the beginning of the year. Further details are included in the Directors' Report on page 27.

Legislative and regulatory developments

The Company and the Adviser have contributed to a consultation by HM Revenue & Customs ("HMRC") on the impact of the VCT Scheme and the appropriateness of its rules as part of the European Union's ("EU") review of the rules on State Aid. The process of the EU review and re-approval of the Scheme is scheduled to be completed shortly. We remain hopeful that the eventual outcome will not have any significant impact on the VCT industry.

Fundraising

The Company raised £8.43 million gross of issue costs (£8.19 million after costs) in the Mobeus VCT 2013/14 fundraising, which closed on 30 May 2014.

The Company launched a further fundraising with the other three Mobeus VCTs on 10 December 2014 to raise up to £39 million in aggregate ("the Offers"), including £15 million for the Company ("the Offer"). For the first time this year, each of the VCTs made a separate offer to investors. Investors were able to choose which of the Mobeus VCTs they wanted to invest in and how much to place in each, subject to the Offer(s) of their choice remaining open. The Company's Offer was well supported and closed on 10 March 2015 having raised the full amount offered for subscription of £15 million.

Annual fundraisings by the Company provide it with a comfortable level of liquidity that enhances its ability to use funds raised prior to April 2012 to continue to pursue its Investment Policy of primarily investing in management buyouts ("MBOs"). Monies raised post April 2012 are used to fund other types of investment opportunities, as well as to meet the Company's running costs, fund dividend payments and support its share buyback policy. Funds raised also allow the Company's fixed running costs to be spread over a larger asset base.

Annual General Meeting

The next Annual General Meeting of the Company will be held at 2.00 pm on Wednesday, 6 May 2015 at 33 St James's Square, London SW1Y 4JS. Both the Board and the Adviser look forward to welcoming shareholders to the meeting which will include a presentation from the Adviser on the investment portfolio and the opportunity to ask questions of the Board and the Adviser. The Notice of the meeting is included on pages 70 – 72 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 28 – 29 of this Annual Report.

Shareholder event

The Adviser held another successful shareholder event on 27 January 2015 at the Royal Institute of British Architects. In a much larger event this year, 270 shareholders heard presentations from the Adviser and from the Managing Director of Virgin Wines and the Chairman of each of Tessella and Tharstern. This is an annual event and all shareholders will receive an invitation later this year, to attend the next event to be held in January 2016.

Industry award for the Adviser

We are pleased to report to shareholders that the Adviser was named VCT Manager of the Year in 2014, for the third consecutive year, at the *unquote"* British Private Equity Awards 2014. The award recognised the continuing high level of consistency achieved by the Adviser during the year in maintaining high standards in all areas of its activity including deals, exits, portfolio management and fundraising.

Future prospects

It is pleasing to report on a successful year of strong performance for the Company in which it has completed a high number of transactions. The challenge for both the Adviser and the Company will be to maintain this performance and investment levels over the longer term. Current deal flow is encouraging, enabling the Adviser to assess a number of promising opportunities now and over the coming months, some of which should convert into investments in the future.

We aim to invest only in well-run, profitable companies, operating mainly in niche markets which we believe have the potential to grow and which can thrive across a range of economic conditions. Many of our investee companies continue to trade profitably and grow and the Adviser is also considering opportunities for further investment to support such companies within the portfolio.

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

Keith Niven
Chairman
23 March 2015

Investment Portfolio

Investment Adviser's Review

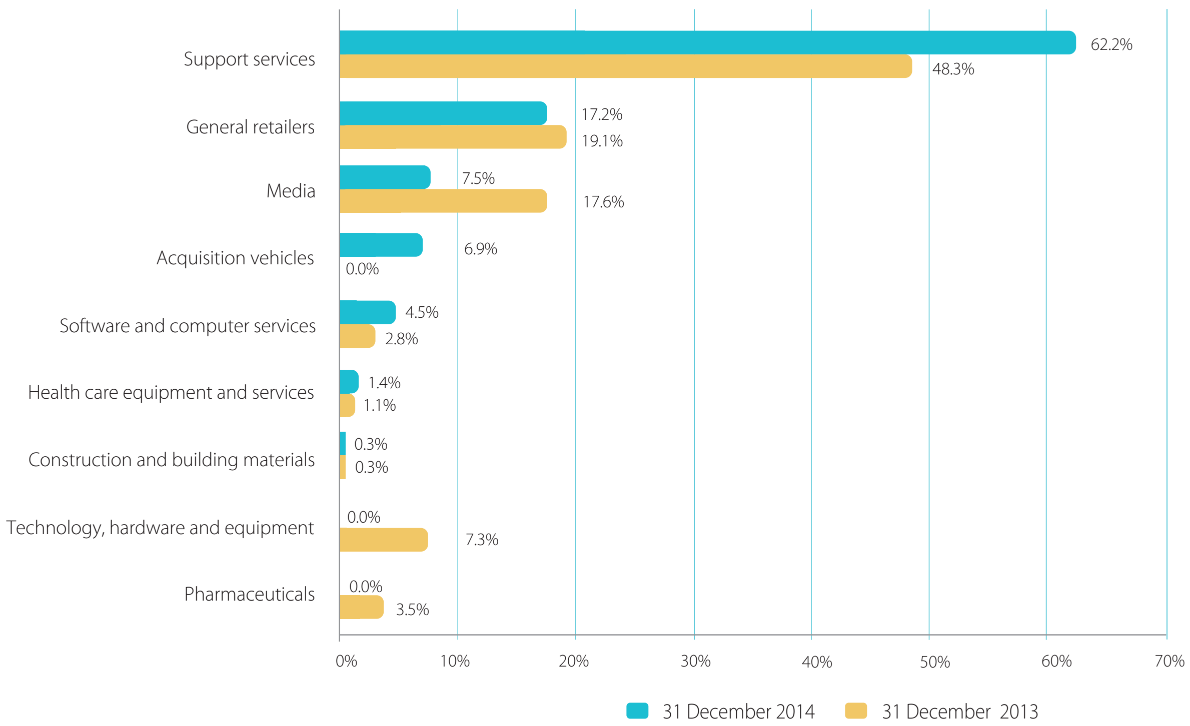
This has been an excellent year for the portfolio in which the number and value of divestments have been exceptional.

Deal flow has remained healthy, resulting in a high level of quality new investment activity. Four new investments were completed in 2014 and we expect this level of activity to be maintained in the current year. We believe the healthy level of deal flow reflects both improved business confidence and the continued perception that the UK banking industry remains unable to meet the funding needs of smaller businesses.

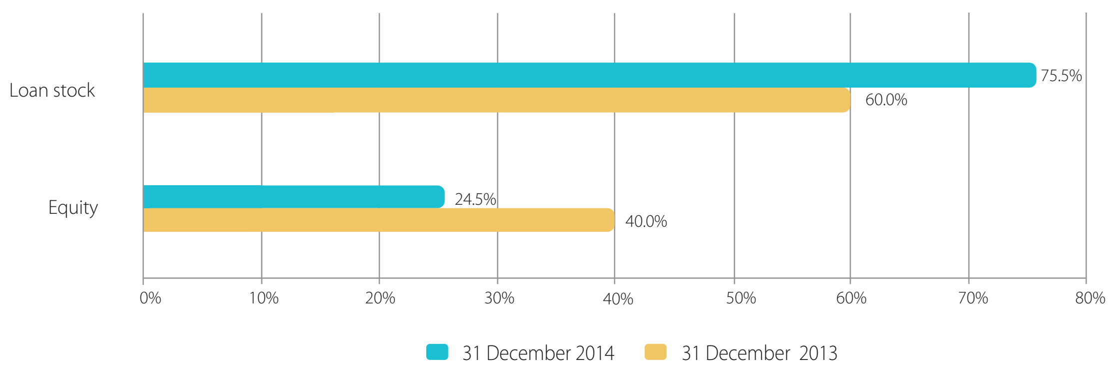
The performance of the investment portfolio for the year has greatly benefited from the sizeable profitable disposals in the year, detailed in the section on Realisations on pages 6 and 7. We are satisfied with the overall progress made in the year by investments in the portfolio held at the year-end, where a slight increase in valuations has occurred over the year.

Investments remain diversified across a number of sectors primarily in support services (which spans a number of different businesses), general retailers, media and fixed-line telecommunications.

Investments by market sector at valuation at the year-end



Investments by instrument at valuation at the year-end



New investment

A total of £9.89 million was invested during the year under review. This included new investments to support the MBOs of Entanet, Creative Graphics International and Tharstern and the corporate restructuring of the Ward Thomas Group.

Principal new investments in the year

Company	Business	Date of investment	Amount of new investment (£m)
Entanet	Wholesale provider of internet connectivity solutions	February 2014	**1.71***

Entanet is one of the UK's leading independent wholesale voice and data communications providers. Headquartered in Telford and with over 80 staff, the company provides a diverse portfolio of business class data and voice services via a network of over 2,000 wholesale and reseller channel partners in the UK. The company's latest audited accounts for the year ended 31 December 2013 show annual sales of £29.42 million and profit before interest, tax and goodwill of £2.78 million.

* The investment utilised £1.00 million from Ackling Management, one of the Company's acquisition vehicles, which is included in the above figure.

Creative Graphics International	Producer of adhesive decorative graphics for vehicles	June 2014	**1.32**

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, UK and Cape Town, South Africa. The company's latest audited accounts for the year ended 30 November 2012 show annual sales of £12.64 million and profit before interest, tax and goodwill of £2.49 million.

Tharstern	Software-based management information systems	July 2014	**1.46**

Tharstern is a leading UK supplier of software-based management information systems to the print sector. Tharstern's Primo system sits within a print business and manages its processes, from sales to procurement, production and fulfilment. The company's latest audited accounts for the year ended 31 January 2014 show annual sales of £3.87 million and profit before interest, tax and goodwill of £0.80 million.

Ward Thomas	Specialist logistics, storage and removals business	December 2014	**2.03**

Ward Thomas is a brand-led specialist logistics, storage and removals business. The group comprises three distinct businesses operating under a common management structure with common shareholders. Separate investments were made into Leap New Co which owns the Anthony Ward Thomas and Bishopsgate businesses of £1.41 million and into Aussie Man & Van Limited of £0.62 million. The latest audited accounts for Ward Thomas Removals Limited for the year ended 30 September 2013 show annual sales of £12.17 million and profit before interest, tax and goodwill of £1.96 million.

The VCT also invested a further £2.29 million into two new acquisition vehicle investments in the year, namely South West Services Investment (SWSI) and Manufacturing Services Investment. SWSI was used following the year-end to support the new investment into Media Business Insight and subsequently changed its name to Media Business Insight Holdings. For further details please see page 6 and the Investment Portfolio Summary on pages 13 – 15.

Further investments into existing portfolio companies in the year

	Company	Business	Date of further investment	Amount of new investment (£m)
	ASL Technology	Printer and photocopier services	December 2014	**1.03**

ASL Technology is a printer and photocopier services business based in Cambridge and focussed on SME customers primarily in East Anglia and the northern Home Counties. The VCT completed a further investment into the company in December 2014, to provide capital to refinance the bank and support the company's buy and build strategy. ASL has a £13 million turnover and has generated profit before interest, tax and goodwill in the year ended 30 September 2014 of £1.5 million.

In addition to ASL above, the Company also invested a further £0.05 million into Gro-Group in November 2014 in the form of a loan agreed at the time of the original investment in March 2013.

New investment post year-end

	Company	Business	Date of investment	Amount of new investment (£m)
	Media Business Insight	Events and publishing	February 2015	**3.28***

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 period ended 31 December 2013 show annual sales of £8.24 million and profit before interest, tax and goodwill of £1.06 million.

* A further £1.38 million was invested into SWSI adding to the Company's earlier investment of £1.14 million. This enabled SWSI to acquire Media Business Insight Limited ("MBIL"). The Company has also advanced a non-qualifying loan of £0.76 million to MBIL. SWSI subsequently changed its name to Media Business Insight Holdings.

The VCT also invested a further £1.00 million into Entanet in February 2015 as loan stock.

Realisations

The year has been marked by a number of sizeable, profitable realisations which have all generated attractive returns for the Company. The VCT completed the partial sale of ATG Media and the full sales of each of MachineWorks, Monsal and DiGiCo Global in the first half of the year, followed by Focus, Youngman and EMaC in the second half, for total net cash proceeds of £20.69 million compared to cost of £4.85 million. As part of the ATG Media transaction, the Company also received non-cash consideration of £2.50 million by way of loan stock and equity investments in Turner Topco Limited, the acquirer. As a result, the Company retains a 6.2% shareholding in the business.

Other realisations were £0.10 million, including a post-sale receipt relating to Iglu.com Holidays Limited, a previous investment. With the loan repayments of £3.14 million set out on page 8, total net proceeds realised in the year amounted to £26.43 million.

	Company	Business	Period of investment	Total cash proceeds over life of the investment/ Multiple over cost
	MachineWorks	Software for CAM and Machine tool vendors	April 2006 – April 2014	£2.69 million 4.16 times cost

MachineWorks' core software products are used by manufacturers of machine tool controllers to simulate real life manufacturing situations. It was de-merged from the Company's original investment in VSI in March 2011 and was sold to Westec Holding Company Limited for £1.60 million. The original investment of £0.65 million has returned £2.69 million in cash over its life.

	Company	Business	Period of investment	Total cash proceeds over life of the investment/ Multiple over cost
atgmedia	ATG Media	Publisher and online auction platform operator	October 2008 – present	£6.13 million 1.87 times cost to date

A partial sale of ATG Media via a secondary MBO to a mid-market private equity house, ECI Partners, realised net proceeds of £7.57 million, being cash of £5.07 million, with the balance being a new loan stock investment and a minority 6.2% equity stake, together valued at £2.52 million (cost: £2.50 million). The investment cost in ATG Media was £3.27 million.

MONSAL	Monsal	Engineering services to the water and waste sectors	December 2007 – June 2014	£2.65 million 1.87 times cost

The sale of Monsal, a renewable energy consultancy, to the US conglomerate General Electric, realised £1.86 million. The 1.87x return on the total amount invested of £1.42 million represents a return on an investment originally made in 2007, which required support from further funding rounds in 2009 and 2011.

DiGiCo	DiGiCo Global	Audio mixing desks	July 2007 – July 2014	£10.71 million 5.50 times cost

The VCT realised its remaining investment through a sale to a new professional audio group backed by Electra Partners. The business has demonstrated strong and consistent growth since investment. Turnover has grown threefold from £8.00 million to £24.00 million over the period of the Company's investment. This final sale realised £3.37 million. It followed a partial realisation in December 2011 through a secondary buyout by Living Bridge (formerly ISIS Equity Partners). The Company's original investment was £1.95 million.

FOCUS Focus Pharmaceuticals Ltd	Focus Pharma	Generic pharmaceutical products	October 2007 – October 2014	£4.74 million 3.79 times cost

The VCT realised its investment in Focus Pharma through a trade sale to Cinven-backed Amdipharm Mercury Group for £2.54 million. Focus is engaged in the distribution of generic pharmaceuticals both for third parties, and on its own account, where it develops and licenses the drug for its own benefit. The business has demonstrated strong growth throughout the investment period with turnover increasing three-fold to just under £40.00 million per annum. The original investment of £1.25 million has returned cash of £4.74 million.

YOUNGMAN INNOVATIVE WORK AT HEIGHT SOLUTIONS	Youngman	Access towers and ladders	October 2006 – October 2014	£2.46 million 2.46 times cost

The VCT realised this investment through a sale to Werner Co (US) for £1.66 million. Based in Essex, Youngman was established in the 1920s and today produces access equipment including specialist step and loft ladders, access and work platforms, and extension and combination ladders. The investment of £1.00 million has returned £2.46 million in cash over its life.

EMaC THE SERVICE PLAN THAT REALLY WORKS	EMaC	Service plans for the motor trade	October 2011 – December 2014	£5.42 million 3.08 times cost

The VCT sold its investment in EMaC to Innovation Group plc for £4.59 million. EMaC is one of the UK's leading providers and administrators of outsourced service plans to car manufacturers and franchised dealers in the motor trade. During the period of this investment, EMaC consistently outperformed expectations and increased turnover by 60% post investment. The original investment of £1.76 million has returned £5.42 million in cash.

Loan stock repayments

Loan stock repayments totalled £8.08 million for the year, including £4.94 million as part of the proceeds from the companies realised above. Positive cash flow at seven other companies contributed to the balance of £3.14 million. These proceeds are summarised below:-

Company	Business	Month	Amount £000's
Country Baskets	Artificial flowers, floral sundries and home décor products	June/December	2,000
Motorclean	Vehicle cleaning and valeting services	June	368
Newquay Helicopters	Helicopter services	April	293
Westway	Air conditioning services	January	216
Tessella	Consultancy services	Various	132
Virgin Wines	Online wine retailer	July	87
Monsal	Engineering services to the water and waste sectors	May (before sale in June)	44
		Total	**3,140**

Investment outlook

This has been a significant year for the portfolio, both in terms of the number of new investments made and the returns earned from seven major realisations.

We are pursuing a number of opportunities which we hope will materialise over the coming months. Deal flow remains healthy, reflecting our perception that the level of merger and acquisition activity in the UK small company sector continues to be solid. Our intention is to maximise the opportunities presented by these current favourable market conditions to steer new investment deals through to completion, to meet our aims of sustaining current investment levels and securing continued good returns to shareholders.

Mobeus Equity Partners LLP
Investment Adviser
23 March 2015

Principal Investments in the Portfolio at 31 December 2014 by Valuation

ASL Technology Holdings Limited

www.aslh.co.uk

Cost £2,942,000

Valuation £3,336,000

Basis of valuation:
Earnings multiple

Equity % held
14.4%

Income receivable in year
£14,673

Business
Printer and photocopier services

Location
Cambridge

Original transaction
Management buyout

Audited financial information

Year ended	30 September 2014
Turnover	£13,266,000
Operating profit	£1,176,000
Net liabilities	£(3,123,000)
Year ended	30 September 2013
Turnover	£14,484,000
Operating profit	£1,296,000
Net liabilities	£(1,214,000)

Movements during the year

Further investment of £1.03 million made in December 2014.

Entanet Holdings Limited

www.enta.net

Cost £1,714,000

Valuation £2,923,000

Basis of valuation:
Earnings multiple

Equity % held
12.0% (fully diluted)

Income receivable in year
£163,996

Business
Wholesale communications provider

Location
Telford, Shropshire

Original transaction
Management buyout

Audited financial information

Period ended	31 December 2013[1]
Turnover	£29,415,000
Operating profit	£2,782,000
Net assets	£2,332,000
Year ended	30 November 2012[1]
Turnover	£25,853,000
Operating profit	£2,431,000
Net assets	£5,691,000

[1] The financial information quoted above is for Entanet International Limited prior to the MBO which completed in February 2014.

Movements during the year

MBO investment made in February 2014.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost £2,439,000

Valuation £2,567,000

Basis of valuation:
Earnings multiple

Equity % held
12.2%

Income receivable in year
£236,580

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Period ended	27 June 2014[1]
Turnover	£35,695,000
Operating profit	£1,580,000
Net assets	£6,175,000
Period ended	28 June 2013[1]
Turnover	£34,475,000
Operating profit	£2,010,000
Net assets	£4,952,000

[1] The financial information quoted above relates to the operating subsidiary, Virgin Wine Online Limited and includes figures relating to the performance of this company prior to the MBO which completed in November 2013.

Movements during the year

A loan repayment of £0.09 million has been received.

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.

Turner TopCo Limited

www.antiquestradegazette.com

Cost	£2,501,000
Valuation	£2,519,000

Basis of valuation:
Earnings multiple

Equity % held
6.2% (fully diluted)

Income receivable in year
£143,528

Business
Publisher and on-line auction platform operator

Location
London

Original transaction
Secondary buyout

Audited financial information

Period ended	30 September 2014
Turnover	£4,126,000
Operating loss	£(539,157)
Net liabilities	£(833,649)

Year ended	30 September 2013[1]
Turnover	£13,783,000
Operating profit	£3,161,000
Net assets	£5,764,000

[1] The financial information quoted above for 2013 is for ATG Media Holdings Limited prior to the secondary MBO which completed in June 2014.

Movements during the year

The partial disposal of the Company's investment in ATG Media to Turner TopCo, resulted in the above investment in the acquirer, in June 2014.

Fullfield Limited

www.motorclean.net

Cost	£2,208,000
Valuation	£2,342,000

Basis of valuation:
Earnings multiple

Equity % held
14.1%

Income receivable in year
£228,717

Business
Provider of vehicle cleaning and valet services

Location
Laindon, Essex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2014
Turnover	£38,155,000
Operating profit	£2,554,000
Net assets	£2,567,000

Year ended	31 March 2013
Turnover	£24,537,000
Operating profit	£1,234,000
Net assets	£2,576,000

Movements during the year

Fullfield made loan repayments totalling £0.37 million during the year.

Veritek Global Holdings Limited

www.veritekglobal.com

Cost	£2,045,000
Valuation	£2,056,000

Basis of valuation:
Earnings multiple

Equity % held
13.0% (fully diluted)

Income receivable in year
£228,718

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2014[1]
Turnover	£14,443,000
Operating profit	£249,000
Net liabilities	£(804,000)

Year ended	31 March 2013[2]
Turnover	£24,684,000
Operating profit	£1,506,000
Net assets	£6,245,000

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

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

Movements during the year

None.

Principal Investments in the Portfolio at 31 December 2014 by Valuation

Tessella Holdings Limited

www.tessella.com

Cost	£1,426,000
Valuation	£1,897,000

Basis of valuation:
Earnings multiple

Equity % held
7.2%

Income receivable in year
£154,782

Business
Provider of science powered technology and consulting services

Location
Abingdon, Oxfordshire

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2014
Turnover	£23,146,000
Operating profit	£3,652,000
Net assets	£4,213,000
Year ended	31 March 2013
Turnover	£14,443,000
Operating profit	£2,064,000
Net assets	£4,306,000

Movements during the year

Tessella made quarterly loan stock repayments totalling £0.13 million.

Gro-Group Holdings Limited

www.gro.co.uk

Cost	£1,975,000
Valuation	£1,788,000

Basis of valuation:
Earnings multiple

Equity % held
10.5% (fully diluted)

Income receivable in year
£150,612

Business
Manufacturer and distributor of baby sleep products

Location
Ashburton, Devon

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2013[1]
Turnover	£11,444,000
Operating profit	£775,000
Net assets	£1,178,000
Year ended	30 June 2012[1]
Turnover	£10,945,000
Operating profit	£663,000
Net assets	£1,080,000

[1] The financial information quoted above is for Gro-Group Holdings Limited's only active subsidiary and includes figures prior to the MBO which completed in March 2013.

Movements during the year

A further loan of £0.05 million was made in November 2014.

Tharstern Group Limited

www.tharstern.com

Cost	£1,450,000
Valuation	£1,450,000

Basis of valuation:
Cost

Equity % held
15.3% (fully diluted)

Income receivable in year
£55,117

Business
Software-based Management Information Systems to the print sector

Location
Colne, Lancashire

Original transaction
Management buyout

Audited financial information

Year ended	31 January 2014
Turnover	£3,871,000
Operating profit	£799,000
Net assets	£885,000
Year ended	31 January 2013
Turnover	£3,358,000
Operating profit	£690,000
Net assets	£770,000

Movements during the year

Investment made in July 2014.

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.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost	£1,299,000
Valuation	£1,411,000

Basis of valuation:
Earnings multiple

Equity % held
2.3%

Income receivable in year
£124,261

Business
Branded outdoor equipment and clothing

Location
Alfreton, Derbyshire

Original transaction
Acquisition capital

Audited financial information

Year ended	31 January 2014
Turnover	£34,811,000
Operating profit	£3,417,000
Net assets	£9,436,000
Year ended	31 January 2013
Turnover	£27,266,000
Operating profit	£2,464,000
Net assets	£7,657,000

Movements during the year

None.

Leap New Co Limited

www.ward-thomas.co.uk

Cost	£1,411,000
Valuation	£1,411,000

Basis of valuation:
Cost

Equity % held
7.5%

Income receivable in year
£4,938

Business
Logistics, removal and storage

Location
London

Original transaction
Corporate restructuring

Audited financial information

Year ended	30 September 2013
Turnover	£12,169,000
Operating profit	£1,995,000
Net assets	£7,597,000
Year ended	30 September 2012
Turnover	£10,983,000
Operating profit	£1,559,000
Net assets	£6,807,000

Movements during the year

New investment made in December 2014.

Westway Services Holdings (2014) Limited

www.westwayservices.com

Cost	£214,000
Valuation	£1,355,000

Basis of valuation:
Earnings multiple

Equity % held
6.1%

Income receivable in year
£13,153

Business
Installation, service and maintenance of air conditioning systems

Location
Greenford, Middlesex

Original transaction
Management buyout

Audited financial information

Year ended	28 February 2014
Turnover	£30,018,000
Operating profit	£4,087,000
Net assets	£6,865,000
Year ended	28 February 2013
Turnover	£22,273,000
Operating profit	£2,619,000
Net assets	£4,565,000

Movements during the year

Secondary buyout in November 2014.

The remaining 16 investments in the portfolio (including two acquisition vehicles) had a cost of £10.64 million and were valued at £8.30 million at 31 December 2014.

Investment Portfolio Summary
as at 31 December 2014

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
Qualifying investments							
Unquoted investments							
ASL Technology Holdings Limited Printer and photocopier services	Support services	Dec-10	2,942	3,336	69.9%	5.5%	47.5%
Entanet Holdings Limited[3] Wholesale communications provider	Support services	Feb-14	1,714	2,923	70.5%	4.8%	42.0%
Virgin Wines Holding Company Limited (formerly Culbone Trading Limited) Online Wine retailer	General retailers	Nov-13	2,439	2,567	5.1%	4.2%	42.0%
Turner Topco Limited (trading as ATG Media)[4] Publisher and on-line auction platform operator	Media	Oct-08	2,501	2,519	12.0%	4.2%	17.1%
Fullfield Limited (trading as Motorclean) Provider of vehicle cleaning and valet services	Support services	Jul-11	2,208	2,342	(8.5)%	3.9%	46.0%
Veritek Global Holdings Limited (formerly Madacombe Trading Limited) Maintenance of imaging equipment	Support services	Jul-13	2,045	2,056	0.5%	3.4%	44.0%
Tessella Holdings Limited Technology consultancy	Support services	Jul-12	1,426	1,897	(2.8)%	3.1%	24.0%
Gro-Group Holdings Limited Baby sleep products	General retailers	Mar-13	1,975	1,788	(9.7)%	3.0%	37.6%
Tharstern Group Limited Software based management information systems	Software and computer services	Jul-14	1,450	1,450	New investment	2.4%	52.5%
Leap New Co Limited (trading as Anthony Ward Thomas Removals and Bishopsgate) A specialist logistics, storage and removals business	Support services	Dec-14	1,411	1,411	New investment	2.3%	26.4%
Westway Services Holdings (2014) Limited Installation, service and maintenance for air conditioning systems	Support services	Jun-09	214	1,355	43.2%	2.2%	15.6%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreational vehicle and aerospace markets	Support services	Jun-14	1,322	1,322	New investment	2.2%	26.9%
Media Business Insight Holdings Limited (formerly South West Services Investment Limited) Former acquisition vehicle used to support the MBO of Media Business Insight following the year-end	Media	Jan-14	1,143	1,143	New investment	1.9%	50.0%
Manufacturing Services Investment Limited Company seeking to acquire businesses in the manufacturing sector	Acquisition vehicles	Feb-14	1,142	1,142	New investment	1.9%	50.0%
EOTH Limited (trading as Rab and Lowe Alpine) Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	1,087	8.10%	1.8%	8.0%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Support services	Apr-06	492	974	(62.7)%	1.6%	52.5%

[1] - This percentage change in 'like for like' valuations is the result of dividing the total of the closing valuation of the investment plus any proceeds in the year from partial disposals, with the valuation at the start of the year or, for a new investment, with the cost of that new investment.

[2] - The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 10 to the accounts on page 56.

[3] - £1,000,000 of this investment into Entanet Holdings Limited was provided by Ackling Management Limited, one of the Company's acquisition vehicles.

[4] - Shares and loan stock in Turner Topco Limited arose as non-cash proceeds from the part realisation of ATG Media Holdings Limited.

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the domestic and commercial property markets	Support services	Apr-08	478	924	43.3%	1.5%	30.0%
RDL Corporation Limited Recruitment consultant for the pharmaceutical, business intelligence and IT industries	Support services	Oct-10	1,558	836	16.3%	1.4%	45.2%
Aussie Man & Van Limited Domestic removals and storage	Support services	Dec-14	621	621	New investment	1.0%	26.4%
Vectair Holdings Limited Designer and distributor of washroom products	Support services	Jan-06	139	423	(34.0)%	0.7%	24.0%
Newquay Helicopters (2013) Limited Helicopter service operator	Support services	Jun-06	226	396	–	0.7%	34.9%
Lightworks Software Limited Provider of software for CAD vendors	Software and computer services	Apr-06	223	64	(67.5)%	0.1%	45.0%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	1	–	0.0%	49.0%
PXP Holdings Limited (trading as Pinewood Structures) Designer, manufacturer and supplier of timber-frames for buildings	Construction and building materials	Dec-06	1,278	–	–	0.0%	32.9%
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers and floral sundries	General retailers	Dec-09	350	–	14.5%	0.0%	24.0%
Legion Group plc (in liquidation) Provider of manned guarding, mobile patrolling and alarm response services	Support services	Aug-05	150	–	–	0.0%	N/A
Watchgate Limited Holding company	Support services	Nov-11	1	–	–	0.0%	100.0%
Total unquoted investments			**31,661**	**32,577**		**53.8%**	
AIM quoted investments							
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	Health care equipment and services	Dec-10	305	458	2.7%	0.8%	6.0%
Total AIM quoted investments			**305**	**458**		**0.8%**	
Total qualifying investments			**31,966**	**33,035**		**54.6%[3]**	
Non-qualifying investments							
EOTH Limited (trading as Rab and Lowe Alpine)	General retailers	Oct-11	299	324	–	0.5%	8.8%
Total investment portfolio			**32,265**	**33,359**	**24.4%**	**55.1%**	

[1] - This percentage change in 'like for like' valuations is the result of dividing the total of the closing valuation of the investment plus any proceeds in the year from partial disposals, with the valuation at the start of the year or, for a new investment, with the cost of that new investment.

[2] - The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 10 to the accounts on page 56.

[3] - At 31 December 2014, the Company held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT qualifying investment test. For the purposes of the VCT qualifying investment test, the Company is permitted to disregard disposals of investments for six months from the date of disposal. It also has up to three years to bring in new funds raised, before these need to be included in the qualifying investment test.

Investment Portfolio Summary
as at 31 December 2014

	Total book cost £'000	Valuation £'000	% value of net assets
Current investments and cash at bank			
Cash at NatWest Bank plc[1]	7,852	7,852	13.0%
Barclays Bank plc[2]	3,517	3,517	5.8%
HSBC Bank plc[2]	3,512	3,512	5.8%
Lloyds Bank plc[2]	3,508	3,508	5.8%
Nationwide Building Society[2]	3,500	3,500	5.8%
Santander UK plc[2]	3,500	3,500	5.8%
GS Funds plc (Goldman Sachs)[2]	428	428	0.7%
GS Funds plc (Goldman Sachs) (formerly Global Treasury Funds plc (Royal Bank of Scotland))[2]	387	387	0.7%
Insight Liquidity Funds plc (Insight Investment Management)[2]	271	271	0.5%
Institutional Cash Series plc (BlackRock)[2]	256	256	0.4%
AAM Global Liquidity Fund plc (Aberdeen Asset Management) (formerly SWIP Global Liquidity Fund plc (Scottish Widows)[2]	176	176	0.3%
Fidelity Institutional Cash Fund plc (FIL Fund Management)[2]	114	114	0.2%
Total current investments and cash at bank	**27,021**	**27,021**	**44.8%**
Total investments	**59,286**	**60,380**	**99.9%**
Other assets		346	0.6%
Current liabilities		(316)	(0.5)%
Net assets		**60,410**	**100.0%**

[1] - Disclosed as Cash at bank within Current assets in the Balance Sheet on page 45.

[2] - Disclosed as Current Investments within Current assets in the Balance Sheet on page 45.

Strategic Report

Introduction

The Directors are pleased to present the Strategic Report of the Company for the year ended 31 December 2014. The purpose of this Report is to inform shareholders and help them to 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 Companies Act").

The Company's independent auditor is required to report on whether the information given in the Strategic Report is consistent with the financial statements. The Auditor's report is set out on pages 41 – 43.

Company Objective

The Objective of the Company is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns.

Summary of Investment Policy

The VCT's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity to reduce the risk of investing in smaller companies and in order to generate regular income from existing investments and capital gains from realisations.

Risk is further spread by investing in a number of different businesses across different industry sectors. Investments are made selectively, primarily in MBO transactions in companies that are established and profitable. The VCT aims to invest in larger, more mature, unquoted companies through investing alongside three other VCTs, advised by Mobeus, with similar investment policies. This enables the VCT to participate in combined investments by the Adviser of up to £5 million in aggregate.

The Company aims to maintain around 80% of total investments (investments and cash) in qualifying investments. Uninvested funds are held in a portfolio of low risk and readily realisable, interest-bearing investments and deposits.

The full text of the Company's Investment Policy is set out on page 23 of this Strategic Report.

The Company and its business model

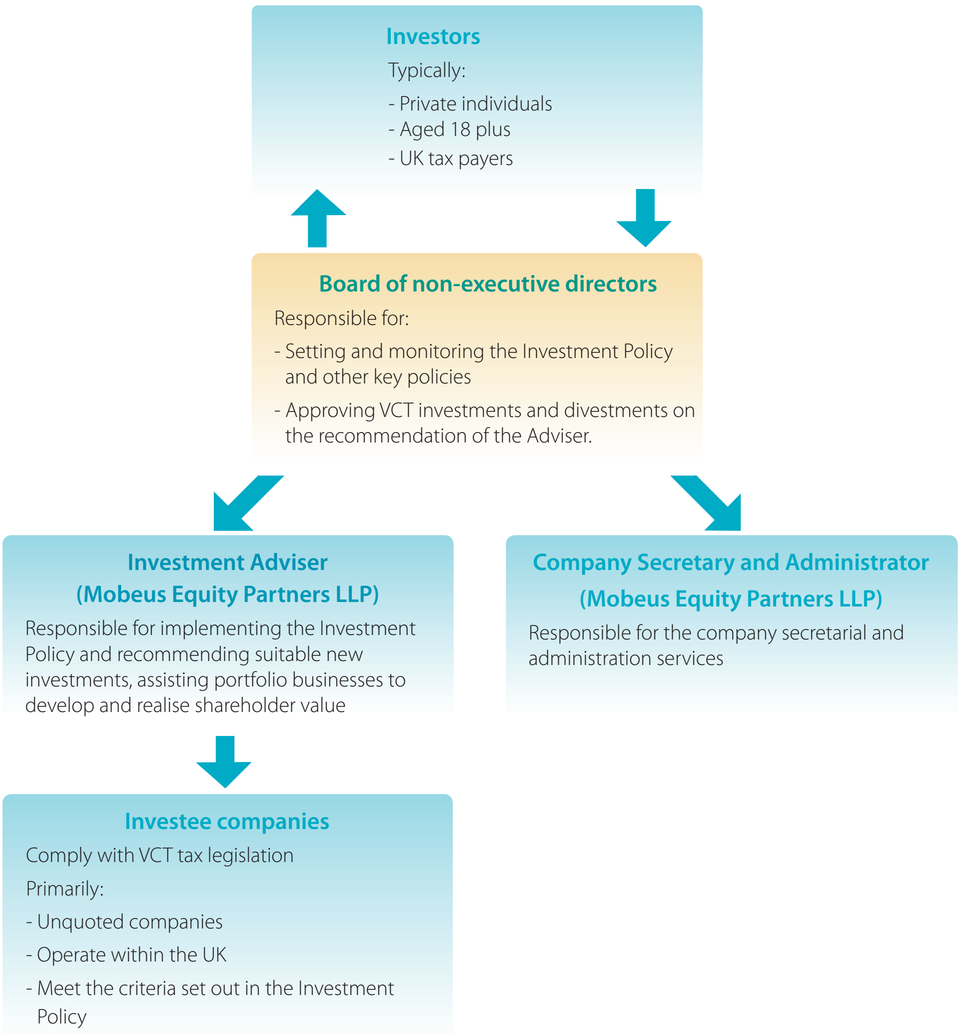
The Company's Investment Policy is designed to ensure that it continues to qualify and is approved as a VCT by HMRC whilst maximising returns to shareholders from both income and capital. One of the rules to remain a VCT is that it must remain a fully listed company on the London Stock Exchange and thus 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. Investment advice and operational support are outsourced to external service providers (including the Investment Adviser, Company Secretary and Administrator and Registrar), with the key strategic and operational framework and key policies set and monitored by the Board. Investment and divestment proposals are originated, negotiated and recommended by the Adviser and are then subject to comment and approval by the Directors.

The Company invests alongside three other VCTs advised by Mobeus (see page 23 of the Investment Policy for further details and Note 10 to the accounts on page 56 for a breakdown of the amounts invested by these VCTs).

Private individuals invest in the Company to benefit from both income and capital returns generated by investment performance. By investing in a VCT they also receive immediate income tax relief (currently 30% of the amount subscribed for new shares by an investor), as well as tax-free dividends received from the Company, and no capital gains tax upon the eventual sale of the shares.

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



Strategic Report

Performance

The Board has identified six key performance indicators that it uses in its own assessment of the Company's progress. These are intended to provide shareholders with sufficient information to assess how the Company has performed in 2014 and over the longer term against its Objective, resulting from the application of its investment and other principal policies:

1. Annual and cumulative total returns per share

1.1 Total shareholder returns per share for the year

The NAV and share price total shareholder returns per share for the year ended 31 December 2014 were 17.1% and 21.4% respectively, as shown below.

	NAV basis (p)
Closing NAV per share at 31 December 2014	99.44
Plus: dividends paid in year	20.25
Total	**119.69**
Less: NAV per share at 1 January 2014	(102.18)
Return for year	**+ 17.51**
% return for year	**+17.1%**

	Share price basis (p)
Closing share price at 31 December 2014	86.00
Plus: dividends paid in year	20.25
Total	**106.25**
Less: share price at 1 January 2014	(87.50)
Return for year	**+ 18.75**
% return for year	**+ 21.4%**

The Board considers both the NAV and share price returns for the year to be very satisfactory.

For similar performance data to that shown above for each allotment in each fundraising since the inception of the Company in 2004 (including the former Matrix Income & Growth 3 VCT), please see the Performance Data Appendix on pages 73 – 74 of this Annual Report.

1.2 Review of annual post-tax profits for the year

The source of shareholder returns for the year can be analysed further, as below:

For the year ended 31 December	2014		2013	
	£(m)	Pence per share*	£(m)	Pence per share*
Capital return	8.27	13.94	4.90	9.41
Revenue return	2.46	4.15	2.38	4.56
Total profit after tax	**10.73**	**18.09**	**7.28**	**13.97**

* The data in pence per share in the above table is based on the average number of shares in issue in the year. The 2014 profit of 18.09 pence per share therefore differs from the figure of 17.51 pence reported in the table in section 1.1 above, principally because the latter is based on the closing net assets divided by the closing number of shares in issue at 31 December 2014.

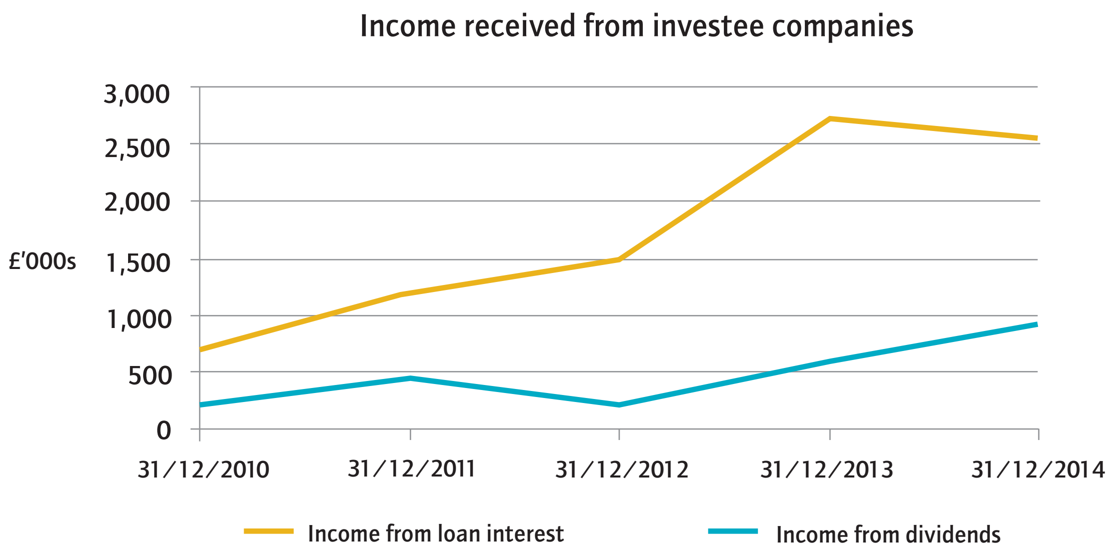
The positive capital return of £8.27 million for the year was due to gains realised in the year from disposals of £8.38 million and a net uplift in portfolio valuations of £0.70 million on investments held at the year-end. Management fees charged to capital returns were £1.03 million (£0.81 million net of corporation tax relief).

The revenue return for the year was £2.46 million, which was a small increase of £0.08 million on the previous year. This was due to a small rise in income of £0.16 million, from £3.46 million to £3.62 million, (explained in the table on page 18) and a fall in the tax charge of £0.07 million, offset by rises in fees and other expenses of £0.15 million (further explained in section 4 of this Strategic Report on page 21).

Analysis of changes in income for the year

Year ended 31 December	2014 £'000	2013 £'000	% Change	Reason
Loan interest	2,553	2,724	(6.3)%	Reduction due to an exceptionally large number of realisations in the period, partially offset by new loan stock investments
Dividend income	902	577	56.3%	A large preference dividend was received from Focus Pharma upon realisation
Return on cash	123	158	(22.2)%	Lower returns on cash held
Other income	46	–	n/a	Interest on overdue preference dividends
Totals	3,624	3,459	4.8%	

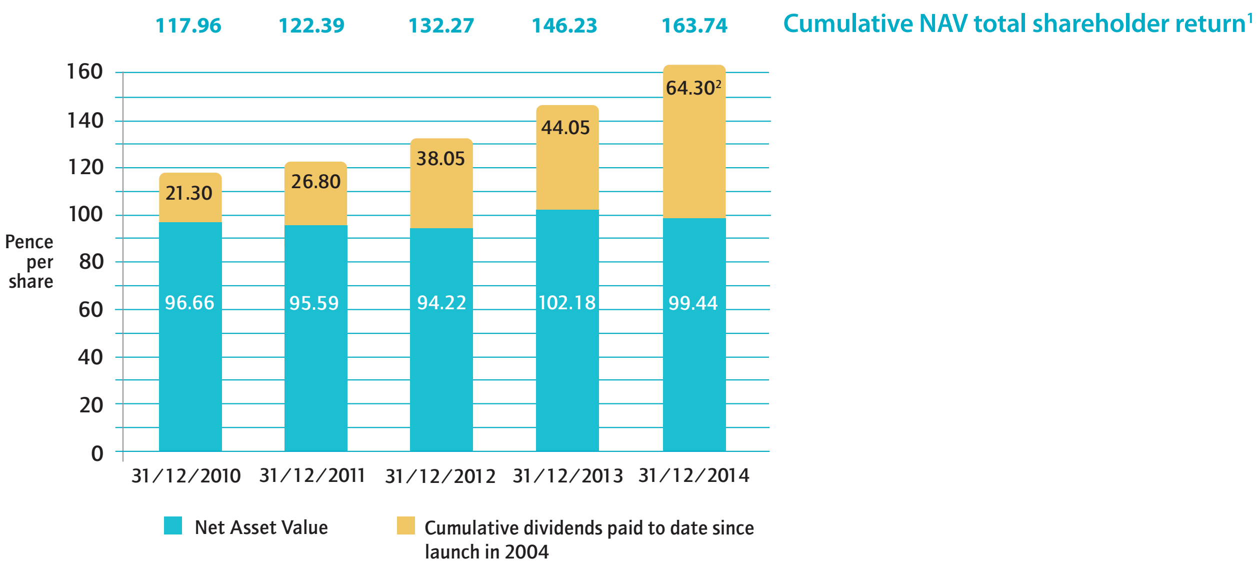
In addition to capital returns from increases in valuations and gains on realisations of investee companies, the portfolio is structured to generate regular income from loan stocks and dividends from equity investments. A five year history of these is shown below, which is marked by the rise in loan stock interest, as larger sums have been held in these loan instruments, alongside the increase in the size of the Company. As noted above, the slight fall in loan interest in 2014 was due to the exceptionally large number and value of loan disposals made during the year.



Strategic Report

1.3 Cumulative total shareholder return per share (NAV basis)

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



[1] Cumulative NAV total shareholder return is NAV plus cumulative dividends paid to date, per share. It therefore excludes dividends declared but not yet paid.

[2] The Directors have declared a second interim dividend of 7.00 pence per share for the year ended 31 December 2014. The dividend will be paid to shareholders on 30 April 2015, bringing cumulative dividends paid to date to 71.30 pence per share and the NAV per share will reduce by a corresponding 7.00 pence per share.

Longer-term performance can also be demonstrated by:-

Internal rate of return since inception in 2004

Founder shareholders have earned internal rates of return on their investment since 2004/05 as summarised in the table below. The internal rate of return is the annual discount rate that equates the original investment cost per share of 100 pence (without the benefit of initial income tax relief) and 60 pence (with the benefit of initial income tax relief) at the date of the original investment, with the value of subsequent dividends received and the latest NAV and share price per share. Shareholders should note that the share price at the year-end was at a 10% discount to the NAV at 30 September 2014 of 95.40 pence, not 99.44 pence as at 31 December 2014, so the share price data are not directly comparable to the NAV data.

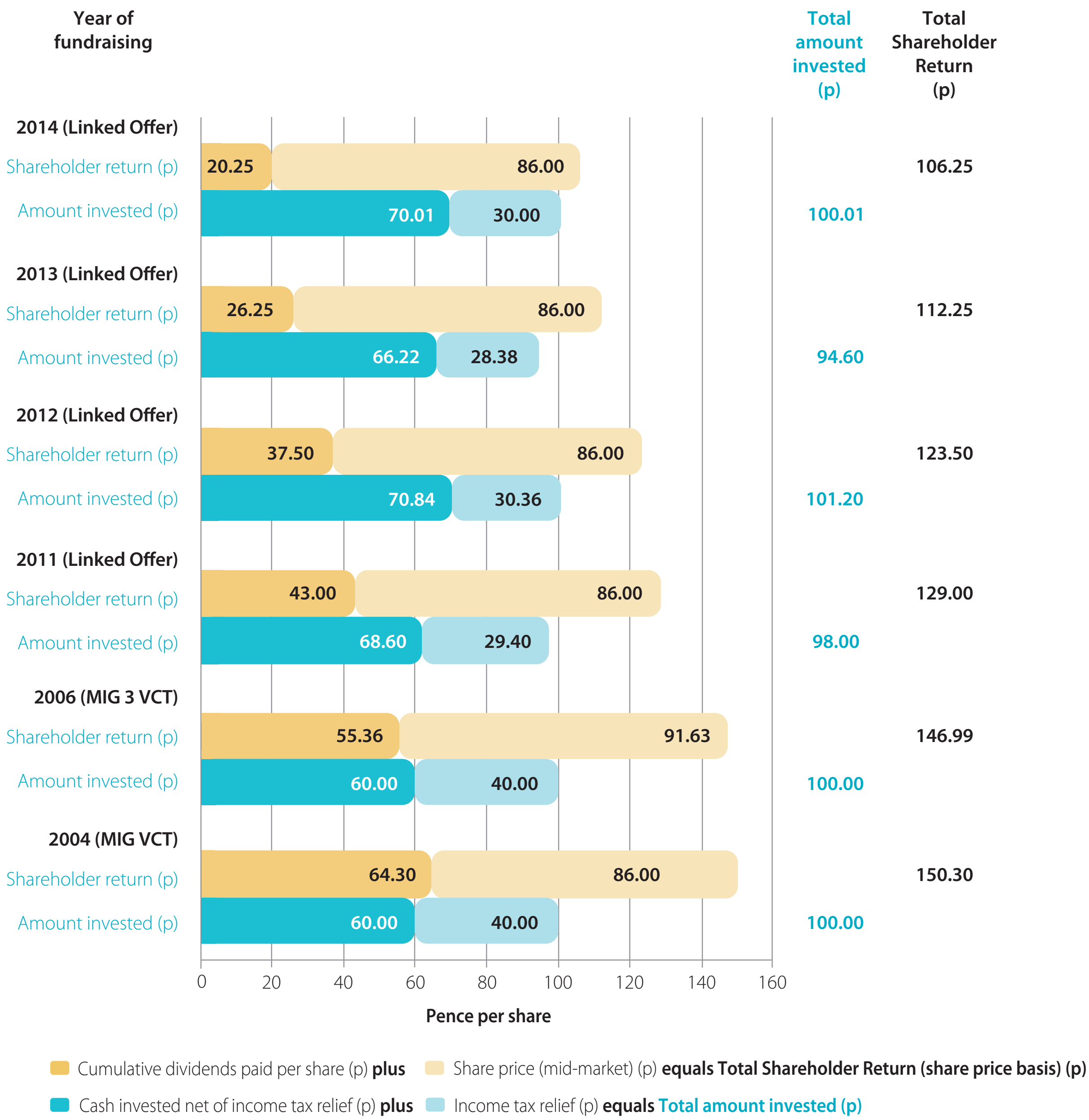
	Internal Rate of Return per annum			
	NAV return basis		Share price basis (mid-market)	
For the year ended 31 December	2014 %	2013 %	2014 %	2013 %
Without benefit of initial income tax relief	5.7	4.8	4.7	3.5
With benefit of initial income tax relief	12.2	11.8	11.3	10.5

The internal rates of return have improved on both bases from last year, due to the Company's strong performance in 2014.

The figures quoted above are for the shares subscribed in the original offer for subscription in 2004/05, taken to be the launch date of the offer on 8 October 2004.

Shareholder returns

The chart below shows the amounts that shareholders who invested in the first allotment of each fundraising round have received per share to date in dividends together with the mid-market share price at 31 December 2014, compared with the amount invested per share. It also shows the income tax relief received as a separate component of that amount invested.



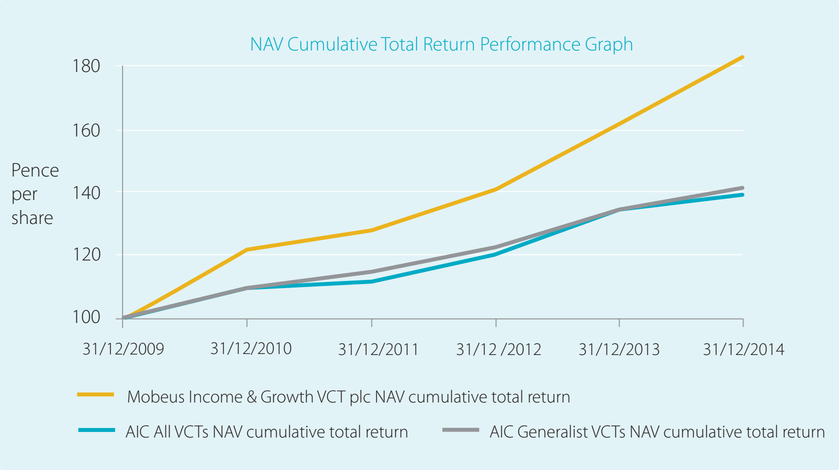
The returns for shareholders include:

- Initial income tax relief received treated as a cash return at the time of the initial investment and shown as a component of the amount then invested. The amount returned was 40% of the initial investment for the tax years 2004/05 and 2005/06 and 30% for the tax years 2006/07 onwards;
- Tax-free dividends received as further cash returns since that initial investment;
- The closing mid-market share price.

Data for the second oldest fundraising above are for Matrix Income & Growth 3 VCT ("MIG 3 VCT"), which merged with the Company in May 2010. Dividends paid to former MIG 3 VCT shareholders, and the share price, have been adjusted to reflect that a MIG 3 VCT shareholder received 1.0655 shares in the Company for each MIG 3 VCT share they owned, at the date of the merger.

Strategic Report

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



The Board places emphasis on benchmarking the Company's performance against its peer group of VCTs. This graph compares the NAV cumulative total return of the Company to an index of all VCTs and an index of generalist VCTs, which are members of the Association of Investment Companies ("AIC") over the last five years based on figures published by Morningstar.

Statistics produced by the AIC demonstrate that the Company's cumulative total return per share on a NAV basis is in the first quartile of the VCT's peer group on a one, three and five year basis. The performance of the Adviser was recognised in the *unquote"* British Private Equity Awards 2014, where Mobeus was named VCT House of the Year in 2014 for the third consecutive year.

3. Compliance with VCT legislation

In order to comply with VCT tax legislation, the Company must meet a number of tests set by HMRC. In particular, the Company is required to maintain not less than 70% of its total investments (investments and cash) in qualifying investments in unquoted and AIM quoted companies. The calculation of this percentage is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which will differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 13 – 15. Furthermore, the test permits a period of approximately three years to pass before funds raised need to be brought into consideration for the purposes of this test. Further information on this and some of the other tests is detailed on page 23 under VCT Regulation within the Investment Policy. At 31 December 2014 and at the date of this report, the Company continued to meet these tests.

4. Costs

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

	2014	**2013**
Ongoing charges	**2.7%**	2.7%
Performance fee	**0.0%**	0.0%
Ongoing charges plus accrued performance fee	**2.7%**	2.7%

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

The Ongoing Charges Ratio replaces the Total Expense Ratio reported previously for several years. The Total Expense Ratio still forms the basis of any expense cap that may be borne by the Adviser. For the purpose of calculating this ratio, actual running costs are capped at 3.6% 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 2014 (2013: £nil).

Management fees and other expenses

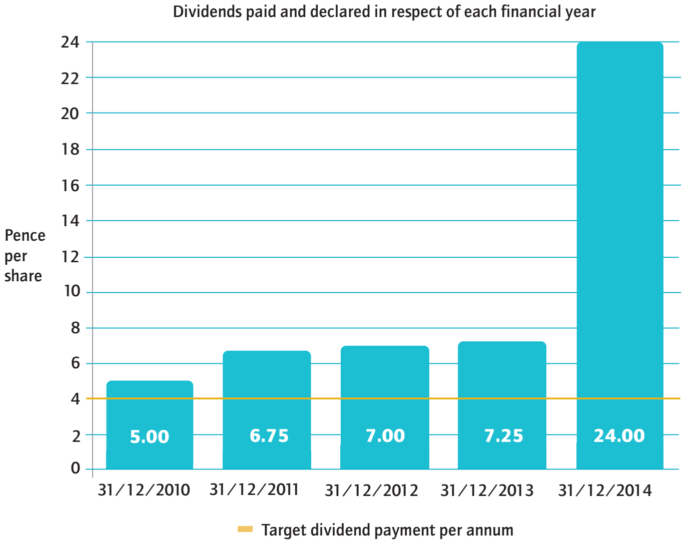
In line with the rise in net assets, Adviser fees have increased from £1.15 million to £1.37 million, charged to both revenue (increase of £0.05 million) and capital (increase of £0.17 million) returns. Other expenses (all charged to revenue) have risen from £0.29 million to £0.39 million due principally to rises in trail commission, directors' fees and professional fees (the increase in the latter being related to AIFM compliance and the recruitment fee for a non-executive director).

In addition to its Investment Policy, the Board also monitors the key performance indicators arising from applying its Dividend and Discount Policies. These indicators are respectively dividends paid in respect of each year and the discount to NAV at which shares are bought back by the Company.

5. Dividends paid and comparison to dividend policy

The Company has a target of paying an annual dividend of at least 4.00 pence per share in respect of each financial year. It has comfortably exceeded this target in each of its last five financial years.

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

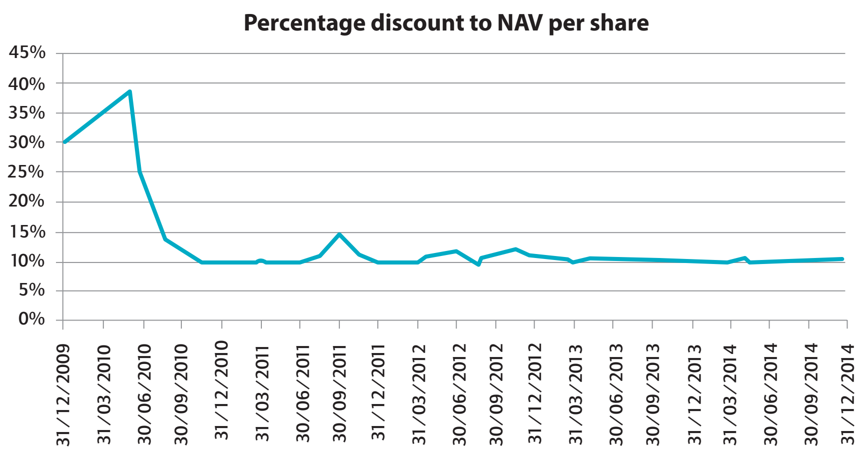


- **Dividends per share paid and declared in respect of the financial year ended 31 December 2014 are 24.00 pence.**
- **A second interim dividend of 7.00 pence per share for the year ended 31 December 2014, which has been declared and will be paid to shareholders on 30 April 2015, has been included in the 24.00 pence for 2014.**

6. Maintenance of discount policy for share buybacks

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 at which the shares trade at approximately 10%.

The discount of approximately 10% has been maintained for the last four years, since the Board stated its intent to pursue such a discount level. The table below shows how the discount of the share price to NAV per share has moved over the last five years. Continuing shareholders benefit from the difference between the NAV and the price at which the shares are bought back and cancelled.



During the year ended 31 December 2014, shareholders holding 536,729 shares, representing 1.0% of the issued share capital of the Company at the beginning of the year, expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited ("Panmure Gordon"), to purchase these shares at prices representing discounts of approximately 10% to the previously announced NAV per share. The Company subsequently purchased these shares at prices of between 80.00 and 87.00 pence per share and cancelled them.

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.

Investment Policy

The VCT's policy is to invest primarily in a diversified portfolio of UK unquoted companies. Investments are usually structured as part loan and part equity in order to receive regular income and to generate capital gains from realisations.

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

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 HMRC. Amongst other conditions, the VCT 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 period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value (70% 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). The VCT can invest less than 30% by value (70% for funds raised on or after 6 April 2011) of an investment in a specific company in ordinary shares. It must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

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 VCT holds its liquid funds in a portfolio of readily realisable interest-bearing investments and deposits. The investment portfolio of qualifying investments has been built up over time with the aim of investing and maintaining 80% of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is reduced 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 VCT 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 VCT to participate in combined investments by the Adviser of up to £5 million in aggregate.

Borrowing

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

Management

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

Other key policies

Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' annual fundraisings 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, dividends 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 currently comprises equal numbers of men and women. The Company does not have any senior managers or employees. The Board has made a commitment to consider diversity in making future appointments.

Further policies

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

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

These are set out in the Directors' Report on page 28.

Principal risks

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. This includes a key risk management review which takes place at each quarterly Board meeting. The principal 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 movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's investments.	• *The Board monitors (1) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies and (2) developments in the macro-economic environment such as movements in interest rates.*
Loss of approval as a Venture Capital Trust	A breach of the VCT tax rules may lead to the Company losing its approval as a VCT, which would, inter alia, result in (1) qualifying shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained; (2) future dividends paid by the Company being subject to tax; and (3) the Company losing its exemption from corporation tax on capital gains.	• *The Company's VCT qualifying status is continually reviewed by the 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 tax rules (specifically s 274 of the ITA).*
Investment and strategic	Investment in unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.	• *The Board regularly reviews the Company's Objective and Investment Policy.* • *Investments are made across a number of diverse sectors to mitigate risk. Investee companies are carefully selected by the Adviser for recommendation to the Board. The investment portfolio is reviewed by the Board on a regular basis.*
Regulatory	The Company is required to meet its legal and regulatory obligations as a VCT and listed company. Failure to comply might result in 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 Company's solicitors and the Board.*
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.*

Strategic Report

Risk	Possible consequence	How the Board manages risk
Asset liquidity	The Company's unquoted investments cannot be realised in a short timescale. Underperforming unquoted investments may be difficult to realise in any timescale.	• *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. Whilst demand has always been met to date, it may not be possible for the Company to buy back large percentages of the share capital, other than over several years.	• *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.	• *The Board regularly reviews and agrees policies for managing these risks. Further details can be found in the discussion on 'credit risk' in Note 19 to the accounts on pages 61 – 62.*

Future prospects

For a discussion of the Company's future prospects, please see the Chairman's Statement on page 3.

By order of the Board

Keith Niven
Chairman
23 March 2015

Board of Directors

Keith Niven

Independent Chairman

Experience: Keith has over 40 years' experience in the financial services industry, most of which was spent at Schroder Investment Management Limited, the fund management arm of Schroders plc, where he was appointed joint vice-chairman in 2000. He held a number of other senior positions within Schroders including managing director of its UK institutional fund management business between 1986 and 1992 and chairman of its retail business, Schroder Unit Trusts Limited, from 1992 to 2001. He retired from Schroders in October 2001. Keith is a non-executive director of one other investment trust listed in London, Schroder Income Growth Fund plc. Keith is also an investment adviser to the Rolls-Royce Pension Fund and a member of the University of Glasgow Investment Advisory Committee. Keith was chairman of Matrix Income & Growth 3 VCT plc which was merged with the Company in May 2010.

Length of service as at 31 December 2014: 10.5 years

Last re-elected to the Board: 7 May 2014. Standing for re-election annually

Committee memberships: Audit Committee, Management Engagement Committee and Nomination and Remuneration Committee

Number of Board and Committee meetings attended 2014: 10/10

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

Relevant relationships with the Investee companies: None.

Shareholding in the Company (including connected persons): 69,685 ordinary shares.

Bridget Guérin

Independent Director

Experience: Bridget has nearly 30 years' experience in the financial services industry. She was Managing Director of Matrix Money Management Limited between June 1999 and March 2011 and sat on the Matrix Group Board between 2000 and 2009.

Prior to joining Matrix, Bridget gained 14 years' of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget is currently a non-executive director of CCP Quantitative Fund and CCP Core Macro Fund, both of which are Cayman Islands CTA Funds, Schroder Income Growth Fund plc, a London listed investment trust and Charles Stanley Group plc. She is a member of the York Racecourse Committee and is a trustee of the York Racecourse Pension Fund. Bridget was a director of Matrix Income & Growth 3 VCT plc which was merged with the Company in May 2010.

Length of service as at 31 December 2014: 10.5 years

Last re-elected to the Board: 7 May 2014. Standing for re-election annually

Committee Memberships: Audit Committee, Management Engagement Committee (Chairman) and Nomination and Remuneration Committee (Chairman)

Number of Board and Committee meetings attended 2014: 10/10

Relevant relationships with the Investment Adviser or other service providers: None. Previously, until 30 June 2012, Bridget was considered to have a relevant relationship with Mobeus as a former director and shareholder of Matrix Group which controlled a 50% interest in Mobeus (formerly Matrix Private Equity Partners LLP), until this date.

Relevant relationships with the Investee companies: None.

Shareholding in the Company (including connected persons): 123,151 ordinary shares.

Tom Sooke

Senior Independent Director

Experience: Tom is an experienced venture capitalist and is chairman of Travel à la Carte Limited and The Greek Property Agency Limited. In recent years he has been chairman and a non-executive director of a number of quoted and unquoted private equity funds and other companies. Previously, until 1991, he was a partner in Deloitte LLP, co-managing the firm's corporate advisory group in London. Prior to that he was a main board director at investment bankers, Granville Holdings plc, where he also established and ran its main private equity fund activities from 1980 to 1987. In 1983, whilst with Granville, Tom was one of the co-founding members of the British Venture Capital Association. Tom was a director of Matrix Income & Growth 3 VCT plc which was merged with the Company in May 2010.

Length of service as at 31 December 2014: 10.5 years

Last re-elected to the Board: 7 May 2014. Standing for re-election annually

Committee memberships: Audit Committee (Chairman), Management Engagement Committee and Nomination and Remuneration Committee

Number of Board and Committee meetings attended 2014: 10/10

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

Relevant relationships with the Investee companies: None.

Shareholding in the Company: 34,362 ordinary shares.

Catherine Wall

Independent Director

Experience: Catherine has 30 years experience in the private equity industry, having worked for Barclays Private Equity (now called Equistone Partners Europe) from 1984 to 1989 and also from 1994 to 2013, and for 3i plc from 1989 to 1993. As a director of Barclays Private Equity she led and managed numerous investments in management buy-outs. She later became UK portfolio director, supervising the management of all the firm's UK investments. She held over 20 roles as non-executive director, non-executive chairman or shareholder representative on the boards of investee companies in which Barclays Private Equity/Equistone Partners Europe were invested; additionally, she was a non-executive director of Indigo Holdings Limited from August 2010 to December 2012 and served on the investment committee of the British Red Cross from 2004 to July 2014. She is currently also a NED of BRE Group Limited, a testing and certification business.

Length of service as at 31 December 2014: 6 months

Last re-elected to the Board: Appointed to the Board with effect from 1 July 2014. Standing for election at the Annual General Meeting to be held on [6] May 2015.

Committee memberships: Audit Committee, Management Engagement Committee and Nomination and Remuneration Committee

Number of Board and Committee meetings attended 2014: 6/6

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

Relevant relationships with the Investee companies: None.

Shareholding in the Company: 26,205 ordinary shares.

Directors' Report

The Directors present the Annual Report and Audited Accounts of the Company for the year ended 31 December 2014.

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

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

To enable capital profits to be distributed by way of dividends, the Company revoked its status as an investment company as defined in section 833 of the Companies Act 2006 ("the Companies Act") on 19 December 2007. The Company does not intend to re-apply for such status.

Share capital

The Company's ordinary shares of 1 penny each are listed on the London Stock Exchange ("LSE").

Issue of shares

During the year under review, the Company issued a total of 8,174,196 (2013: 18,259,745) shares under the Mobeus VCTs' 2013/14 Linked Offer for Subscription.

Buyback of shares

At the Annual General Meeting of the Company held on 7 May 2014, shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to make market purchases of up to 9.04 million of its own shares representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place throughout the year under review. For further details please see Note 15 to the accounts on page 58 of this Annual Report. A resolution to renew this authority will be proposed to shareholders at the forthcoming Annual General Meeting to be held on 6 May 2015.

During the year under review, the Company bought back 536,729 (2013: 1,220,300) of its own shares at an average price of 89.00 (2013: 84.44) pence per share and a total cost of £480,472 including expenses (2013: £1.04 million). These shares, represented 1.0% (2013: 2.7%) of the issued share capital of the Company at the beginning of the year.

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

Issued share capital

The issued share capital of the Company as at 31 December 2014 was £607,500 (2013: £531,126) and the number of shares in issue at this date was 60,750,032 (2013: 53,112,565), subject to the cancellation from the Register of the shares bought-back by the Company up until this date.

Following the year-end, the Company has issued a further 15,254,642 new shares under the Mobeus VCTs' Offers for Subscription 2014/15 launched on 10 December 2014. The issued share capital of the Company as at the date of this report is therefore £760,047 and the number of shares in issue is 76,004,674. The Offer closed on 10 March 2015, being fully subscribed.

Share premium account

The cancellation of the amounts standing to the credit of the Company's share premium account and capital redemption reserve were confirmed by a Court Order dated 12 March 2014. The purpose of the cancellation was to provide a special distributable reserve capable of being used for the purpose, inter alia, of funding future purchases of the Company's own shares.

Dividends

The Directors have declared a second interim dividend of 7.00 pence (2013: final 3.25 pence) per share comprising 5.80 pence (2013: final 1.50 pence) per share from capital and 1.20 pence (2013: final 1.75 pence) per share from income in respect of the year ended 31 December 2014, payable on 30 April 2015 to shareholders who are on the Register on 7 April 2015. This dividend, if paid, will increase cumulative dividends paid since inception in 2004 to 71.30 pence per share.

The first interim dividend in respect of 2014 of 17.00 pence (2013: 4.00 pence) per share comprising 2.00 pence (2013: 2.00 pence) from income and 15.00 pence (2013: 2.00 pence) per share from capital was paid on 17 September 2014.

Directors

The names of the Directors are given on page 26 of this Annual Report.

Further details of each Director's interests in the Company's shares are set out on page 32 of the Directors' Remuneration Report.

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

The Company's Articles of Association ("the Articles") and the Companies Act 2006 contain provisions relating to the appointment, election and replacement of Directors. These are set out in the paragraph headed 'Terms of appointment' on page 32 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 6 May 2015.

Going concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 16 – 25. The Directors have satisfied themselves that the Company continues to maintain a significant cash position and has raised additional funds in the 2014/15 tax 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, buy-backs and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 19 on pages 60 – 67. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the Auditor

So far as the Directors in office at 31 December 2014 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.

Social and environmental policies

Human rights policy

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

Anti-bribery policy

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

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

Environmental and social responsibility

The Board seeks to conduct the Company's affairs responsibly and considers relevant social and environmental matters when appropriate, particularly with regard to investment decisions. The Company has adopted electronic communication for shareholders. This gives shareholders the opportunity to elect to receive email notifications of when published information is available to download from the Company's website in place of hard copies, thus reducing the volume of paper that the Company uses to produce its reports. The Company uses mixed sources paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and half-year reports.

Global greenhouse gas emissions for the year to 31 December 2014

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 Adviser under which staff may, in confidence, raise concerns. It has concluded that adequate arrangements are in place at the Adviser for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken by the Adviser.

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 in 2013).

Articles of association

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

Substantial interests

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

Voting rights of shareholders

Each shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting (ignoring any part of a day that is not a working day).

Restrictions on voting rights

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

Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at 2.00 pm on 6 May 2015 at 33 St James's Square, London SW1Y 4JS is set out on pages 70 – 72 of this Annual Report. A proxy form for the meeting is enclosed separately with shareholders' copies of this Annual Report. Proxy votes may also be submitted electronically via Computershare's Investor Centre and those shareholders who have elected to receive information from the Company by email will have received a link to this site. Please see page 69 under Shareholder Information for further information.

Resolutions 1 to 9 are being proposed as ordinary resolutions requiring more than 50% 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% of the votes cast at the meeting. The following provides an explanation of the resolutions to be proposed at the meeting to approve authorities to allot shares in the Company, disapply pre-emption rights of members and purchase the Company's own shares.

Directors' Report

Authorities for the Directors to allot shares in 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 amount of £228,000 representing approximately 30 per cent of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Companies Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 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 £190,000 in connection with offer(s) for subscription; and

(ii) with a nominal value of up to 5 per cent of the issued share capital of the Company from time to time,

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

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

Both of these authorities 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 2016. 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 General Meeting of the Company held on 8 October 2014.

It is the Directors' intention that new shares may be issued under these authorities pursuant to any future offers for subscription that may be launched by the Company. The Directors have no further immediate intention of exercising the above powers.

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 11,393,100 shares representing approximately 14.99 per cent of the issued share capital of the Company as at the date of this Annual Report or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99 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 such purchase and (ii) the price stipulated by Article 5(1) of the Buyback and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

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

It is the Directors' intention to cancel any shares bought back under this authority. Shareholders should note that the Directors do not intend to exercise this authority, unless they believe to do so would result in an increase in net assets per share, which would be in the interests of shareholders generally. This resolution will expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the Company's annual general meeting to be held in 2016 except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
23 March 2015

Directors' Remuneration Report

Dear Shareholder

I am pleased to introduce the Remuneration Report for the financial year ended 31 December 2014.

Over the next few pages we have set out the Company's forward looking Directors' Remuneration Policy, which was approved by shareholders at the Company's annual general meeting in 2014. The Annual Report on Remuneration sets out in more detail how this Policy was implemented during the year under review.

Following a review, commissioned from Trust Associates in 2011, we have, over the subsequent three years, been phasing in increases in the pay of Directors, including appropriate supplements paid to the Chairman of the Board and to the Chairmen of the Board Committees. Trust Associates found that the Directors had unusually demanding roles, compared with many similar companies operating in its sector, and that the level and complexity of the demands required of the Directors was increasing. In particular, we are seeing that the amount of regulation, with which the Company is obliged to comply, is continuously rising and the Board has since 2010 undertaken an annual fundraising. The final stage of these increases was implemented in 2014.

We also appointed an additional Director during the year in order to ensure that the Board is adequately resourced with succession planning in mind.

The tables on page 31 show the remuneration paid to each of the four non-executive directors during the year and to be paid in 2015.

The Directors do not anticipate that any further increases will be proposed until shareholders next have the opportunity to vote on the Company's Remuneration Policy at the Annual General Meeting to be held in 2017.

I would welcome any comments you may have.

Bridget Guérin

Nomination and Remuneration Committee Chairman

23 March 2015

Introduction

This Report has been prepared by the Directors in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Companies Act 2006 ("the Companies Act") and the Listing Rules of the UK Listing Authority ("the Listing Rules").

The Company's independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments on page 31 and this is explained further in its report to shareholders on pages 41 – 43.

Directors' Remuneration Policy

When considering the level of Directors' fees, the Nomination and Remuneration Committee takes account of the workload and responsibilities of each role and the value and amount of time that a director is required to commit to the Company. It considers the remuneration levels elsewhere in the Venture Capital Trust industry for companies of a similar size and structure and other relevant information. Supplements are paid to the Directors in respect of their chairmanships of the Board and its Committees as set out in the table on page 31. The level and make-up of remuneration is set at a point which is sufficient to attract, retain and motivate experienced directors of the quality required to run the Company successfully.

The Remuneration Policy is set by the Board on the recommendation of the Nomination and Remuneration Committee. The Directors' fees are reviewed annually in respect of the policy. The Committee may choose to take independent advice where and when it considers it appropriate. However, it was not considered necessary to take any such advice during the year under review as it was continuing to implement advice taken in 2011.

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.

The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to the Directors' fees. No arrangements have been entered into between the Company and the Directors to entitle 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. Each of the Directors has elected not to claim travel or subsistence expenses in relation to their work as a Director of the Company.

Remuneration of any new Director who may subsequently be appointed to the Board will be in line with the above policy and the levels of remuneration stated therein.

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

The Company does not require the Directors to hold shares in the Company. The Directors, however, believe that it is in the best interests of the Company and its shareholders for each Director to maintain an interest in the Company. Full details of each Director's interest in the Company's shares are set out on page 32 of this Report.

This policy applied throughout the year ended 31 December 2014. It will continue to apply to the current year ending 31 December 2015. An explanation of how the policy is being implemented is set out in the Annual Report on Remuneration on page 31.

A 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 7 May 2014. The Company also received proxy votes in favour of the resolution representing 82.6% of the votes submitted.

The Remuneration Policy will next be put to shareholders again at the Annual General Meeting of the Company to be held in 2017.

Directors' Remuneration Report

Annual Report on Remuneration

The resolution to approve the Annual Remuneration Report 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 7 May 2014. The Company also received proxy votes in favour of the resolution representing 81.7% of the votes submitted. An ordinary resolution for the approval of the Annual Remuneration Report will be proposed at the Annual General Meeting of the Company to be held on 6 May 2015.

Nomination and Remuneration Committee

The remuneration of individual Directors is determined by the Nomination and Remuneration Committee within the framework set by the Board. The Committee comprises the full Board and is chaired by Bridget Guérin.

The Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the Directors and makes recommendations to the Board on the level of Directors' fees. The Committee may, at its discretion, recommend to the Board that individual Directors should be awarded 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. The Committee met twice during the year under review with full attendance from all its members.

Directors' emoluments *(audited information)*

The total emoluments in respect of qualifying services of each person who served as a Director during the year were as set out in the table below. These emoluments are in line with the planned phased increases in Directors' fees following the review by Trust Associates.

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Keith Niven	40,000	36,000
Bridget Guérin	30,000	27,000
Tom Sooke	35,000	33,750
Catherine Wall*	12,500	–
Total	**117,500**	**96,750**

* Appointed to the Board with effect from 1 July 2014

Aggregate fees paid in respect of qualifying services amounted to £117,500 (2013: £96,750). £28,000 (2013: £27,000) of the directors' fees paid to Tom Sooke were paid to his consultancy business, CitiCourt Associates, during the year under review.

The table below displays the maximum payment receivable per annum by each Director for the current year and going forward, together with the Company's Objective and how this is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Maximum payment per annum	Performance conditions
Keith Niven	**Chairman**	**Director's fee**	£25,000	**None**
		Supplement payable to Company Chairman	£15,000	
		Total	**£40,000**	
Bridget Guérin	**Chairman, Nomination & Remuneration and Management Engagement Committees**	**Director's fee**	£25,000	**None**
		Supplement payable to Chairman of the Nomination & Remuneration and Management Engagement Committees	£5,000	
		Total	**£30,000**	
Tom Sooke	**Chairman, Audit Committee and Senior Independent Director**	**Director's fee**	£25,000	**None**
		Supplement payable to Chairman of the Audit Committee	£10,000	
		Total	**£35,000**	
Catherine Wall	**Director**	**Director's fee**	**£25,000**	
		Total fees payable	**£130,000**	

Company Objective

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

Remuneration Policy

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

Directors' interests in the Company's shares

The interests of the Directors (and their connected persons) in the shares of the Company at the beginning and end of the year are as set out in the table below:

	Shares held on 31 December 2014	Shares held on 31 December 2013
Keith Niven	48,721	43,559
Bridget Guérin	39,275	32,052
Tom Sooke	21,784	20,236
Catherine Wall *	–	–

Since the year-end, the following Directors (including their connected persons) have been issued shares in the Company as follows:

	Holding at 31 December 2014	Shares issued since the year-end	Holding at 23 March 2015
Keith Niven	48,721	20,964	69,685
Bridget Guérin	39,275	83,876	123,151
Tom Sooke	21,784	12,578	34,362
Catherine Wall *	-	26,205	26,205

* Appointed to the Board with effect from 1 July 2014.

Keith Niven and Tom Sooke both hold shares in nominee accounts.

Directors' terms of appointment

All of the Directors are non-executive. The Articles provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board, provided that a person appointed by the Board shall be subject to election at the first annual general meeting following their appointment. The Articles further state that, subject to the provisions of the Companies Act, one-third of the Directors retire from office by rotation at each annual general meeting, or if their number is not a multiple of three, the number nearest to but not greater than one-third. The Director retiring at each annual general meeting shall be the Director who has been longest in office since their last re-election. However, the Board has agreed that all the Directors will offer themselves for re-election annually.

All Directors receive a formal letter of appointment setting out the terms of their appointment, their specific duties and responsibilities and the fees pertaining to the appointment. Tom Sooke has been appointed a Director of the Company under separate service and consultant's agreements originally entered into on 1 October 2008.

Mr Sooke's employment under the service agreement is on a continuous basis and the consultant's agreement was subject to review after twelve months. The service agreement does not make any provision for compensation payable for loss of office. Appointment letters for new Directors contain an assessment of the anticipated time commitment of the appointment.

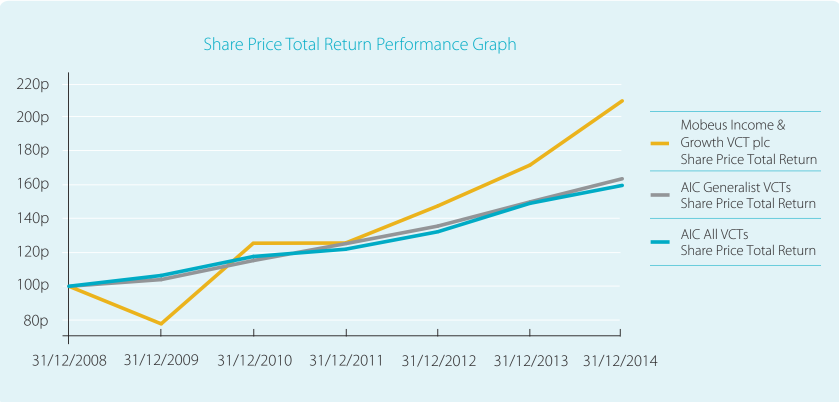
New directors are asked to undertake that they will have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment. Each of the Director's appointments may be terminated by either party by giving not less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

Relative importance of spend on Directors' fees

	31 December 2014 £	31 December 2013 £
Total directors' fees	117,500	96,750
Dividends paid and payable in respect of the year	15,644,831	4,100,754

Company performance

The graph opposite charts the share price total return of the Company (assuming all dividends are re-invested on the day on which they are paid) over the past six years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC, based on figures provided by Morningstar. The Board considers these indices to be the most appropriate indices against which to measure the Company's relative performance over the medium to long term. The total returns have each been re-based to 100 pence at 31 December 2008.



An explanation of the recent performance of the Company is given in the Chairman's Statement on pages 2 – 3, the section on the Investment Portfolio on pages 4 – 15 and the Strategic Report on pages 16 – 25.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
23 March 2015

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2012 ("the AIC Code") for the financial year ended 31 December 2014. 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 22 January 2013. The FRC has confirmed that in complying with the AIC Code, the Company will meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Statement of compliance

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

The Board considers that the Company has 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 role of the chief executive and directors' remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Robertson Hare LLP (and formerly PriceWaterhouse Coopers LLP), as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary.

The table below provides an explanation of 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 with and/or departure from the AIC Code
1	The Chairman should be independent.	The Board has assessed the independence of the Chairman and concluded that Mr Niven has continued to meet the independence criteria as re-stated in this section 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 26. The Board has appointed Tom Sooke as Senior Independent Director.
2	A majority of the Board should be independent of the manager.	The Company has a Board of four non-executive Directors. The Board has determined that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, each individual Director's judgement. 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, which is over and above the requirements of the AIC Code, and, if appropriate, seek re-election. A Director's appointment may be terminated by either party on three months' notice being given. For further information please see the Directors' Remuneration Report on page 32.

AIC Code	Principle	Compliance with and/or departure from the AIC Code
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 this size and structure, it is not appropriate to insist on a director's period of service being limited to a set number of years or to set an age limit for the retirement of directors. The AIC has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one Director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of its Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board.
5	There should be full disclosure of information about the Board.	Full biographical details on each Director are included on page 26, in the fundraising document and on the Company's website.
6	The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The Board believes that there is a diversity of skill, gender, experience and approach amongst the Board members. Both the Board and the 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 26.
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 carried out a performance evaluation review during the year ended 31 December 2014. As part of its review, the Directors considered the performance of each of the Directors and of the Board as a whole in relation to specific areas of their activity. The performance of the Chairman was assessed separately. The Board as a whole discussed the outcome of the performance evaluation, and led by the Chairman, considers and agrees 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 role and the value and amount of time that each Director is required to commit to the Company. For further details, please see page 30.
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. It is comprised entirely of independent directors. Catherine Wall was appointed a Director during the year under review, in accordance with this process, as described on page 37.
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, the Adviser and the Administrator. A formal training programme has not been required during the year under review. 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. It is therefore not applicable to the Company, although the Board participated fully in the production of the fundraising document published in December 2014.

AIC Code	Principle	Compliance with and/or departure from the AIC 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 Adviser. Both parties are in regular contact between these meetings. The Board and the Adviser aim to work together in a supportive, cooperative and open manner. The Board has overall responsibility for the Company's affairs. The 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 Adviser covering key operational issues. All investment, divestment and variation decisions are made by the Board having considered formal recommendations from the Adviser. The Board invites senior members of the Adviser to attend and contribute to its annual strategy meeting that it has held since 2008.
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 Adviser at each of its quarterly meeting which provides information on the performance of each of the investments in the portfolio, corporate actions on each investment that may be occurring and other matters related to the portfolio. The Board monitors the investments made by the 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 (or executives of a self-managed company).	The Board reviews annually, and at other times as and when necessary, the Investment Management Agreement and the performance of the Investment Adviser. As referred to in the Chairman's Statement on pages 2 – 3, there has been a focus on the Incentive Agreement in the latter part of 2014.
16	The Board should agree policies with the manager covering key operational issues.	The Board has agreed that the 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 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 own 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. Robertson Hare LLP ("RH") was appointed as VCT Status Adviser, in succession to PWC, to the Company during the year. One of RH's partners had previously provided this service, while with the previous adviser.

AIC Code	Principle	Compliance with and/or departure from the AIC 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 Adviser and to discuss issues affecting the Company with them. In addition, the Adviser publishes a twice-yearly VCT shareholder newsletter which contains information on the portfolio and recent investment and corporate activity. The Adviser also organises an annual shareholder event, which the Board attends so as to answer any questions, and listen to any views that shareholders may have. The Company has established its own website which is a dedicated section of the 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 updates shareholders on the impact of regulatory changes upon the Company's operations. It is consulted regarding promotional material which may be issued by the 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-Year Report.

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

The Board

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

Catherine Wall was appointed to the Board with effect from 1 July 2014 and is standing for election at the forthcoming Annual General Meeting. Following a review of her performance, the remaining Directors agreed that she has been proactive in engaging with the work of the Board in her initial months of service and are confident that she will be a strong and effective director. The remaining directors have no hesitation in recommending her election to shareholders.

In accordance with principle 3 of the AIC Code and the Company's policy on tenure, the Directors have all agreed to retire annually from the Board. Being eligible, the following Directors are offering themselves for re-election at the forthcoming Annual General Meeting of the Company.

Keith Niven – Following a review of his performance, the remaining Directors agreed that Keith Niven continued to make a substantial contribution to the Board as its Chairman and that his length of service was an asset to the Company and have no hesitation in recommending his re-election to shareholders.

Tom Sooke – Following a review of his performance, the remaining Directors believe that Tom Sooke continues to provide strong leadership and commitment to his role as the Chairman of the Audit Committee and have no hesitation in recommending his re-election to shareholders.

Bridget Guérin – Following a review of her performance, the remaining Directors believe that Bridget Guérin continues to make a substantial contribution to the work of the Board as chair of the Nomination and Remuneration and Management Engagement Committees and to demonstrate commitment to her role and have no hesitation in recommending her re-election to shareholders.

The table on page 37 sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2014. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Corporate Governance Statement

Directors' attendance at Board and Committee meetings in 2014

Director	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings		Management Engagement Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Keith Niven	4	4	3	3	2	2	1	1
Bridget Guérin	4	4	3	3	2	2	1	1
Tom Sooke	4	4	3	3	2	2	1	1
Catherine Wall	3	3	1	1	1	1	1	1

Board committees

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

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 Bridget Guérin and comprises all four Directors.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on page 31.

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 including the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members. Following a review of the composition of the Board, the Committee oversaw the appointment of Catherine Wall to the Board during the year under review. A firm of recruitment consultants was engaged and the Board interviewed a number of candidates who were also invited to meet Partners of the Adviser. As part of the recruitment process, the Board considered diversity, including gender and will continue to do this in making future appointments.

Management Engagement Committee

The Management Engagement Committee is chaired by Bridget Guérin and comprises all four Directors.
The Committee meets at least annually to review the Company's contracts with its service providers and at other times as and when necessary, and makes recommendations to the Board.

Audit Committee

The Audit Committee is chaired by Tom Sooke and comprises all four Directors.

The Audit Committee meets to:

- Review the half-year and annual financial statements before submission to the Board, including meeting with the independent auditor;
- Make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- Monitor the effectiveness of the Company's internal control systems; and
- Review the scope and results of the audit including ensuring its cost effectiveness and value for money.

The Audit Committee held three formal meetings during the year with full attendance from each of the Directors on each occasion. The Committee met informally on other occasions.

During the year the Committee's principal activities are summarised below:

Valuation of investments
Investments are mainly in unquoted companies, valuations of which are agreed quarterly by the Board. The Audit Committee monitors this process, and ensures that adequate controls operate over the preparation of these valuations throughout the year. Twice a year, it also reviews the valuation of the investments in the portfolio, prior to their inclusion in the Company's Half-Year and Annual Reports. The Committee focuses on ensuring that both the bases of the valuations and any assumptions used are reasonable and in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Discussions were held with the external auditor, to review its findings from the year-end audit, and from its review at the Half-Year, before recommendations are made to the Board upon the inclusion of the valuations in both reports to shareholders. The Committee holds a separate meeting in February of each year, specifically to consider the year-end valuations of the investments and any issues identified by the auditors.

Financial statements
The Committee has carefully reviewed the Half-Yearly and Annual Reports to shareholders for the year under review, prior to submission to the Board for approval. Besides the subject of valuations referred to above, the Committee also considered whether the accounting policy in respect of revenue recognition had been satisfactorily applied, and whether all expenditure in the year had been included.

The Committee also reviewed the appropriateness and completeness of impairments against investments. 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.

Internal control and key risks
The Committee has monitored the system of internal controls throughout the year under review. It received a report on exceptions 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. The Committee also monitors these controls and reviews any incidences of non-compliance.

Compliance with the VCT tests
The Company engaged the services of Robertson Hare LLP in succession to PwC to advise on its compliance with the legislative requirements relating to VCTs. The new arrangements ensured continuity of service between the two firms. A report on the Company's compliance with the tests is produced by Robertson Hare LLP on a bi-annual basis and reviewed by the Committee for recommendation to the Board.

Going concern
The Board and the Committee monitored the Company's liquidity to satisfy themselves that the Company has an adequate level of resources for the foreseeable future. Cash flow projections, and the assumptions on, amongst others, the levels of investment purchases and disposals, dividends and share buybacks used in preparing them, were reviewed.

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.

AIFM registration
The Committee advised the Board on the appointment of the Company as its own Alternative Investment Fund Manager ("AIFM") in compliance with the European Commission's Alternative Investment Fund Manager's Directive, and the appointment was made 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.

Safekeeping of the Company's documents of title to its investments
Mobeus continues to provide investment advisory and administrative services to the Company under the current agreement. The Committee has however approved new procedures for the safekeeping of the Company's documents of title which mean that the company secretarial staff are now directly responsible to the Board, under its instruction, for accessing and dealing with the documents of title to the Company's investments. These new arrangements enable the Company to discharge its safekeeping responsibilities for these documents.

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 Adviser being present.

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

- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
- allocated an audit team that is appropriately resourced;
- demonstrated a proactive approach to the audit planning process and engaged with the Committee Chairman and other key individuals within the business;
- provided a clear explanation of the scope and strategy of the audit;
- demonstrated the ability to communicate clearly and promptly with the members of the Committee and the 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

As part of this process it reviews the nature and extent of services supplied by the Auditor to ensure that independence is maintained. The 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 Committee was satisfied that audit independence has been maintained as the fees involved are relatively small compared with those for the audit. With the exception of the Half-Yearly Review, the work is undertaken by separate teams and does not involve undertaking any management role in preparing the information reported in the accounts.

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

Corporate Governance Statement

include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

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

The Board has delegated, contractually to 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 on 9 March 2015. The Board has identified no significant problems with the Company's internal control mechanisms.

Investment management and service providers

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

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

The annual review of the Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Management Engagement Committee and the Board consider the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the 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 16 – 25. The Board concluded that the Adviser has performed consistently well over the medium term and has returned a strong level of performance in respect of the year under review.

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 21. The Board further considered the Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings and shareholder events which had taken place annually since 2010. The Board believed that the Adviser had continued to exercise independent judgement while producing valuations which reflected fair value. Overall, the Board continues to believe that the Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of shareholders and this was formally approved by the Board on 12 November 2014.

The principal terms of the Company's Investment Management Agreement dated 20 May 2010 and the previous contractual arrangements prior to this date are set out in Note 3 to the Accounts on pages 50 – 51 of this Annual Report. The Board seeks to ensure that the terms of this Agreement represent an appropriate balance between cost and incentivisation of the Adviser.

Robertson Hare LLP ("RH") was appointed as VCT Status Adviser in succession to PWC to the Company during the year. One of RH's partners had previously provided this service, while with the previous adviser.

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.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
23 March 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable 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 have been prepared in accordance with UK Generally Accepted Accounting Practice and 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 that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's 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 26.

For and on behalf of the Board

Keith Niven
Chairman
23 March 2015

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

Opinion on the financial statements

In our opinion the Mobeus Income & Growth VCT plc financial statements for the year ended 31 December 2014:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted 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;
- Reconciliation of Movements in Shareholders' Funds;
- Balance Sheet;
- Cash Flow Statement; and
- related notes

Respective responsibilities of directors and auditor

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

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

Our approach

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 Adviser 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 impact on our audit strategy and our audit response:

Risk area	Audit response
Valuation of investments: 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 Adviser, who is remunerated based on the net asset value of the Company.	The valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The majority of investments are valued on the earnings multiple basis. For a sample of such investments held, our audit procedures included: • Reviewing and challenging the assumptions inherent in the valuation of unquoted investments and assessing the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewing the historical financial statements and recent management information available for unquoted investments used to support assumptions about maintainable earnings used in the valuations; • Considering the earnings multiples applied by reference to observable listed company market data; and • Challenging adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted. For the remaining investments cost reviewed for impairment is typically used as an approximation of fair value. For a sample of these investments we considered the appropriateness of this methodology by considering the proximity of the acquisition to the year end, if appropriate, or the operational performance of the investee company. Where such investments were loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans. For all investments sampled, 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.

Risk area	Audit response
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 a key driver of income dividend returns to investors. In particular, as the Company invests primarily in unquoted companies, dividends receivable can be difficult to predict.	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 37 – 38.

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 net assets • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	650,000
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 £13,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 38 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

Under 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.

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 27, in relation to going concern; 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 2015

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

Income Statement
for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 Revenue £	 Capital £	 Total £	Year ended 31 December 2013 Revenue £	 Capital £	 Total £
Unrealised gains on investments	9	–	698,348	698,348	–	4,832,261	4,832,261
Realised gains on investments	9	–	8,379,750	8,379,750	–	725,905	725,905
Income	2	3,624,232	–	3,624,232	3,459,318	–	3,459,318
Investment adviser's fees	3	(342,773)	(1,028,318)	(1,371,091)	(286,839)	(860,517)	(1,147,356)
Other expenses	4	(389,175)	–	(389,175)	(290,635)	–	(290,635)
Profit on ordinary activities before taxation		2,892,284	8,049,780	10,942,064	2,881,844	4,697,649	7,579,493
Tax on profit on ordinary activities	6	(429,911)	221,088	(208,823)	(504,213)	200,070	(304,143)
Profit for the year		**2,462,373**	**8,270,868**	**10,733,241**	**2,377,631**	**4,897,719**	**7,275,350**
Basic and diluted earnings per ordinary share:	8	**4.15p**	**13.94p**	**18.09p**	**4.56p**	**9.41p**	**13.97p**

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

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

The notes on pages 48 – 67 form part of these financial statements.

Balance Sheet
as at 31 December 2014
Company number: 5153931

	Notes	31 December 2014 £	31 December 2013 £
Fixed assets			
Investments at fair value	9	33,358,706	39,317,184
Current assets			
Debtors and prepayments	11	346,127	609,464
Current investments	12,18	19,169,158	9,642,587
Cash at bank	18	7,852,487	5,157,499
		27,367,772	15,409,550
Creditors: amounts falling due within one year	13	(316,401)	(458,366)
Net current assets		27,051,371	14,951,184
Net assets		**60,410,077**	**54,268,368**
Capital and reserves			
Called up share capital	14	607,500	531,126
Capital redemption reserve	15	5,367	186,520
Share premium reserve	15	4,938,201	15,361,612
Revaluation reserve	15	3,734,981	9,867,216
Special distributable reserve	15	41,911,188	25,580,251
Profit and loss account	15	9,212,840	2,741,643
Equity shareholders' funds	**15**	**60,410,077**	**54,268,368**
Basic and diluted net asset value per ordinary share	**16**	**99.44p**	**102.18p**

The notes on pages 48 – 67 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2015 and were signed on its behalf by:

Keith Niven
Chairman

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Opening shareholders' funds		54,268,368	43,288,523
Net share capital subscribed for in the year – net of expenses	15	8,193,915	17,393,270
Net share capital bought back in the year – including expenses	15	(480,472)	(10,474,734)
Profit for the year		10,733,241	7,275,350
Dividends paid in the year	7	(12,304,975)	(3,214,041)
Closing shareholders' funds	**15**	**60,410,077**	**54,268,368**

The notes on pages 48 – 67 form part of these financial statements.

Cash Flow Statement
for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Operating activities			
Investment income received		3,970,647	3,066,706
Other income		15,719	3,615
Investment adviser fees paid		(1,371,091)	(1,147,356)
Other cash payments		(309,266)	(286,453)
Net cash inflow from operating activities	17	2,306,009	1,636,512
Investing activities			
Acquisitions of investments	9	(9,731,308)	(4,765,043)
Disposals of investments	9	24,670,194	5,863,541
Net cash inflow from investing activities		14,938,886	1,098,498
Taxation			
Corporation tax paid		(402,098)	–
Net cash outflow from taxation		(402,098)	–
Equity Dividends			
Payment of dividends	7	(12,304,975)	(3,214,041)
Cash inflow/(outflow) before liquid resource management and financing		4,537,822	(479,031)
Management of liquid resources			
Increase in current investments	18	(9,526,571)	(6,009,919)
Financing			
Shares issued as part of joint fundraising offer for subscription	15	8,193,915	8,092,536
Shares issued as part of the Enhanced Buyback Facility		–	250,000
Shares bought back as part of Enhanced Buyback Facility (including expenses)		–	(388,289)
Share capital bought back		(510,178)	(1,020,806)
Net cash inflow from financing		7,683,737	6,933,441
Increase in cash for the year	**18**	**2,694,988**	**444,491**

The notes on pages 48 – 67 form part of these financial statements.

Notes to the Accounts
for the year ended 31 December 2014

1. Accounting policies

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

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") issued by the Association of Investment Companies in January 2009. The financial statements are prepared under the historical cost convention except for the measurement of certain financial instruments at fair value which are in accordance with FRS26.

b) Presentation of the Income Statement

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

c) Investments

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

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

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

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

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

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

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

(iii) Premiums that will be received upon repayment of loan stock investment are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

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

d) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds.

Notes to the Accounts
for the year ended 31 December 2014

e) Income

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

Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful 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 once redemption is reasonably certain. Until such date, interest is accrued daily and included within the valuation of the investment, where appropriate.

f) Capital reserves

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

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

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

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

(iii) *Special distributable reserve*
The cost of share buybacks is charged to this reserve. In addition, any realised losses on the sale or impairment of investments, 75% of the management fee expense and the related tax effect are transferred from the Profit and Loss Account reserve to this reserve.

(iv) *Share premium reserve*
This reserve contains the excess of gross proceeds less issue costs over the nominal value of share allotted under recent offers for subscription.

(v) *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.

g) Expenses

All expenses are accounted for on an accruals basis.

25% of the 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 period is charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth.

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

h) Taxation

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

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

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

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

2. Income

	2014 £	2013 £
Income from bank deposits	116,879	152,013
Income from investments		
– from equities	902,426	577,422
– from overseas based OEICs	6,414	6,146
– from loan stock	2,552,507	2,723,737
– from interest on preference share dividend arrears	30,287	–
	3,491,634	3,307,305
Other income	15,719	–
Total income	**3,624,232**	**3,459,318**
Total income comprises		
Dividends	908,840	583,568
Interest	2,699,673	2,875,750
Other income	15,719	–
	3,624,232	**3,459,318**
Income from investments comprises		
Listed overseas securities	6,414	6,146
Unlisted UK securities	902,426	577,422
Loan stock interest	2,552,507	2,723,737
	3,461,347	**3,307,305**

Total loan stock interest due but not considered collectable, and so not recognised in the year was £267,271 (2013: £412,387).

3. Investment Adviser's fees

	Revenue 2014 £	Capital 2014 £	Total 2014 £	Revenue 2013 £	Capital 2013 £	Total 2013 £
Mobeus Equity Partners LLP	**342,773**	**1,028,318**	**1,371,091**	286,839	860,517	1,147,356

Under the terms of a revised investment management agreement dated 20 May 2010, Mobeus Equity Partners LLP ("Mobeus") provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2% per annum of closing net assets, paid in advance, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fixed fee of £126,225 per annum, the latter inclusive of VAT and subject to annual increases in RPI. In 2013, Mobeus has agreed to waive such further increases due to indexation, until otherwise agreed with the Board.

Notes to the Accounts
for the year ended 31 December 2014

The Investment Adviser's fee includes provision for a cap on expenses, excluding irrecoverable VAT and exceptional items, set at 3.6% of closing net assets at the year-end. In accordance with the Investment Management Agreement, any excess expenses are borne by the Adviser. The excess expenses during the year amounted to £nil (2013: £nil).

Under an incentive agreement dated 9 July 2004, and a variation of this agreement dated 20 May 2010, the Adviser is entitled to receive an annual performance-related incentive fee of 20% of the excess above an agreed hurdle rate in the annual dividends paid to shareholders. At 31 December 2014, this hurdle rate had become 7.07 pence per share (2013: 6.95 pence) and the cumulative shortfall of dividends paid below the annual hurdle rate was 1.81 (2013: 14.99) pence per share at the year end. In addition, the performance fee will only be payable if the average net asset value ("NAV") per share over the period relating to the payment has remained at or above the base NAV of 98.52 pence per share (2013: 97.55 pence). The base NAV may change, as a result of any change in share capital, such as the allotment of new shares in any period.

No performance incentive fee is payable to date.

Under the terms of the Mobeus advised VCTs' Linked Offer for Subscription launched on 28 November 2013, and which closed on 30 May 2014, Mobeus was entitled to fees of 3.25% of the investment amount received from investors. This amount totalled £1,096,156 across all four VCTs involved in the Offer, out of which all the costs associated with the Offer were met, excluding any payments to advisers facilitated under the terms of the Offer.

Under the terms of an Offer for Subscription with the other Mobeus advised VCTs launched on 10 December 2014, Mobeus are entitled to fees of 3.25% of the investment amount received from investors. The Offer closed on 10 March 2015, being fully subscribed. Based upon fully subscribed Offers of £39 million across all four VCTs, this equalled £1,267,500, out of which all the costs associated with the Offers were met, excluding any payments to advisers facilitated under the terms of the Offers.

4. Other expenses

	2014 £	2013 £
Directors' remuneration (including NIC) (see note 5)	124,115	103,320
IFA trail commission	70,387	35,382
Broker's fees	14,400	14,400
Auditor's fees – audit	24,120	23,400
– audit related assurance services - note a	4,320	4,200
– tax compliance services - note a	3,000	1,860
Registrar's fees	38,618	34,522
Printing	25,742	20,500
Legal and professional fees	37,408	10,045
VCT monitoring fees	10,200	9,600
Directors' insurance	8,056	7,732
Listing and regulatory fees	25,986	23,957
Sundry	2,823	1,717
	389,175	**290,635**

Note a: The Directors consider the Auditor was best placed to provide the other services disclosed above. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained.

5. Directors' remuneration

	2014 £	2013 £
Keith Niven	40,000	36,000
Bridget Guérin	30,000	27,000
Tom Sooke	35,000	33,750
Catherine Wall – appointed 1 July 2014	12,500	–
	117,500	96,750
Employer's NIC and VAT	6,615	6,570
	124,115	**103,320**

No pension scheme contributions or retirement benefit contributions were paid (2013: £nil). There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable. The Company has no employees other than its Directors.

6. Tax on profit/(loss) on ordinary activities

	2014 Revenue £	2014 Capital £	2014 Total £	2013 Revenue £	2013 Capital £	2013 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	429,911	(221,088)	208,823	504,213	(200,070)	304,143
Total current tax charge/(credit)	**429,911**	**(221,088)**	**208,823**	**504,213**	**(200,070)**	**304,143**
Corporation tax is based on a rate of 21.5% (2013: 23.25%)						
b) Profit on ordinary activities before tax	2,892,284	8,049,780	10,942,064	2,881,844	4,697,649	7,579,493
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 21.5% (2013: 23.25%)	621,841	1,730,703	2,352,544	670,029	1,092,204	1,762,233
Effect of:						
UK dividends	(194,022)	–	(194,022)	(134,251)	–	(134,251)
Unrealised gains not taxable	–	(150,145)	(150,145)	–	(1,123,501)	(1,123,501)
Realised gains not taxable	–	(1,801,646)	(1,801,646)	–	(168,773)	(168,773)
Unrelieved expenditure	2,092	–	2,092	–	–	–
Losses brought forward	–	–	–	(31,565)	–	(31,565)
Actual current tax charge	**429,911**	**(221,088)**	**208,823**	**504,213**	**(200,070)**	**304,143**

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

Investment Trust companies are exempt from tax on capital gains if they meet the HMRC criteria set out in section 274 of the ITA.

Deferred taxation

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

7. Dividends paid and payable

	2014 £	2013 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2013 of 1.75p (income) (2012: 1.50p); 1.50p (capital) (2012: 0.50p) per ordinary share	1,960,470	1,073,757
Interim dividend for the year ended 31 December 2014 of 2.00p (income) (2013: 2.00p); 15.00p (capital) (2013: 2.00p) per ordinary share)	10,344,505	2,140,284
	12,304,975	**3,214,041**
Distributions to equity holders at the year-end:		
Second interim dividend declared for the year ended 31 December 2014 of 1.20p (income) (2013: nil p); 5.80p (capital) (2013: nil p) per ordinary share	5,320,327	–
Final dividend for the year ended 31 December 2014 of nil p (income) (2013: 1.75p); nil p (capital) (2013: 1.50p) per ordinary share	–	1,960,470
	5,320,327	1,960,470

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

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

	2014 £	2013 £
Revenue available for distribution by way of dividends for the year	2,462,373	2,377,631
Interim income dividend of 2.00p (2013: 2.00p) paid during the year	1,217,001	1,070,141
Second interim income dividend for the year ended 31 December 2014 of 1.20p (2013: nil p) per ordinary share	912,056	–
Final income dividend proposed for the year ended 31 December 2014 of nil p (2013: 1.75p) per ordinary share	–	1,055,637
	2,129,057	2,125,778

8. Basic and diluted earnings per share

	2014 £	2013 £
Total earnings after taxation:	10,733,241	7,275,350
Basic and diluted earnings per share (note a)	**18.09p**	**13.97p**
Revenue profit from ordinary activities after taxation	2,462,373	2,377,631
Basic and diluted revenue earnings per share (note b)	**4.15p**	**4.56p**
Net unrealised capital gains on investments	698,348	4,832,261
Net realised capital gains on investments	8,379,750	725,905
Capital adviser fees less taxation	(807,230)	(660,447)
Total capital earnings	8,270,868	4,897,719
Basic and diluted capital earnings per share (note c)	**13.94p**	**9.41p**
Weighted average number of shares in issue in the year	59,331,055	52,090,673

Notes:

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

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

c) Capital earnings per share is the total capital 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 earnings per share.

9. Investments at fair value

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted ordinary shares £	Unquoted preference shares £	Loan stock £	Total £
Cost at 31 December 2013	305,000	8,028,849	47,766	24,213,431	32,595,046
Net unrealised gains/(losses) at 31 December 2013	139,789	7,911,329	(8,720)	217,137	8,259,535
Permanent impairment in value of investments	–	(701,362)	(3,078)	(832,957)	(1,537,397)
Valuation at 31 December 2013	**444,789**	**15,238,816**	**35,968**	**23,597,611**	**39,317,184**
Purchases at cost	30	2,874,292	3,405	8,512,870	11,390,597
Sale proceeds	–	(16,363,263)	(19,526)	(10,573,389)	(26,956,178)
Realised gains	–	7,637,692	14,286	1,256,777	8,908,755
Reclassification at value	–	(703,034)	552,897	150,137	–
Net unrealised gains/(losses) for the year	12,696	(1,266,279)	(285,597)	2,237,528	698,348
Closing valuation at 31 December 2014	**457,515**	**7,418,224**	**301,433**	**25,181,534**	**33,358,706**
Cost at 31 December 2014	305,030	8,513,697	80,258	23,365,601	32,264,586
Net unrealised gains/(losses) at 31 December 2014	152,485	497,318	224,253	2,860,925	3,734,981
Permanent impairment in value of investments	–	(1,592,791)	(3,078)	(1,044,992)	(2,640,861)
Valuation at 31 December 2014	**457,515**	**7,418,224**	**301,433**	**25,181,534**	**33,358,706**

Within net unrealised gains of £698,348 for the year, the significant gains were £1,208,999 in Entanet Holdings Limited, £949,310 in ASL Technology Holdings Limited, £474,916 in Westway Services Holdings (2014) Limited, £278,871 in The Plastic Surgeon Holdings Limited, and £127,578 in Virgin Wines Holding Company Limited; the significant unrealised losses were as follows: £1,638,910 in Blaze Signs Holdings Limited, £253,353 in Fullfield Limited (trading as Motorclean), £217,943 in Vectair Holdings Limited, and £187,032 in Gro-Group Holdings Limited.

£1,103,464 of the cost of certain investments were treated as permanently impaired in the year.

Reconciliation of investment transactions to cash flow and income statement movements

The cash flow from investment proceeds shown above of £26,956,178 differs from the sale proceeds shown in the cash flow statement of £24,670,194, by £2,285,984. This is due to new equity and loan stock instruments of £2,501,087 received as non-cash consideration for the partial sale of ATG Media but included above, £841,798 of cash received relating to the restructuring of the investment in Westway Services*, £97,690 of deferred cash sale proceeds not received until after the year end and transaction costs paid of £529,005, not deducted from proceeds above. These transaction costs also account for the difference in realised gains between £8,908,755 shown above and £8,379,750 disclosed in the Income Statement.

Purchases above of £11,390,597 differ to that shown in the Cash Flow Statement of £9,731,308 by £1,659,289. This is made up of the accounting cost of ATG Media Holdings Limited sale proceeds, received in the form of the acquirer's equity and loan stock of £2,501,087, less £841,798 invested as cash as part of the Westway Services* restructure.

* - Although the cash movements above of £841,798 relating to the restructuring of the investment in Westway Services are included in the Cash Flow Statement, they have been netted off each other in the movements on investments reported above.

Notes to the Accounts
for the year ended 31 December 2014

10. Significant interests

At 31 December 2014 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
ASL Technology Holdings Limited	523,486	2,418,806	2,942,292	14.4%
Turner Topco Limited (trading as ATG Media)	6,676	2,494,411	2,501,087	6.2%
Virgin Wines Holding Company Limited (formerly Culborne Trading Limited	58,008	2,381,344	2,439,352	12.2%
Fullfield Limited (trading as Motorclean)	664,072	1,544,389	2,208,461	14.1%
Veritek Global Holdings Limited (formerly Madacombe Trading Limited)	54,950	1,990,325	2,045,275	13.0%
Gro-Group Holdings Limited	186,195	1,788,812	1,975,007	10.5%
Entanet Holdings Limited (formerly Ackling Management Limited)	515,056	1,198,466	1,713,522	12.0%
RDL Corporation Limited	271,044	1,287,290	1,558,334	14.1%
Tharstern Group Limited	427,196	1,022,350	1,449,546	15.3%
Tessella Holdings Limited	280,673	1,145,601	1,426,274	7.2%
Leap New Co Limited (trading as Ward Thomas Removals)	430,704	979,796	1,410,500	7.5%
CGI Creative Graphics International Limited	594,236	727,699	1,321,935	7.8%
PXP Holdings Limited (trading as Pinewood Structures)	1,277,722	–	1,277,722	15.0%
Racoon International Holdings Limited	262,258	950,777	1,213,035	23.3%*
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)	457,280	685,920	1,143,200	14.3%
Manufacturing Services Investment Limited	571,200	571,200	1,142,400	14.3%
Aussie Man & Van Limited	189,634	430,986	620,620	7.5%
Blaze Signs Holdings Limited	472,125	19,672	491,797	20.8%
The Plastic Surgeon Holdings Limited	39,029	439,392	478,421	11.1%
CB Imports Group Limited	350,000	–	350,000	12.0%
Newquay Helicopters (2013) Limited	225,000	1,000	226,000	17.5%
Lightworks Software Limited	222,584	–	222,584	20.0%
Westway Services Holdings (2014) Limited	64,344	150,137	214,481	6.1%
Vectair Holdings Limited	138,074	500	138,574	12.0%
Watchgate Limited	1,000	–	1,000	33.3%

* - After the year-end, the Company's equity percentage held in Racoon International Holdings Limited was reduced to virtually nil. This has occurred as the Company declined to participate in a further fundraising by Racoon, heavily diluting the Company's equity interest above.

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

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 2 VCT plc and Mobeus Income and Growth 4 VCT plc, which have investments as at 31 December 2014 in the following:

	The Income & Growth VCT plc at cost £	Mobeus Income & Growth 2 VCT plc at cost £	Mobeus Income & Growth 4 VCT plc at cost £	Total £	% of equity held by funds advised by by Mobeus %
ASL Technology Holdings Limited	2,722,036	2,092,009	2,942,323	7,756,368	47.5
Virgin Wines Holding Company Limited (formerly Culborne Trading Limited	2,745,503	1,284,333	1,930,813	5,960,649	42.0
Fullfield Limited (trading as Motorclean)	2,405,464	1,624,768	1,793,231	5,823,463	46.0
Gro-Group Holdings Limited	2,398,928	1,123,088	1,577,977	5,099,993	37.6
Veritek Global Holdings Limited (formerly Madacombe Trading Limited)	2,289,858	967,781	1,620,086	4,877,725	44.0
Turner Topco Limited (trading as ATG Media)	1,529,754	1,320,963	1,529,075	4,379,792	17.1
Entanet Holdings Limited (formerly Ackling Management Limited)	2,005,371	912,057	1,369,050	4,286,478	42.0
Leap New Co Limited (trading as Ward Thomas Removals)	1,566,000	848,500	1,410,500	3,825,000	26.4
Tharstern Group Limited	1,531,428	831,715	1,149,811	3,512,954	52.5
RDL Corporation Limited	1,441,667	1,000,000	1,000,000	3,441,667	45.2
Tessella Holdings Limited	1,482,426	770,165	1,077,535	3,330,126	24.0
CGI Creative Graphics International Limited	1,421,702	731,032	1,060,269	3,213,003	26.9
EOTH Limited (trading as Equip Outdoor Technologies)	1,383,313	817,185	951,471	3,151,969	8.0
PXP Holdings Limited (trading as Pinewood Structures)	965,371	1,220,579	712,925	2,898,875	32.9
Manufacturing Services Investment Limited	1,336,800	608,000	912,800	2,857,600	50.0
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)	1,342,800	606,000	908,000	2,856,800	50.0
Racoon International Holdings Limited	550,852	878,527	406,805	1,836,184	49.0
Aussie Man & Van Limited	689,040	373,341	517,000	1,579,381	26.4
The Plastic Surgeon Holdings Limited	406,082	392,264	458,837	1,257,183	30.0
Blaze Signs Holdings Limited	418,281	437,030	190,631	1,045,942	52.5
Omega Diagnostics Group plc	280,026	–	200,028	480,054	6.0
Legion Group plc	150,000	150,106	150,102	450,208	0.0
Newquay Helicopters (2013) Limited	113,000	226,000	56,500	395,500	34.9
CB Imports Group Limited	175,000	–	175,000	350,000	24.0
Westway Services Holdings (2014) Limited	58,076	–	62,775	120,851	15.6
Vectair Holdings Limited	53,400	60,293	24,732	138,425	24.0
Lightworks Software Limited	20,471	25,727	9,329	55,527	45.0
Watchgate Limited	1,000	–	1,000	2,000	100.0

11. Debtors

	2014 £	2013 £
Amounts due within one year:		
Accrued income	231,137	593,273
Prepayments	17,141	16,032
Other debtors	97,849	159
	346,127	**609,464**

Notes to the Accounts
for the year ended 31 December 2014

12. Current investments

	2014 £	2013 £
Monies held pending investment	**19,169,158**	**9,642,587**

This comprises cash invested in six Dublin based OEIC money market funds and in five bank deposits. £1,633,516 (2013: £1,633,110) of this sum is in OEIC money market funds and £7,017,054 (2013: £4,004,253) is held in bank deposits, both subject to immediate access and £10,518,588 (2013: £4,005,224) is in bank deposits, repayable within one year. These sums are regarded as monies pending investment and are treated as liquid resources in the Cash Flow Statement.

13. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	25,753	52,472
Other creditors	12,263	9,734
Corporation tax	110,868	304,143
Accruals	167,517	92,017
	316,401	**458,366**

14. Called up share capital

	2014 £	2013 £
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 60,750,032 (2013: 53,112,565)	607,500	531,126
	607,500	**531,126**

As part of the Linked Offer launched on 28 November 2013, a total of 8,174,196 ordinary shares were allotted at average effective offer prices ranging from 100.01 pence to 107.19 pence per share, raising net funds of £8,193,915.

During the year, the Company made the following share repurchases for a total consideration of £480,472 (2013: £1,035,711).

Purchased	Date of purchase	Nominal value £
210,000	20 March 2014	2,100
58,106	07 May 2014	581
134,000	13 May 2014	1,340
34,623	27 June 2014	346
100,000	18 December 2014	1,000
536,729		**5,367**

15. Movement in share capital and reserves

	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve*	Profit and loss account* (note b)	Total
	£	£	£	£	£	£	£
At 1 January 2014	531,126	186,520	15,361,612	9,867,216	25,580,251	2,741,643	54,268,368
Shares issued via Offer for Subscription	81,741	–	8,115,662	–	(3,488)	–	8,193,915
Shares bought back	(5,367)	5,367	–	–	(480,472)	–	(480,472)
Cancellation of share premium account and capital redemption reserve (note a)	–	(186,520)	(18,539,073)	–	18,725,593	–	–
Write off to special reserve (note a)	–	–	–	–	(1,910,696)	1,910,696	–
Realisation of previously unrealised gains	–	–	–	(6,830,583)	–	6,830,583	–
Dividends paid	–	–	–	–	–	(12,304,975)	(12,304,975)
Profit for the year	–	–	–	698,348	–	10,034,893	10,733,241
As at 31 December 2014	**607,500**	**5,367**	**4,938,201**	**3,734,981**	**41,911,188**	**9,212,840**	**60,410,077**

* - These reserves total £51,124,028 (2013: £28,321,894) and are regarded as distributable reserves for the purpose of assessing the Company's ability to pay dividends to shareholders.

Note a: The cancellation of £18,539,073 from the share premium account and £186,520 from the capital redemption reserve (as approved at the General Meeting held on 22 February 2014 and by order of the Court dated 12 March 2014) has increased the Company's special distributable reserve out of which it can fund buy-backs of shares as and when it is considered by the Board to be in the interests of the shareholders, and to absorb existing and future realised losses. As a result, the Company has a special reserve of £41,911,188. The transfer of £1,910,696 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company this year. All of the special distributable reserve originates from funds raised prior to 6 April 2014.

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

Notes to the Accounts
for the year ended 31 December 2014

16. 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 60,750,032 (2013: 53,112,565) ordinary shares, being the number of ordinary shares in issue on that date.

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

	2014 £	2013 £
Profit on ordinary activities before taxation	10,942,064	7,579,493
Net gains on realisations of investments	(8,379,750)	(725,905)
Net unrealised gains on investments	(698,348)	(4,832,261)
Decrease/(increase) in debtors	361,027	(393,780)
Increase in creditors and accruals	81,016	8,965
Net cash inflow from operating activities	**2,306,009**	**1,636,512**

18. Analysis of changes in net funds

	Cash £	Liquid resources £	Total £
At beginning of year	5,157,499	9,642,587	14,800,086
Cash flows	2,694,988	9,526,571	12,221,559
At 31 December 2014	**7,852,487**	**19,169,158**	**27,021,645**

19. Financial instruments

The Company's financial instruments in both years comprise:

- Equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective; and
- Cash, current investments 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 2014:

	2014 (Book value) £	2014 (Fair value) £	2013 (Book value) £	2013 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	33,358,706	33,358,706	39,317,184	39,317,184
Current investments	19,169,158	19,169,158	9,642,587	9,642,587
Loans and receivables				
Accrued income	231,137	231,137	593,273	593,273
Other debtors	97,849	97,849	159	159
Cash at bank	7,852,487	7,852,487	5,157,499	5,157,499
Liabilities at amortised cost or equivalent				
Other creditors	(316,401)	(316,401)	(458,366)	(458,366)
Total for financial instruments	60,392,936	60,392,936	54,252,336	54,252,336
Non financial instruments	17,141	17,141	16,032	16,032
Total net assets	**60,410,077**	**60,410,077**	**54,268,368**	**54,268,368**

The investment portfolio principally consists of unquoted investments (98.6%; 2013: 98.9%) and AIM quoted stocks (1.4%; 2013: 1.1%). The investment portfolio has a 100% (2013: 100%) concentration of risk towards small UK based, £ denominated companies and represents 55.2% (2013: 72.4%) of net assets at the year-end.

Current investments are money market funds and bank deposits which, along with cash, are discussed under credit risk below, which represent 44.7% (2013: 27.3%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are due to liquidity risk, particularly with the investment portfolio, the credit risk, particularly of the investment portfolio, but also of other assets, 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.

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, would 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 on pages 61 – 62 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 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 £19,169,158 which are all accessible at varying points over the next 12 months.

Notes to the Accounts
for the year ended 31 December 2014

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:

	2014 £	2013 £
Loan stock investments	25,181,534	23,597,611
Current investments	19,169,158	9,642,587
Accrued income	231,137	593,273
Cash at bank	7,852,487	5,157,499
	52,434,316	**38,990,970**

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 £50m, which may be considered less stable than larger, longer established businesses.

The accrued income shown above was all due within 2 months of the year-end.

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

Repayable within	2014 £	2013 £
0 to 1 year	2,221,673	2,622,927
1 to 2 years	2,890,646	4,006,085
2 to 3 years	1,374,697	5,982,824
3 to 4 years	6,158,018	2,107,118
4 to 5 years	12,536,500	8,878,657
Total	**25,181,534**	**23,597,611**

Included within loan stock investments above are loans at a carrying value of £1,000 (2013: £1,044,925), which are past their repayment date but have been renegotiated. One loan with a value of £801,798 is now past its repayment date but has not yet been renegotiated, although it is paying its loan interest. 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 above.

An aged analysis of the value of loan stock investments included above, which are past due but not individually impaired, is set out on the next page. 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. This figure in the following table on page 62 has fallen from last year, as £994,374 of the 2013 figure has been realised, while the interest on £1,356,949 of last year's loans is now being paid. Against these reductions, the loan of £801,798 referred to above has also been included in this year's figure of £802,798.

Past due loan stock assets:

	0 - 6 months £	6 - 12 months £	over 12 months £	2014 Total £
Loans to investee companies past due	–	–	**802,798**	**802,798**

	0 - 6 months £	6 - 12 months £	over 12 months £	2013 Total £
Loans to investee companies past due	**293,382**	–	**2,058,941**	**2,352,323**

There is also a risk of default by the money market funds included within 'Current Investments' above, which could suffer defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds and, along with bank deposits of £17,535,642 at five well-known financial institutions, held within 'Current Investments', credit risk is considered to be relatively low in recent circumstances. The cash at bank figure of £7,852,487 is held with NatWest Bank plc, where 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 financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements.

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

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's investment objective, as set out at the front of this Annual Report. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk and also has full and timely access to relevant information from the 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.

Notes to the Accounts
for the year ended 31 December 2014

Market price risk sensitivity

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

Although one of these assets is quoted on AIM, all others are unquoted. All of the investments made by the 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 quoted share prices, only 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% (2013: 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% (2013: 20%) and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. Theoretically, this could be the case. 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. Finally, it is the individual progress of each individual investment that ultimately has a larger input upon each investment's value, rather than movements in quoted markets.

	2014 Profit and net assets £	2013 Profit and net assets £
If overall share prices rose/fell by 20% (2013: 20%), with all other variables held constant – increase/(decrease)	6,671,741 / (6,671,741)	7,863,437 / (7,863,437)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	10.98p / (10.98)p	14.81p / (14.81)p

The impact of a change of 20% (2013: 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 all major economic drivers, such as 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 2014 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate (see note) %	Average period to maturity (years)
Equity shares	7,875,739	–	–	7,875,739		
Preference shares	–	301,433	–	301,433	7.2	4.5
Loan stocks	–	23,924,414	1,257,120	25,181,534	8.5	3.4
Current investments	–	3,500,000	15,669,158	19,169,158	0.5	
Cash	–	–	7,852,487	7,852,487	0.3	
Debtors	328,986	–	–	328,986		
Creditors	(316,401)	–	–	(316,401)		
Total for financial instruments	7,888,324	27,725,847	24,778,765	60,392,936		
Non-financial instruments	17,141	–	–	17,141		
Total net assets	**7,905,465**	**27,725,847**	**24,778,765**	**60,410,077**		

The interest rate profile of the Company's financial net assets at 31 December 2013 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate (see note) %	Average period to maturity (years)
Equity shares	15,683,605	–	–	15,683,605		
Preference shares	–	35,968	–	35,968	0.4	0.4
Loan stocks	–	22,997,611	600,000	23,597,611	8.1	3.3
Current investments	–	2,000,000	7,642,587	9,642,587	0.7	
Cash	–	–	5,157,499	5,157,499	0.3	
Debtors	593,432	–	–	593,432		
Creditors	(458,366)	–	–	(458,366)		
Total for financial instruments	15,818,671	25,033,579	13,400,086	54,252,336		
Non-financial instruments	16,032	–	–	16,032		
Total net assets	**15,834,703**	**25,033,579**	**13,400,086**	**54,268,368**		

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 have no maturity date and would thus distort the weighted average period information.

Cash flow interest rate sensitivity

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

	2014 Profit and net assets £	2013 Profit and net assets £
If interest rates rose / fell by 1%, with all other variables held constant – increase / (decrease)	198,230 / (198,230)	107,201 / (107,201)
Increase / (decrease) in earnings, and net asset value, per ordinary share (in pence)	0.33p / (0.33)p	0.20p / (0.20)p

Currency risk

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

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy.

Financial assets at fair value through profit and loss at 31 December 2014	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	457,515	–	7,418,224	7,875,739
Preference shares	–	–	301,433	301,433
Loan stock	–	–	25,181,534	25,181,534
Current investments	19,169,158	–	–	19,169,158
Total	**19,626,673**	**–**	**32,901,191**	**52,527,864**

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

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

Level 1 – valued using quoted prices in active markets for identical assets.
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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

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

	Equity investments £	Preference shares £	Loan stock £	Total £
Opening balance at 1 January 2014	15,238,816	35,968	23,597,611	38,872,395
Purchases	2,874,292	3,405	8,512,870	11,390,567
Sales	(16,363,263)	(19,526)	(10,573,389)	(26,956,178)
Reclassification at value *	(703,034)	552,897	150,137	–
Total gains/(losses) included in the Income Statement:				
– on assets sold	7,637,692	14,286	1,256,777	8,908,755
– on assets held at the year-end	(1,266,279)	(285,597)	2,237,528	685,652
Closing balance at 31 December 2014	**7,418,224**	**301,433**	**25,181,534**	**32,901,191**

* - During the year, the equity of Westway Services Holdings (2010) Limited was wholly exchanged for an equity and loan stock investment in the acquirer of the business, Westway Services Holdings (2014) Limited.

As detailed in the accounting policies note, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market. These ratios are correlated to quoted share prices and so any change in share prices could theoretically have a significant effect on the fair value measurements of the investments classified as Level 3 investments. In practice, other factors are more important, as already explained under Market price risk sensitivity earlier in this note.

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

	31 December 2014 £	31 December 2013 £
Valuation methodology		
Cost (reviewed for impairment)	2,682,100	1,689,882
Asset value supporting security held	–	700,992
Recent investment price	4,802,601	6,691,734
Earnings multiple	25,416,490	29,789,787
	32,901,191	**38,872,395**

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2013 and 31 December 2014:

Change in valuation methodology (2013 to 2014)	Carrying value as at 31 December 2014 £	Explanatory note
Recent investment price to earnings multiple	6,410,987	Sufficient time has elapsed since investment such that earnings multiple is a more appropriate basis for determining fair value.
Cost (review for impairment) to earnings multiple	2,922,521	Earnings multiple is a more appropriate basis for determining fair value as a result of an improvement in trading.
Recent investment price to Cost (reviewed for impairment)	–	Impairment review

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV guidelines. The Directors believe that, within these parameters, these are the most appropriate methods of valuation which would be reasonable as at 31 December 2014.

Notes to the Accounts
for the year ended 31 December 2014

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 £2,981,000 or 8.9% lower. Using the upside alternatives, the value would be increased by £2,265,000 or 6.8%. In arriving at both these figures, a 5% change to earnings multiples was applied and for three investee companies, an adjusted maintainable earnings figure was used.

20. Management of capital

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

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

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

21. Contingent liability

The Board currently intends to propose to shareholders that a payment of £250,000 should be made to the Investment Adviser.

22. Post balance sheet events

Under the Offer for Subscription launched on 10 December 2014, a total of 15,254,642 new ordinary shares were allotted at effective offer prices ranging from 95.40 - 102.62 pence per share, raising total net funds of £14.55 million. The Offer closed on 10 March 2015, fully subscribed.

On 30 January 2015, the Company invested a further £1.38 million in the acquisition vehicle South West Services Investment Limited ("SWSI"), adding to its earlier investment of £1.14 million. This enabled SWSIL to acquire Media Business Insight Limited ("MBIL"). The Company has also advanced a non-qualifying loan of £0.76 million to MBIL. MBIL is a publishing and events business focussed on the creative production industries, specifically advertising, TV production and film media.

On 20 February 2015, the Company invested a further £1 million into Entanet Holdings Limited as loan stock.

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 Adviser, approved by the Board. The May annual general meeting, each year, provides a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the 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 progress can visit its website at www.migvct.co.uk. The website includes dedicated pages on the Company providing up-to-date details on fund performance and dividends as well as publicly available information on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at: www.londonstockexchange.com where shareholders can obtain up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Tax Efficient Review at www.taxefficientreview.com provide comparative performance figures for the VCT sector as a whole. The share price is also quoted in the Financial Times.

Shareholder event

The Adviser held a further successful shareholder event on 27 January 2015 at the Royal Institute of British Architects in Central London. The event provided a forum for about 270 Mobeus VCT shareholders to hear presentations from the Adviser and to learn more about its investment activity in greater depth from the Managing Director of Virgin Wines and the Chairman of Tessella and Tharstern. The Investment Adviser is planning a further event to be held in January 2016.

Mobeus website

Shareholders can check the performance of the VCT by visiting the 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.migvct.co.uk. This includes performance tables and details of dividends paid as well as copies of past reports to shareholders and information on fundraisings while they are open.

Net asset value per share

The Company's NAV per share as at 31 December 2014 was 99.44 pence. The Company announces its unaudited NAVs on a quarterly basis.

Dividends

The Directors have declared a second interim dividend in respect of the year ended 31 December 2014 of 7.00 pence per share (comprising 5.80 pence from capital and 1.20 pence from income). This dividend will be paid on 30 April 2015 to shareholders on the Register on 7 April 2015.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be updated online by visiting www.investorcentre.co.uk or, alternatively, they can be obtained by contacting the Company's Registrars, Computershare Investor Services PLC at the address given at the end of this section.

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for them and to check whether they have received and banked all dividends payable to them. This is particularly important if they have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact you 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 telephone number and/or email address for you. You can update your contact details and view any unclaimed dividend payments on the Computershare Investor centre at www.investorcentre.co.uk.

Financial calendar

Late March 2015	Annual Report for the year ended 31 December 2014 to be circulated to shareholders
7 April 2015	Record date for shareholders to be eligible for the interim dividend
30 April 2015	Second interim dividend in respect of the year ended 31 December 2014 to be paid to shareholders.
6 May 2015	Annual General Meeting
August 2015	Announcement of Half-Yearly Results and circulation of Half-Yearly Report for the six months ended 30 June 2015 to shareholders
31 December 2015	Year-end
January 2016	Shareholder event

Shareholder Information

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, shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2716/7 before agreeing a price with their stockbroker**. Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

Managing your shareholding online

The Company has adopted electronic communications, which enables shareholders to choose between electing to receive communications by email or as hard copies through the post. Many shareholders who have not specifically chosen either of these options receive a letter notifying them where to access the reports on the website.

For details on your individual shareholding and to manage your account online, shareholders may log into or register with the Computershare Investor Centre by going to:

www.investorcentre.co.uk

This provides the most efficient way of checking information on your account and making changes to your instructions. You can use the Investor Centre 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. You can also use the site to manage your options for receiving communications from the Company, including submitting proxy votes for general meetings.

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

Boiler room fraud and unsolicited communications to shareholders

We are aware that from time to time our shareholders have received unsolicited telephone calls and/or mail which purport to come from the Company or to be authorised by it.

The Company is obliged by law to make its share register publicly available on request and, as a result, it is possible that shareholder address information could be used by third parties to obtain telephone numbers and/or send unsolicited mail. However, the Company has the right to challenge such a request when the reason given for the request is not acceptable to us and we will be taking advantage of these provisions as appropriate.

The practice of boiler room fraud has been highlighted by the Financial Conduct Authority (FCA) and the Institute of Chartered Secretaries and Administrators ("ICSA") and their advice includes:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting www.fca.org.uk/register and contacting the firm using the details on the register.
- Report the matter to the FCA either by calling 0800 111 6768 or visiting www.moneyadviceservice.org.uk.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

An incident can be reported to the FCA by completing an online form which can be found under investment scams on their website.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/consumers/scams.

For further information, shareholders may also contact Mobeus, the Company Secretary, Tel: 020 7024 7600.

Shareholder enquiries:

The Registrars may be contacted via their website at the address given above, or by phone or post:

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, tel: 0870 707 1155.

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

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the eleventh annual general meeting of Mobeus Income & Growth VCT plc ("the Company") will be held at 2.00 pm on Wednesday, 6 May 2015 at 33 St James's Square, London SW1Y 4JS ("Annual General Meeting") for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions, and resolutions 10 and 11 will be proposed as special resolutions:

1. To receive and adopt the annual report and accounts of the Company for the year ended 31 December 2014 ("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 to the Company.

5. To re-elect Keith Niven as a director of the Company.

6. To re-elect Bridget Guérin as a director of the Company.

7. To re-elect Tom Sooke as a director of the Company.

8. To elect Catherine Wall as a director of the Company.

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 to convert any security into, Shares ("Rights") up to an aggregate nominal value of £228,000, provided that the authority conferred by this resolution shall (unless renewed, revoked or varied 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 2016 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:

    (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding £190,000 in connection with offer(s) for subscription; and

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

    in each case where the proceeds of the allotment may be used in whole or in part to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, revoked or varied by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2016, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby 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 11,393,100 or, if lower, such number of shares (rounded down to the nearest whole Share) as represents 14.99 per cent of the Shares in issue at the date of passing of this resolution;

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

    (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (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 the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2016; and

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

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
23 March 2015

Registered Office
30 Haymarket
London SW1Y 4EX

Notes to the Notice of the Annual General Meeting

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

2. Shareholders may appoint a proxy either by (a) completing a hard copy of the form of proxy or other instrument appointing a proxy and sending it to be received by post (during normal business hours only) or delivering it by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or (b) submitting their votes electronically through registering with Computershare's Investor Centre at www.investorcentre.co.uk/eproxy. In each case, the proxy votes submitted must be received not later than 2.00 pm on 1 May 2015 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

3. To vote electronically, shareholders will be asked to provide the Control Number, their individual Shareholder Reference Number (SRN) and PIN, details of which are contained on the form of proxy, or the electronic broadcast message issued by the Company. Computershare's Investor Centre is the only acceptable means by which proxy instructions may be submitted electronically.

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

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

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 (ie the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your financial adviser or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

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

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

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

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

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

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

13. As at 23 March 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 76,004,674 ordinary shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 23 March 2015 were 76,004,674.

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

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

Performance Data at 31 December 2014

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 December 2014. The NAV basis enables shareholders to evaluate more clearly the performance of the Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

MIG VCT Fundraisings

Share price as at 31 December 2014 **86.00 pence**[1]
NAV per share as at 31 December 2014 **99.44 pence**

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[3] (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)
2004 (MIG VCT)					
Between 5 October 2004 and 29 June 2005	100.00	**60.00**	64.30	**150.30**	**163.74**
Funds raised 2011 (Linked offer)					
21 January 2011	98.00	**68.60**	43.00	**129.00**	**142.44**
28 February 2011	102.30	**71.61**	43.00	**129.00**	**142.44**
22 March 2011	102.30	**71.61**	43.00	**129.00**	**142.44**
01 April 2011	102.30	**71.61**	43.00	**129.00**	**142.44**
05 April 2011	102.30	**71.61**	43.00	**129.00**	**142.44**
10 May 2011	100.60	**70.42**	43.00	**129.00**	**142.44**
06 July 2011	95.30	**66.71**	38.00	**124.00**	**137.44**
Funds raised 2012 (Linked offer)					
08 March 2012	101.20	**70.84**	37.50	**123.50**	**136.94**
04 April 2012	101.20	**70.84**	37.50	**123.50**	**136.94**
05 April 2012	101.20	**70.84**	37.50	**123.50**	**136.94**
10 May 2012	101.20	**70.84**	37.50	**123.50**	**136.94**
10 July 2012	95.50	**66.85**	31.25	**117.25**	**130.69**
Funds raised 2013 (Linked offer)					
14 January 2013	94.60	**66.22**	26.25	**112.25**	**125.69**
28 March 2013	97.40	**68.18**	26.25	**112.25**	**125.69**
04 April 2013	97.40	**68.18**	26.25	**112.25**	**125.69**
05 April 2013	97.40	**68.18**	26.25	**112.25**	**125.69**
10 April 2013 pre RDR[4]	99.80	**69.86**	26.25	**112.25**	**125.69**
10 April 2013 post RDR[4]	97.40	**68.18**	26.25	**112.25**	**125.69**
07 May 2013	95.40	**66.78**	24.25	**110.25**	**123.69**
Funds raised 2014 (Linked offer)					
09 January 2014	100.01[5]	**70.01**	20.25	**106.25**	**119.69**
11 February 2014	100.28[5]	**70.20**	20.25	**106.25**	**119.69**
31 March 2014	106.71[5]	**74.70**	20.25	**106.25**	**119.69**
03 April 2014	107.19[5]	**75.03**	20.25	**106.25**	**119.69**
04 April 2014	106.54[5]	**74.58**	20.25	**106.25**	**119.69**
06 June 2014	108.50[5]	**75.95**	17.00	**103.00**	**116.44**

[1] - Source: London Stock Exchange (mid-price), when the latest announced NAV was 95.40p.

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

[3] - For derivation, see table on page 74.

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

[5] - Average effective offer price. Shares were allotted pursuant to the 2013/14 Offer at individual prices for each investor in accordance with the pricing formula set out in the Securities Note for that year.

MIG 3 VCT Fundraisings

Share price as at 31 December 2014 **91.63 pence[1]**
NAV per share as at 31 December 2014 **105.95 pence**

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

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[3] (p)	Total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)
Funds raised 2006 (MIG3 VCT)					
Between 24 January 2006 and 5 April 2006	100.00	**60.00**	55.36	**146.99**	**161.31**

[1] - Source: London Stock Exchange (mid-price), as adjusted for the merger ratio.
[2] - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006.
[3] - For derivation, see table below.

Cumulative dividends paid

Funds raised	2004 (MIG VCT) (p)	2006 (MIG3 VCT) (p)	2011 (Linked offer) (p)	2012 (Linked offer) (p)	2013 (Linked offer) (p)	2014 (Linked offer) (p)
27 September 2005	0.30					
16 May 2006	0.70					
14 September 2006	0.80					
18 May 2007	1.40	1.25				
20 September 2007	1.00	1.00				
21 May 2008	7.80	1.50				
11 September 2008	3.30	1.00				
15 May 2009	1.00	0.80				
21 April 2010	5.00	4.00				
20 May 2010 Merger of MIG VCT and MIG 3 VCT						
27 May 2011	5.00	5.33[1]	5.00			
15 September 2011	0.50	0.53[1]	0.50			
22 May 2012	6.25	6.66[1]	6.25	6.25		
20 September 2012	5.00	5.33[1]	5.00	5.00		
15 May 2013	2.00	2.13[1]	2.00	2.00	2.00	
18 September 2013	4.00	4.26[1]	4.00	4.00	4.00	
14 May 2014	3.25	3.46[1]	3.25	3.25	3.25	3.25
17 September 2014	17.00	18.11[1]	17.00	17.00	17.00	17.00
Total dividends paid[2]	**64.30**	**55.36**	**43.00**	**37.50**	**26.25**	**20.25**

[1] - The dividends paid after the merger, on MIG VCT shareholdings arising from former MIG3 VCT shareholdings, have been restated for the merger conversion ratio.
[2] - The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to shareholders by date of allotment is shown on page 73 and the top of this page.

Corporate Information

Directors

Keith Niven (Chairman)
Bridget Guérin
Tom Sooke (Senior Independent Director)
Catherine Wall (from 1 July 2014)

Company's registered office

30 Haymarket
London
SW1Y 4EX

Adviser, Promoter, Company Secretary and Administrator

Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX
Tel: 020 7024 7600
www.mobeusequity.co.uk

Company Registration Number:

5153931

Email

vcts@mobeusequity.co.uk

Website

www.migvct.co.uk

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0870 707 1155

VCT Tax Adviser

Robertson Hare LLP
4 - 6 Staple Inn
High Holborn
London
WC1V 7QH

Solicitors

SGH Martineau LLP
No 1 Colmore Square
Birmingham
B4 6AA

Bankers

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

Corporate Broker

Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF

Mobeus Equity Partners LLP
30 Haymarket
London SW1Y 4EX

020 7024 7600
www.migvct.co.uk