The Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Financial Statements
for the year ended 30 September 2017

mobeus
EQUITY PARTNERS

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

Contents

WARNING TO SHAREHOLDERS –

- **Boiler Room fraud and unsolicited communications to shareholders**

We are aware that our shareholders may 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 room scams, and whom to contact should you believe that you have been approached in such a manner, is included in the reply to the FAQ, "What should I do if I receive an unsolicited offer for my shares?", in the VCT investor area of the Investment Adviser's website. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Financial Highlights

As at 30 September 2017:
Net assets: **£64.35 million**
Net asset value ("NAV") per share: **81.24 pence**

- Net asset value total return per share was 4.8% for the year.
- Share price total return per share was 7.0% for the year.
- Dividends paid and proposed in respect of the year total 21.00 pence per share. The proposed final dividend of 3.00 pence per share, if approved, will bring cumulative dividends paid to shareholders in respect of the past five years to 71.00 pence per share.
- The Company realised investments totalling £14.73 million of cash proceeds and generated realised gains over original investment cost of £3.81 million.
- £8.07 million[1] was invested into six new companies and two follow-on investments during the year.

[1] This figure includes £2.76 million previously held in companies preparing to trade.

Performance Summary

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

Reporting date As at 30 September	Net assets (£m)	NAV per share (p)	Share price[1] (p)	Cumulative dividends paid per share (p)	Cumulative total return per share to shareholders[2] (NAV basis) (p)	Cumulative total return per share to shareholders[2] (Share price basis) (p)	Dividends paid and proposed in respect of each year (p)
2017	64.35	81.24	73.00	102.50	183.74	175.50	21.00[4]
2016	70.84	98.51	88.80	80.50	179.01	169.30	10.00
2015	75.20	106.38	93.50	68.50	174.88	162.00	12.00
2014	69.31	114.60	103.50[3]	50.50	165.10	154.00	18.00
2013	60.47	113.90	99.50	40.50	154.40	140.00	10.00

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

[2] Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (share price basis) plus cumulative dividends paid since the launch of the current share class.

[3] The share price at 30 September 2014 has been adjusted to add back the dividend of 8.00 pence per share paid on 30 October 2014, as the listed share price was quoted ex this dividend at the year-end.

[4] Dividends paid and proposed per share in respect of 2017 include the final dividend of 3.00 pence referred to above, which is subject to shareholder approval at the Annual General Meeting ("AGM").

Detailed performance data for each of the VCT's fundraisings is provided in the Performance Data Appendix on pages 74 – 75. The tables, which give information by allotment date on NAVs and dividends paid per share, are also available on the Company's website at www.incomeandgrowthvct.co.uk where they can be downloaded by clicking on "table" in "Reviewing the performance of your investment".

Chairman's Statement

I am pleased to present to shareholders the Annual Report of the Company for the year ended 30 September 2017.

Overview

This has been another year of solid performance by the Company. Returns to shareholders have again been positive due to a profitable portfolio company exit as well as a good income return. Further comment can be found under the 'Performance' section of my Statement below and in the Investment Adviser's Review on page 10.

The Company and the Investment Adviser have responded well to the VCT Rules introduced by the Finance (No2) Act 2015, having completed nine growth capital investments since the change in the Company's investment policy in February 2016. The Investment Adviser has continued to recruit experienced growth capital investors into its team and a healthy pipeline of investment opportunities is being evaluated.

Most recently, additional changes to VCT legislation have been proposed in the Autumn Budget. Your Board's opinion of the likely impact of these changes on your Company can be found under the 'Industry and Regulatory Changes' section of my statement below.

Fundraising

Shareholders should be aware that, on 6 September 2017, the Company launched an Offer for Subscription to raise up to £15 million, with an over-allotment facility to raise up to an additional £10 million. I am pleased to report that demand for the Offer has been strong from both new and existing shareholders. To accommodate investor demand, the Board took the decision to utilise it's over-allotment facility on 23 October 2017. To date, applications amounting to £16.3 million have been received. 19,072,153 shares have been allotted at offer prices ranging from 81.21 to 87.36 pence per share, dependent upon the prevailing net asset value at the date of each allotment and the method by which each investor subscribed for the Offer. The Offer will close when fully subscribed, or on 4 April 2018, whichever is the sooner.

Performance

The Company's NAV total return per share was 4.8% for the year ended 30 September 2017 (2016: 3.9%), after taking into account the dividends paid during the year. This NAV return for the year was primarily attributable to the sale of the Company's investment in Entanet Holdings Limited and another year of good revenue returns, arising principally from income from loan stock investments.

As a result of this year's performance, the cumulative NAV total return per share (being the closing net asset value plus total dividends paid to date since launch) increased during the year by 2.6% (2016: 2.4%) from 179.01 pence to 183.74 pence.

Using the benchmark of NAV cumulative total return, it is pleasing to report strong relative performance over the long-term as well as in recent years, as compared with the Company's peers. The VCT was ranked in the second quartile over five years and in the top quartile over ten years amongst generalist (including planned exit) VCTs used by the Association of Investment Companies ("AIC") to measure performance at 31 October 2017. For further details please see the Strategic Report on page 8.

Final dividend

Your Board is proposing a final dividend in respect of the year ended 30 September 2017 of 3.00 (2016: 4.00) pence per share. The dividend, comprising 2.50 pence from capital and 0.50 pence from income, will be proposed to shareholders at the Annual General Meeting of the Company to be held on 7 February 2018, to shareholders on the register on 12 January 2018, for payment on 15 February 2018. This final dividend is in addition to the special dividend of 15.00 pence paid on 31 August 2017 and the interim dividend of 3.00 pence paid on 20 June 2017.

If approved by shareholders, this forthcoming final dividend will bring dividends paid per share in respect of the year ended 30 September 2017 to 21.00 pence (2016: 10.00 pence) and the Company will have paid dividends totalling 71.00 pence per share in respect of the last five years. Shareholders should note, however, as a result of the changes in the VCT Rules and the Company's Investment Policy, that the Company may find it a challenge to generate a similar level of dividends over the next five years. Your Board will continue to monitor whether the current annual dividend target of 6.00 pence per share remains sustainable in the current investment environment.

The Company's Dividend Investment Scheme ("the Scheme") will apply to this dividend and new elections under the Scheme should be received by the Scheme administrator, Link Asset Services, by no later than Wednesday, 31 January 2018. For further details on the Scheme, please see the Shareholder Information section of this Annual Report on page 69.

Investment portfolio

For the year under review, the portfolio as a whole achieved a net increase of £3.88 million on investments realised but a decrease of £0.79 million on investments still held. Investment realisations produced £3.81 million in capital gains in excess of original investment cost. The portfolio still under management was valued at £48.03 million (2016: £54.36 million) at the year-end representing 94.8% of cost. This position is mainly due to a former Investment Adviser's investments which have been written down below cost. Despite the apparent fall in value, on a like for like basis (adding back realisations and excluding new investments) the portfolio produced a positive return of 5.7% over the year.

During the year £8.07 million (including £2.76 million previously held in companies preparing to trade) was invested in six new companies and two existing portfolio companies.

Six new growth capital investments totalling £6.98 million were made during the financial year. These investments were in: BookingTek, a provider of enterprise software to major hotel groups (plus a small follow on investment); Biosite, a biometric security access control developer; Tapas Revolution, a leading Spanish restaurant chain; Buster & Punch, a London based interiors retailer; MyTutorweb, an online tutoring business; and Wetsuit Outlet, a leading online retailer in the water sports market. In addition, two follow-on investments were made: £0.94 million into Preservica, a developer of digital archiving software; and £0.15 million was invested into Mpb, an online marketplace for used camera and video equipment.

Cash proceeds totalling £14.73 million were received from 14 companies that were either sold or which repaid loans. Of this total, £7.17 million was received as cash proceeds from the substantial disposal of Entanet Holdings Limited, (realising a gain of 5.48 pence per share) with a further £6.73 million being received as loan repayments and finally, £0.83 million as other receipts.

Full details of the investment activity during the year and a summary of the performance highlights can be found in the Investment Adviser's Review on pages 10 – 13 of this Annual Report.

Industry and regulatory developments

As mentioned in my overview, the UK Government has undertaken a Patient Capital Review to identify and tackle factors considered to be adversely affecting the supply of longer term capital to small and developing firms. The consultation period closed on 22 September 2017 and strong representations were made on behalf of the VCT industry by Mobeus as Investment Adviser, the Venture Capital Trust Association and the Association of Investment Companies.

The recent Chancellor's Autumn Budget Statement outlined the key findings from the review including a number of legislative changes to the VCT scheme the earliest of which are due to come into effect from 6 April 2018. We understand that these changes are designed to exclude tax-motivated investments where capital is not at risk (that is, principally seeking to preserve investors' capital).

Your Board notes the initiatives behind these changes. While some of these changes place further restrictions on the way investments may be structured, the Board currently has no reason to believe they will materially affect the Company's existing strategic objectives.

A summary of the current VCT regulations and those proposed in the Autumn Budget is included on page 4 of this Annual Report.

Shareholder Event

The Investment Adviser holds an annual VCT event for Shareholders in Central London. These events include presentations on the Mobeus advised VCTs' investment activity and performance. We have been pleased to receive positive comments from those attending in previous years. The next event will again be held at the Royal Institute of British Architects in Central London on Tuesday, 30 January 2018. There will be day-time and separate evening sessions. Shareholders have already been sent an invitation to this event with further details. If you have not replied to the invitation, but would like to attend, please apply to Mobeus (vcts@mobeusequity.co.uk) by email to register. The Board looks forward to meeting all shareholders able to join them at the event.

Outlook

Your Board remains of the opinion that your Company is well positioned to take advantage of the strong demand for growth capital investment, despite the uncertainties faced by the UK economy, The fundraising is currently anticipated to be fully subscribed and this will provide the Company with sufficient funds to continue the current investment rate in the medium term.

Your Board will shortly be issuing further guidance (in a joint announcement with the boards of the other Mobeus-advised VCTs) on the impact of the Budget changes, in a supplementary prospectus to the Offer. This will be available on the Company's website and the National Storage Mechanism.

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

Colin Hook
Chairman

12 December 2017

Company Objective and Business Model

Objective

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

Summary of Investment Policy

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

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

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

The full text of the Company's Investment Policy is set out on page 24 of this Strategic Report.

Summary of VCT regulation

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

- the Company must hold at least 70%[1], by VCT tax value[2], of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- of these qualifying holdings, an overall minimum of 30% by VCT tax 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)[3];
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value[1]) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market; and
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity.

To be VCT qualifying holdings, new investments must be in companies:

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

The above takes into account legislation up to the Finance Act 2017 which was enacted with effect from 6 April 2017.

1 For accounting periods beginning on or after 6 April 2019, this percentage will increase to 80%.

2 VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which differs from the actual cost of each investment shown in the Investment Portfolio Summary on pages 18 -23.

3 The requirement for VCTs to hold at least 30% of qualifying investments in "eligible shares" (broadly ordinary equity) from funds raised prior to 6 April 2011 will be withdrawn. All qualifying investments made by VCTs after 5 April 2018 are expected to be included in funds which are required to comprise at least 70% of qualifying investments in "eligible shares".

Summary of the principal proposed changes to VCT regulations announced in 2017 Budget

From 6 April 2018:

- VCTs will be required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period.
- VCTs may not make investments that do not appear to meet the new 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is genuine risk of loss of capital).

From the date of Royal Assent (spring of 2018):

- VCTs may no longer offer secured loans to investee companies, and any returns on loan capital above 10 per cent per annum must represent no more than a commercial return on the principal.

For accounting periods beginning on or after 6 April 2019:

- The period for reinvestment of proceeds on disposal of qualifying holdings investments will increase from 6 to 12 months.
- The proportion of VCT funds that must be held in qualifying holdings will increase from 70% to 80%.

Please note that the above changes are not exhaustive, are yet to be enacted and may change by the time Royal Assent is granted.

The Company and its business model

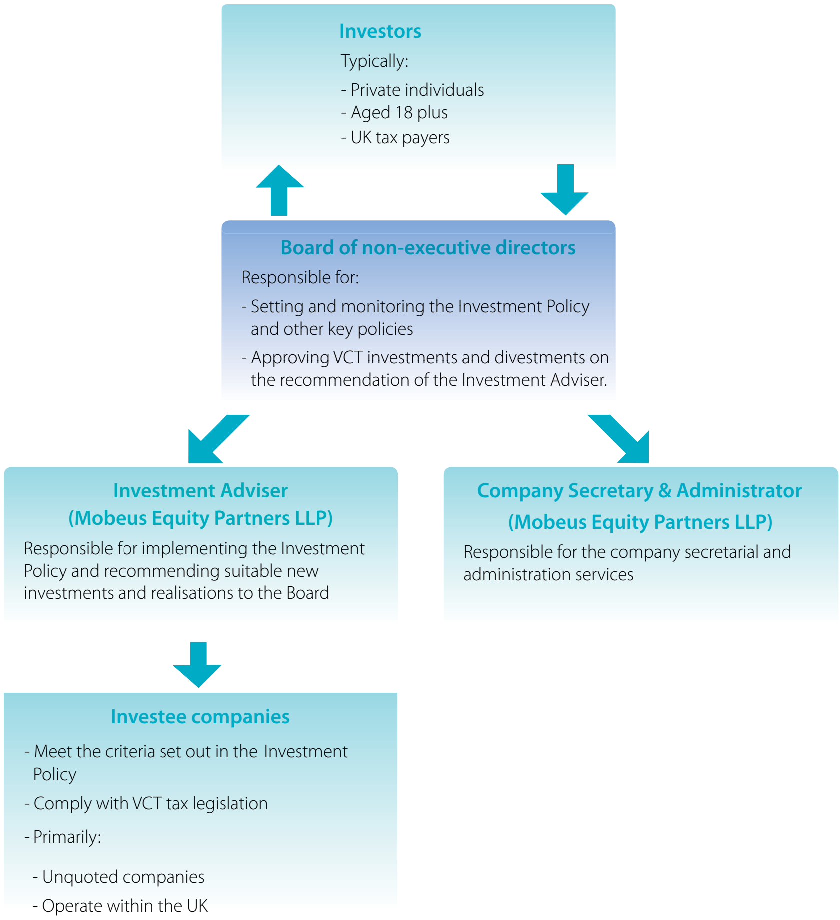
The Company is a Venture Capital Trust and its Objective and Investment Policy are therefore designed to ensure that it continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC") whilst maximising returns to shareholders from both income and capital. A summary of the most important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

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

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

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

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



Performance

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

- **Annual and cumulative returns per share for the year;**
- **The VCT's performance compared with its peer group;**
- **Dividend policy;**
- **Compliance with VCT legislation;**
- **Share buyback and discount policy; and**
- **Costs.**

It is intended that these will provide shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 30 September 2017, and over the longer term, through the application of its investment and other principal policies:

1. Annual and cumulative returns per share for the year

The Company does not consider it appropriate to set a specific annual and cumulative return per share target for the year. However, shareholders should note that the Board assesses these returns against the Company's ability to meet its current annual dividend target of 6.00 pence per share. Furthermore, before any performance fee is payable, shareholders must benefit from cumulative NAV total return since 30 September 2013 of at least a compound 6% per annum (5% for the year ended 30 September 2014) before deducting any performance fee for the year of calculation only. For details, see Note 4 to the Financial Statements.

Total shareholder returns per share for the year

The NAV and share price total returns per share for the year ended 30 September 2017 were 4.8% and 7.0% respectively, as shown below:

Total return (p)

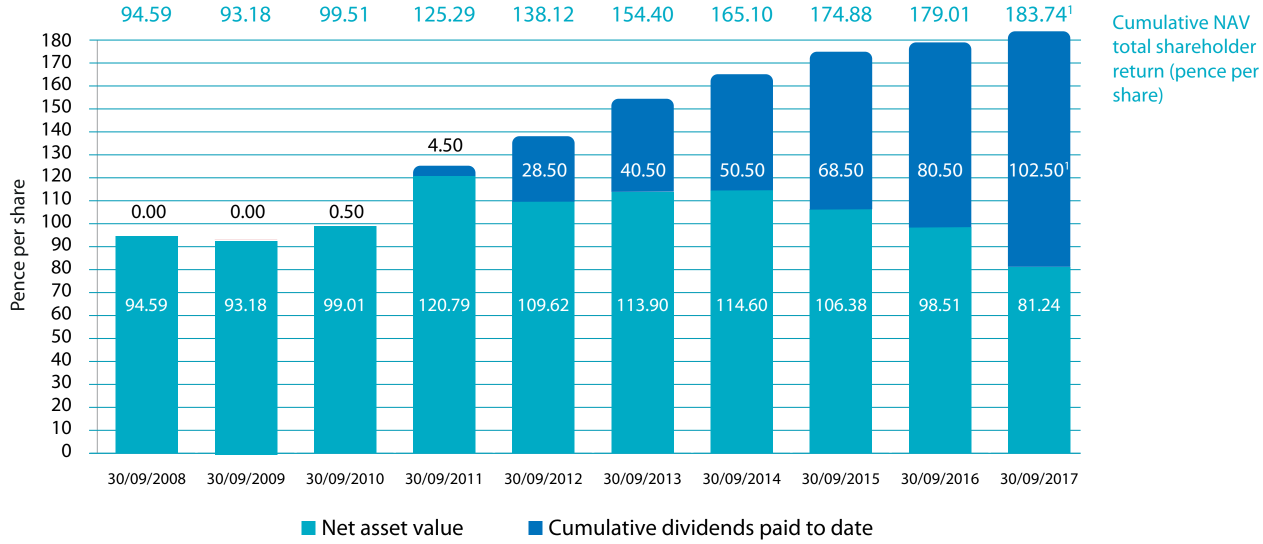
	NAV basis (p)		Share price basis (p)
Closing NAV per share	81.24	Closing share price	73.00
Plus: dividends paid in year	22.00[1]	Plus: dividends paid in year	22.00[1]
Total for year	**103.24**	**Total for year**	**95.00**
Less: opening NAV per share	98.51	Less: opening share price	88.80
Return for year per share	**+4.73**	**Return for year per share**	**+6.20**
% return for year	**4.8%**	% return for year	**7.0%**

[1] Dividends paid in the year were the final dividend of 4.00 pence per share for the year ended 30 September 2016, paid in February 2017, the interim dividend of 3.00 pence per share for the year under review, paid in June 2017 and the special dividend of 15.00 pence per share for the year under review, paid in August 2017.

For similar performance data to that shown above for each allotment in each fundraising since the inception of the Company (including the former 'O' Share Fund raised in 2000/01), please see the Performance Data Appendix on pages 74 - 75 of this Annual Report.

Cumulative total shareholder returns per share (NAV basis)

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



[1] A final dividend of 3.00 pence per share will be recommended to shareholders at the AGM. If approved, the NAV per share then prevailing will reduce by a corresponding 3.00 pence when the final dividend is paid.

Internal rate of return ("IRR")

For the year ended 30 September	NAV return basis 2017	2016
Internal rate of return	13.4%	14.0%

These figures include initial income tax relief since the launch of the current share class in February 2008. The IRR is the annual discount rate that equates the net investment cost of 70.00 pence per share, at the date of the original investment, with the value of subsequent dividends received and the latest NAV per share.

Review of financial results for the year

For the year ended	30 September 2017 £(m)	30 September 2016 £(m)
Capital return	1.76	1.14
Revenue return	2.03	1.91
Total return	**3.79**	**3.05**

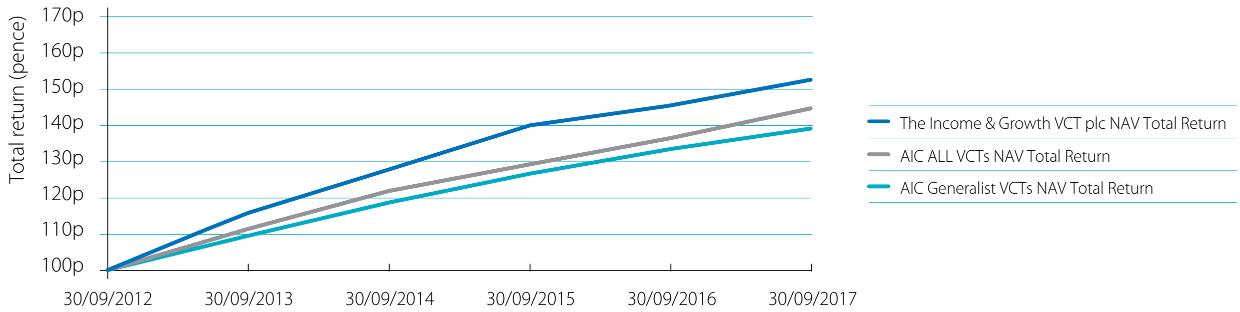
The capital profit for the year of £1.76 million is primarily due to the sale of Entanet Holdings during the year, partially offset by a decrease in unrealised valuations of the portfolio companies and Investment Adviser and performance incentive fees charged to capital.

The revenue profit for the year of £2.03 million is an increase of £0.12 million over the previous year, mainly due to an increase in dividend income from £0.11 million to £0.29 million.

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 generalist VCTs and aims to maintain the Company's performance within the top quartile of this peer group. This graph compares the NAV total return of the Company to an index of all VCTs and an index of generalist VCTs, which are members of the AIC over the last five years based on figures published by Morningstar.



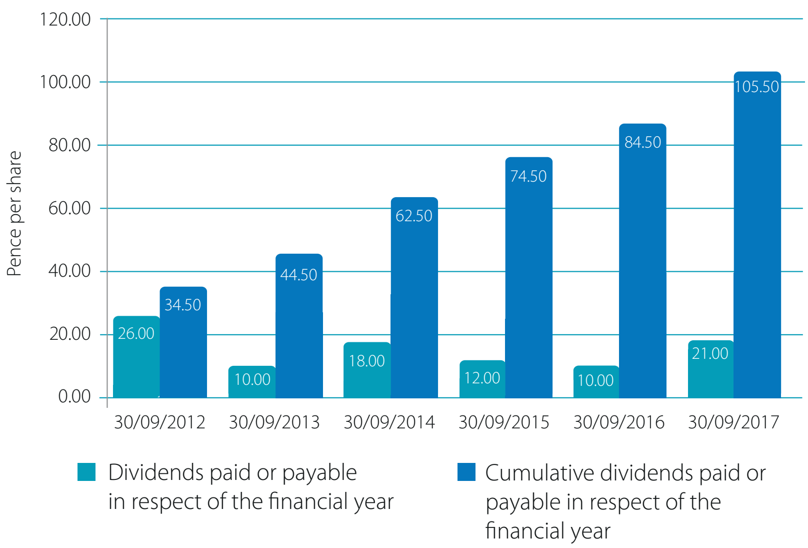
Source: AIC

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

On a cumulative NAV Total Return basis (which assumes dividends are not reinvested), the VCT was ranked 30th over three years (out of 46 VCTs), 13th over five years (out of 41 VCTs) and 1st over ten years (out of 29 VCTs) among generalist (including planned exit) VCTs at 31 October 2017. These statistics are produced by the AIC (based on information prepared by Morningstar).

3. Dividend policy

The Company's annual dividend target is 6.00 pence per share. However, the Board is currently reviewing the sustainability of this target following the recent changes to the VCT Rules. The Company has paid dividends in excess of its annual targets in respect of each of the 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 paid or payable per share in respect of the financial year ended 30 September 2017 are 21.00 pence comprising the interim dividend paid in June 2017 of 3.00 pence, a special dividend of 15 pence paid in August and the proposed final dividend of 3.00 pence per share, which is subject to shareholder approval at the AGM.

Cumulative dividends paid to date are now 102.50 pence per share. The proposed final dividend of 3.00 pence per share, if approved, will increase cumulative dividends paid per share to 105.50 pence since the inception of the current share fund.[1]

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

4. Compliance with VCT legislation

In order to comply with VCT tax legislation, the Company must meet a number of tests set by HMRC as detailed in the table headed 'Summary of VCT Regulation' on page 4. For the year ended 30 September 2017, the Company continued to meet these tests.

5. Share buyback and discount policy

Subject to the Company having sufficient available funds and distributable reserves, it is the Board's continuing intention to pursue a buyback policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 10%. The discount for the Company's shares at 30 September 2017 was 10% (2016: 9.4%) based on the share price shown in the Performance Summary on page 1 and the NAV at 30 June 2017 of 81.21 pence (after deducting the special dividend of 15.00 pence per share paid on 31 August 2017).

This buyback policy provides a mechanism for the Company to enhance the liquidity of its shares and seek to manage the level and volatility of the discount to NAV at which its shares may trade as market liquidity in VCTs is normally very restricted.

During the year ended 30 September 2017, shareholders holding 202,886 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited ("Panmure Gordon"), to purchase these shares at prices representing discounts of approximately 10% to the previously announced NAV per share. The Company subsequently purchased these shares at prices of between 73.00 – 88.50 pence per share and cancelled them. The Company bought back 0.3% of the issued share capital of the Company at 1 October 2016 during the year.

6. Costs

Although shareholders do not bear costs in excess of the expense cap of 3.25%, the Board aims to maintain the ratio before any performance fees at not more than 3.00%.

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

	2017	2016
Ongoing charges	2.8%	2.8%
Performance fee	0.9%	1.6%
Ongoing charges plus accrued performance fee	3.7%	4.4%

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

The Total Expense Ratio for the year was 3.0% of closing net assets, therefore there was no breach of the expense cap of 3.25% of closing net assets for the year ended 30 September 2017 (2016: £nil).

Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have decreased slightly from £1.68 million to £1.58 million with performance incentive fees also decreasing from £1.14 million to £0.57 million. This decrease in the incentive fee reflects the lower level of profitable realisations in the current year compared to the prior year.

Other expenses have increased from £0.39 million to £0.42 million primarily due to a rise in subscription and registrar fees.

Further details of these fees and expenses are contained in Notes 4 and 5 to the Financial Statements on pages 50 -51.

Investment Adviser's Review

Portfolio review

This has been a year of continued progress within the portfolio with the addition of six new growth capital investments totalling £6.98 million, two existing investments receiving follow-on funding totalling £1.09 million, and one significant profitable disposal generating net cash proceeds of £7.17 million resulting in a 2.5 times multiple over cost over the three and a half year life of the investment. The past year's investment and divestment activity has increased the proportion of the portfolio at value comprised of growth capital investments to 21.8%, excluding companies preparing to trade. The Company has now invested £9.85 million in growth capital investments since the introduction of the VCT regulations in 2015.

The value of the existing portfolio decreased by £0.79 million during the year under review. This net fall in value is due to reductions in the valuations of Jablite, Veritek Global and Media Business Insight outweighing gains elsewhere in the portfolio such as Gro-Group, Master Removers Group and Access IS. The majority of the investment portfolio companies are generating cash and trading well in uncertain economic circumstances.

Demand for growth capital investment remains strong and there is a large pipeline of investment opportunities. It is expected that the pace and quantum of new investments will continue over the coming months.

Patient Capital Review

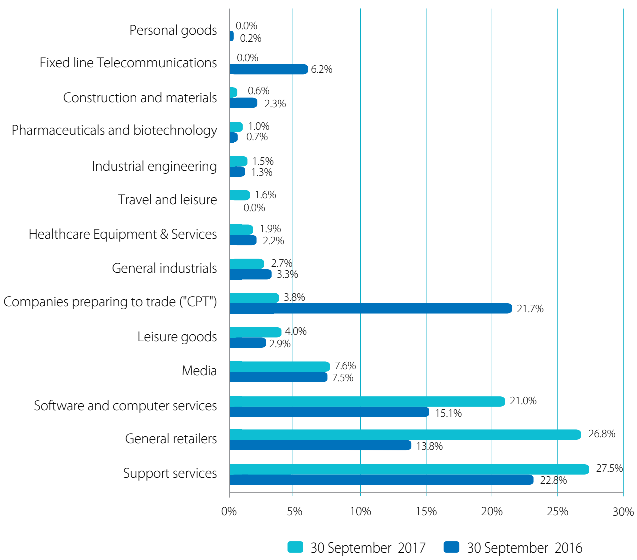
As the Chairman's Statement noted, the UK Government has conducted a review to identify and tackle factors considered to be adversely affecting the supply of longer term capital to small and developing firms.

As anticipated, the Chancellor's recent Autumn Budget outlined the key findings from the review including a number of changes to the VCT scheme, the earliest of which are due to come into effect from 6 April 2018.

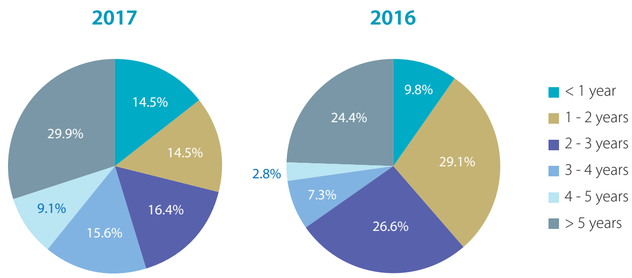
Mobeus, as Investment Adviser, believe these changes should not overall affect the ability of the Company to continue to make successful growth capital investments.

Investments by market sector at valuation

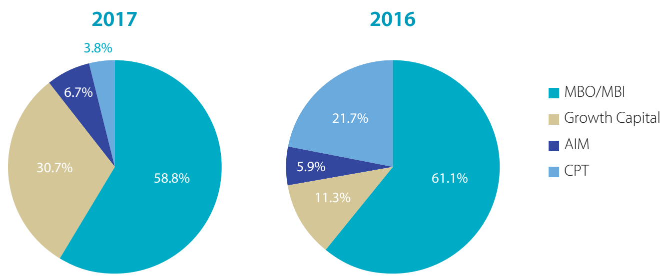
Investments remain spread across a number of sectors, primarily in support services, software and computer services and general retailers.



Age of the portfolio at valuation (including CPTs)



Type of investment transaction at valuation



New investment in the year

A total of £8.07 million was invested in new and existing investments during the year under review. New investments of £6.98 million were made into BookingTek, Biosite, Tapas Revolution, Buster & Punch, MyTutorweb and Wetsuit Outlet; all new growth capital investments. In addition, the Company made £1.09 million of follow-on investment into Preservica (originally arising from a spin out from a former portfolio company, Tessella) and Mpb to support growth and development.

Further details of these investments are set out below.

	Company	Business	Date of investment	Amount of new investment (£m)
BookingTek	BookingTek	A provider of direct-booking systems to major hotel groups	October 2016/ March 2017	0.78

London-based BookingTek provides software that enables hotels to reduce their reliance on third-party booking systems through an enterprise-grade, real-time booking platform for meeting rooms and restaurant reservations. BookingTek's existing clients include two of the world's top 10 hotel groups and the UK's largest hotel group. On 27 March 2017, the VCT advanced a further £0.09 million as loan as envisaged in the original investment plan. The company's latest accounts for the year ended 31 July 2016 show turnover of £2.03 million and a loss before interest, tax and amortisation of goodwill of £0.29 million.

	Company	Business	Date of investment	Amount of new investment (£m)
BIOSITE®	Biosite	Workforce management	November 2016	0.86

Based in the Midlands, Biosite is a fast-growing provider of biometric access control and software-based workforce management solutions for the construction sector. The investment was to support the expansion of the Biosite team to facilitate the development of new site-management tools to enable managers to oversee all aspects of a construction project. The company's latest accounts for the year ended 31 July 2016 show turnover of £4.69 million and profit before interest, tax and amortisation of goodwill of £0.49 million.

	Company	Business	Date of investment	Amount of new investment (£m)
TAPAS REVOLUTION	Tapas Revolution	Restaurant chain	January 2017	0.78

Based in London, Ibericos Etc. Limited (which trades as Tapas Revolution) is a leading Spanish restaurant chain in the casual dining sector focussing on shopping centre sites with high footfall. Having opened its first restaurant in Shepherd's Bush Westfield, the business has since opened a further six restaurants. The investment provided growth capital to a high-calibre team with significant restaurant rollout experience which has spent the past five years building and refining its offer and is now well placed to capitalise on a strong pipeline of new sites. The company's latest accounts for the period ended 25 October 2016 show a turnover of £4.25 million and loss before interest, tax and amortisation of goodwill of £0.25 million.

	Company	Business	Date of investment	Amount of new investment (£m)
Buster + Punch	Buster + Punch	Retailer	March 2017	0.72

Buster and Punch Holdings Limited (formerly Chatfield Services Limited) is a London-based interiors brand founded in 2012 by architect and industrial designer Massimo Buster Minale. Buster + Punch (www.busterandpunch.com) started in a small garage in East London, where it built the "world's first designer LED light bulb" (the Buster Bulb) and made its name with its industrial-inspired lighting. Its products are now sold in over 50 countries, both directly to end-consumers, designers and architects, and through well-known retailers including John Lewis, Harvey Nichols and Harrods. The investment will support the business's international expansion plans and the broadening of its product range. The company's latest accounts for the year ended 31 March 2016 show turnover of £1.98 million and profit before interest, tax and amortisation of goodwill of £0.47 million.

	Company	Business	Date of investment	Amount of new investment (£m)
mytutor	MyTutorweb	Online tutoring	May 2017	0.63

MyTutorweb is a digital marketplace that connects school pupils seeking private one-to-one tuition with university students. The business is satisfying growing demand from both schools and parents to improve pupils' exam results and enhance their academic and career prospects. This investment supports an opportunity to consolidate the sizable £2 billion UK tutoring market, grow MyTutorweb's market presence and drive technological development within the company. The company's latest accounts for the year ended 31 December 2016 show turnover of £0.21 million and a loss before interest, tax and amortisation of goodwill of £0.79 million.

Strategic Report

	Company	Business	Date of investment	Amount of new investment (£m)
WetsuitOutlet	Wetsuit Outlet	Retailer	July 2017	3.21*

B2C Holdings Limited (trading as Wetsuit Outlet) has established itself as a leading online retailer in the water sports market, stocking an impressive brand portfolio including Musto, Billabong, Rip Curl, O'Neill, Red Paddle (an existing Mobeus investment) and Gul. The investment is to fund working capital and growth in existing activities and enter two new markets. Established in 2005, the company has developed into a successful and profitable business achieving turnover of £11.51 million and a profit before interest, tax and amortisation of goodwill £1.77 million in the financial year ended 31 March 2017. *£2,780,100 previously held in Manufactoring Services Investment Limited, a company preparing to trade, was used for the investment into Wetsuit Outlet. This resulted in a net repayment to the Company of £668,400. A further £1,165,482 was also invested by the Company.

Further investments in existing portfolio companies

The Company made further investments of £0.94 million into Preservica, a leading provider of digital preservation solutions, and £0.15 million into Mpb, a leading online marketplace for used camera and video equipment, during the year under review.

	Company	Business	Date of investment	Amount of new investment (£m)
Preservica Active digital preservation	Preservica	Provider of digital preservation solutions	December 2016	0.94

Preservica is a leading provider of digital preservation solutions and its access software is used around the globe by leading businesses, archives, libraries, museums and government organisations to safeguard and share valuable digital content. The company's latest audited accounts for the year ended 31 March 2017 show turnover of £2.03 million and a loss before interest, tax and amortisation of goodwill of £1.16 million.

	Company	Business	Date of investment	Amount of new investment (£m)
mpb.com	MPB Group	Online marketplace for used camera and video equipment	September 2017	0.15

Mpb is Europe's leading online marketplace for used camera and video equipment. Based in Brighton, its custom-designed pricing technology enables Mpb to offer both buy and sell services through the same platform and offers a one-stop shop for all its customers. The investment is to fund expansion of its platform globally, with launches into both the US and German markets. The company's latest audited accounts for the year ended 31 March 2016 show turnover of £8.37 million and a loss before interest, tax and amortisation of goodwill of £0.001 million.

Realisations during the year

The Company realised one investment during the year under review for cash proceeds totalling £7.17 million. This was the very successful sale of the Company's investment in Entanet Holdings Limited, detailed below. Including the loan stock repayments of £6.73 million listed below, and other receipts of £0.83 million, total net cash proceeds for the year amounted to £14.73 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
entanet CONNECTING CONFIDENCE®	Entanet	Wholesale voice and data communications provider	February 2014 to August 2017	£8.10 million 2.5 times cost

The Company sold its investment in Entanet to AIM quoted CityFibre Infrastructure Holdings Limited for £7.17 million in August 2017. Deferred contingent consideration of up to £0.74 million is potentially payable over the next two years. Excluding this deferred consideration, the Company has so far realised a gain over the life of the investment of £4.93 million, a multiple of 2.5 times cost and has returned an IRR of 39% to date – an excellent outcome.

Loan stock repayments

Loan stock repayments totalled £6.73 million during the year.

Company	Business	Month	Amount (£000's)
Backhouse Management	Company preparing to trade	January	1,203
Barham Consulting	Company preparing to trade	March	1,203
Creasy Marketing	Company preparing to trade	March	1,203
McGrigor Management	Company preparing to trade	January, February	1,203
Hollydale Management	Company preparing to trade	March	932
Buster and Punch Holdings Limited (formerly Chatfield Services Limited)	Company subsequently used to invest in Buster & Punch	March	687
TPSFF Holdings	Building finishing services	May, August	200
Aquasium	Bespoke electron beam welding	June	83
BG Training	Technical training	January	18
Total			**6,732**

Mobeus Equity Partners LLP
Investment Adviser

12 December 2017

Principal investments in the Portfolio at 30 September 2017

Strategic Report

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost	£3,314,000
Valuation	£3,880,000

Basis of valuation
Earnings multiple

Equity % held
13.1%

Income receivable in year
£252,515

Business
Provider of data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2016[1]
Turnover	£12,375,000
Operating profit	£1,346,000
Net assets	£6,517,000
Year ended	31 December 2015[1]
Turnover	£11,488,000
Operating profit	£1,526,000
Net assets	£5,236,000

[1] The financial information quoted above is for Access Limited, the trading entity of Tovey Management.

Movements during the year

None.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£2,746,000
Valuation	£3,484,000

Basis of valuation
Earnings multiple

Equity % held
13.7%

Income receivable in year
£262,121

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2016
Turnover	£38,005,000
Operating profit	£2,036,000
Net assets	£3,329,000
Year ended	30 June 2015
Turnover	£37,117,000
Operating profit	£2,424,000
Net assets	£1,465,000

Movements during the year

None.

Manufacturing Services Investment Limited (trading as Wetsuit Outlet)

www.wetsuitoutlet.co.uk

Cost	£3,205,000
Valuation	£3,205,000

Basis of valuation
Recent investment price

Equity % held
8.8%

Income receivable in year
£51,039

Business
Online retailer in the water sports market

Location
Southend on Sea, Essex

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2017[1]
Turnover	£11,511,000
Operating profit	£1,981,000
Net assets	£3,980,000
Year ended	31 March 2016[1]
Turnover	£8,635,000
Operating profit	£1,646,000
Net assets	£3,795,000

[1] The financial information quoted above is for B2C Distribution Limited prior to the investment into Wetsuit Outlet which completed in July 2017.

Movements during the year

New investment made in July 2017.

ASL Technology Holdings Limited

www.aslh.co.uk

Cost	£2,722,000
Valuation	£2,846,000

Basis of valuation
Earnings multiple

Equity % held
13.3%

Income receivable in year
£225,198

Business
Printer and photocopier services

Location
Cambridge

Original transaction
Management buyout

Audited financial information

Year ended	30 September 2016
Turnover	£16,096,000
Operating profit	£1,715,000
Net liabilities	£(2,813,000)
Year ended	30 September 2015
Turnover	£15,361,000
Operating profit	£1,442,000
Net liabilities	£(2,450,000)

Movements during the year

None.

IDOX plc

www.idoxgroup.com

Cost	£454,000
Valuation	£2,688,000

Basis of valuation
Bid price (AIM quoted)

Equity % held
1.0%

Income receivable in year
£41,668

Business
Knowledge management products

Location
London

Original transaction
Development capital

Audited financial information

Year ended	31 October 2016
Turnover	£76,739,000
Operating profit	£20,337,000
Net assets	£65,232,000
Year ended	31 October 2015
Turnover	£62,575,000
Operating profit	£16,024,000
Net assets	£53,639,000

Movements during the year

None.

Gro-Group Holdings Limited

www.gro.co.uk

Cost	£2,399,000
Valuation	£2,607,000

Basis of valuation
Earnings multiple

Equity % held
16.3%

Income receivable in year
£275,628

Business
Manufacturer and distributor of baby sleep products

Location
Ashburton, Devon

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2016
Turnover	£15,315,000
Operating profit	£996,000
Net assets	£154,000
Period ended	31 December 2015[1]
Turnover	£21,018,000
Operating profit	£1,304,000
Net assets	£1,030,000

[1] The financial information quoted above is for an 18 month period.

Movements during the year

None.

Principal investments in the Portfolio at 30 September 2017

Media Business Insight Holdings Limited

www.mb-insight.com

Cost £3,667,000

Valuation £2,444,000

Basis of valuation
Earnings multiple

Equity % held
21.2%

Income receivable in year
£265,680

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

Location
London

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2016
Turnover	£10,260,000
Operating profit	£1,016,000
Net assets	£2,469,000

Year ended	31 December 2015[1]
Turnover	£8,768,000
Operating profit	£508,000
Net assets	£1,867,000

[1] The financial information quoted above is for Media Business Insight Limited, the trading subsidiary of Media Business Insight Holdings Limited.

Movements during the year

None.

Vian Marketing Limited (trading as Red Paddle Co)

www.tushingham.com

Cost £1,207,000

Valuation £1,907,000

Basis of valuation
Earnings multiple

Equity % held
9.5%

Income receivable in year
£75,832

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

Location
Totnes, Devon

Original transaction
Growth capital and equity release

Audited financial information

Year ended	28 February 2017[1]
Turnover	£11,185,000
Operating profit	£982,000
Net assets	£3,220,000

Year ended	28 February 2016[1]
Turnover	£9,602,000
Operating profit	£523,000
Net assets	£2,340,000

[1] The financial information quoted above relates to the operating subsidiary, Red Paddle Co Limited (formerly Tushingham Sails Limited).

Movements during the year

None.

EOTH Limited (trading as Rab and Lowe Alpine)

www.equipuk.com

Cost £1,383,000

Valuation £1,810,000

Basis of valuation
Earnings multiple

Equity % held
2.5%

Income receivable in year
£72,599

Business
Branded outdoor equipment and clothing

Location
Alfreton, Derbyshire

Original transaction
Acquisition capital

Audited financial information

Year ended	31 January 2017
Turnover	£44,382,000
Operating profit	£5,755,000
Net assets	£14,787,000

Year ended	31 January 2016
Turnover	£37,826,000
Operating profit	£1,662,000
Net assets	£11,090,000

Movements during the year

None.

Tharstern Group Limited

www.tharstern.com

Cost	£1,454,000
Valuation	£1,770,000

Basis of valuation
Earnings multiple

Equity % held
16.2%

Income receivable in year
£118,166

Business
Software-based management information systems to the print sector

Location
Colne, Lancashire

Original transaction
Management buyout

Audited financial information

Year ended	31 January 2017
Turnover	£4,852,000
Operating profit	£1,209,000
Net assets	£437,000
Year ended	31 January 2016
Turnover	£4,460,000
Operating profit	£799,000
Net assets	£1,146,000

Movements during the year

None.

Veritek Global Holdings Limited

www.veritekglobal.com

Cost	£2,290,000
Valuation	£1,752,000

Basis of valuation
Earnings multiple

Equity % held
14.6%

Income receivable in year
£256,069

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2016
Turnover	£18,953,000
Operating profit	£1,009,000
Net liabilities	£(322,000)
Year ended	31 March 2015
Turnover	£22,165,000
Operating profit	£2,379,000
Net liabilities	£(72,000)

Movements during the year

None.

Fullfield Limited (trading as Motorclean)

www.motorclean.net

Cost	£1,518,000
Valuation	£1,606,000

Basis of valuation
Earnings multiple

Equity % held
13.2%

Income receivable in year
£140,677

Business
Vehicle cleaning and valet services

Location
Laindon, Essex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2016
Turnover	£49,632,000
Operating profit	£1,952,000
Net assets	£1,607,000
Year ended	31 March 2015
Turnover	£41,166,000
Operating profit	£1,358,000
Net assets	£1,586,000

Movements during the year

None.

Investment Portfolio Summary

for the year ended 30 September 2017

	Ordinary shares Cost at 30 September 2017 £	Ordinary shares Valuation at 30 September 2017 £	Other investments[1] Cost at 30 September 2017 £	Other investments[1] Valuation at 30 September 2017 £	Total Cost at 30 September 2017 £	Total Valuation at 30 September 2016 £
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	1,222,899	602,099	2,091,033	3,278,098	3,313,932	3,532,917
Virgin Wines Holding Company Limited Online wine retailer	65,288	803,665	2,680,215	2,680,215	2,745,503	3,706,526
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)[4] Online retailer in the water sports market	1,602,591	1,602,591	1,602,591	1,602,591	3,205,182	2,708,100
ASL Technology Holdings Limited Printer and photocopier services	484,337	116,025	2,237,769	2,729,594	2,722,106	2,870,789
I-Dox plc[5] Developer and supplier of knowledge management products	453,881	2,687,629	-	-	453,881	2,833,470
Gro-Group Holdings Limited Baby sleep products	226,161	433,873	2,172,767	2,172,767	2,398,928	1,651,824
Media Business Insight Holdings Limited A publishing and events business focussed on the creative production industries	1,466,622	-	2,199,934	2,443,888	3,666,556	2,980,641
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	364,864	703,114	842,573	1,203,676	1,207,437	1,593,103
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	454,543	1,244,982	1,355,336	1,383,313	1,495,307
Tharstern Group Limited Software based management Information systems for the printing industry	451,328	336,929	1,002,950	1,433,555	1,454,278	1,777,923
Veritek Global Holdings Limited Maintenance of imaging equipment	61,522	-	2,228,337	1,752,129	2,289,859	2,297,607
Fullfield Limited (trading as Motorclean) Vehicle cleaning and valet services	619,980	93,604	897,754	1,512,742	1,517,734	2,020,433
Master Removers Group Limited (formerly Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)) A specialist logistics, storage and removals business	681,870	1,379,326	313	-	682,183	878,989
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	639,084	-	1,304,864	1,301,638	1,943,948	1,768,414
Turner Topco Limited (trading as ATG Media)[6] Publisher and online auction platform operator	4,472	-	1,524,603	1,209,162	1,529,075	1,114,321
Redline Worldwide Limited Provider of security services to the aviation industry and other sectors	362,534	103,618	766,587	1,042,269	1,129,121	1,129,121
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT industries	250,752	-	1,190,915	1,072,527	1,441,667	1,409,809
MPB Group Limited Online marketplace for used photographic equipment	495,295	714,053	309,560	309,560	804,855	650,075

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 10 of the financial statements.

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

[4] £2,708,100 held in Manufacturing Services Investment Limited, a company preparing to trade, was used for the investment into Wetsuit Outlet. This resulted in a net repayment to the Company of £668,400. A further £1,165,482 was also invested by the Company.

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

[6] Shares and loan stock in Turner Topco Limited arose as proceeds from the part realisation of ATG Media Holdings Limited in 2014.

Additional investments £	Total Valuation at 30 September 2017 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Net proceeds £	% of equity held[2,3]	% of portfolio by value
-	3,880,197	252,515	-	347,280	-	-	13.1%	8.1%
-	3,483,880	262,121	-	(222,646)	-	-	13.7%	7.3%
1,165,482	3,205,182	51,039	-	-	-	668,400	8.8%	6.7%
-	2,845,619	225,198	-	(25,170)	-	-	13.3%	5.9%
-	2,687,629	-	41,668	(145,841)	-	-	1.0%	5.6%
-	2,606,640	275,628	-	954,816	-	-	16.3%	5.4%
-	2,443,888	265,680	-	(536,753)	-	-	21.2%	5.1%
-	1,906,790	75,832	-	313,687	-	-	9.5%	4.0%
-	1,809,879	72,599	-	314,572	-	-	2.5%	3.8%
-	1,770,484	118,166	-	(7,439)	-	-	16.2%	3.7%
-	1,752,129	256,069	-	(545,478)	-	-	14.6%	3.6%
-	1,606,346	140,677	-	(414,087)	-	-	13.2%	3.3%
-	1,379,326	-	53,630	500,337	-	-	5.8%	3.0%
-	1,301,638	193,604	-	(466,776)	-	-	8.8%	2.7%
-	1,209,162	-	-	94,841	-	-	3.7%	2.5%
-	1,145,887	109,928	-	16,766	-	-	9.1%	2.4%
-	1,072,527	178,421	45,884	(337,282)	-	-	13.0%	2.3%
154,780	1,023,613	1,476	-	218,758	-	-	7.3%	2.1%

Investment Portfolio Summary

for the year ended 30 September 2017

	Ordinary shares Cost at 30 September 2017 £	Ordinary shares Valuation at 30 September 2017 £	Other investments[1] Cost at 30 September 2017 £	Other investments[1] Valuation at 30 September 2017 £	Total Cost at 30 September 2017 £	Total Valuation at 30 September 2016 £
Preservica Limited[4] Seller of proprietary digital archiving software	935,000	935,000	-	-	935,000	-
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	460,108	-	1,150,271	925,420	1,610,379	1,206,547
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	857,014	857,014	-	-	857,014	-
BookingTek Limited Software for hotel groups	685,604	685,604	93,491	93,491	779,095	-
Ibericos Etc. Limited (trading as Tapas Revolution) Spanish restaurant chain	465,886	465,886	310,500	310,500	776,386	-
TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings Limited) Supplier of snagging and finishing services to the property sector	40,610	134,769	199,078	630,925	239,688	836,215
Buster and Punch Holdings Limited (formerly Chatfield Services Limited)[5] Industrial inspired lighting and interiors retailer	510,116	510,116	215,110	215,110	725,226	1,504,000
Aquasium Technology Limited [6] Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	706,592	-	-	166,667	681,377
My Tutorweb Limited Digital marketplace connecting school pupils seeking one-to-one online tutoring	636,477	636,477	-	-	636,477	-
Hollydale Management Limited Company seeking to carry on a business in the food sector	621,600	248,640	372,960	372,960	994,560	1,554,000
Vectair Holdings Limited Designer and distributor of washroom products	53,207	600,813	193	193	53,400	302,340
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	280,026	501,682	-	-	280,026	367,511
Blaze Signs Holdings Limited Manufacturer and installer of signs	401,550	421,589	16,731	16,731	418,281	608,241
Jablite Holdings Limited Manufacturer of expanded polystyrene products	450,900	238,675	47,890	66,080	498,790	1,271,052
Backhouse Management Limited Company seeking to carry on a business in the motor sector	601,600	120,320	180,480	180,480	782,080	1,504,000
Barham Consulting Limited Company seeking to carry on a business in the catering sector	601,600	120,320	180,480	180,480	782,080	1,504,000
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	601,600	120,320	180,480	180,480	782,080	1,504,000
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	601,600	120,320	180,480	180,480	782,080	1,504,000
LightWorks Software Limited Provider of software for CAD and CAM vendors	20,471	87,596	-	-	20,471	61,212
BG Training Limited Technical training business	-	-	53,125	26,563	53,125	70,833

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 10 of the financial statements.

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

[4] A further £935,000 was invested into Preservica Limited, adding to the Company's existing shareholding that was received as part of the disposal of Tessella Holdings Limited in December 2015.

[5] £1,504,000 held in Chatfield Services, a company preparing to trade, was used for the investment into Buster and Punch. This resulted in a net repayment to the Company of £778,774. The company subsequently changed its name to Buster and Punch Holdings Limited.

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

Additional investments £	Total Valuation at 30 September 2017 £	Interest receivable in year £	Dividends receivable in year £	Unrealised gains/(losses) in year £	Realised gains in year £	Net proceeds £	% of equity held[2,3]	% of portfolio by value
935,000	935,000	-	-	-	-	-	6.3%	1.9%
-	925,420	92,022	-	(281,127)	-	-	10.9%	1.9%
857,014	857,014	-	-	-	-	-	6.4%	1.8%
779,095	779,095	1,926	-	-	-	-	4.6%	1.6%
776,386	776,386	18,374	-	-	-	-	7.8%	1.6%
-	765,694	26,433	83,380	129,256	-	199,777	7.7%	1.6%
-	725,226	17,639	-	-	-	778,774	6.2%	1.5%
-	706,592	12,621	-	108,548	-	83,333	16.7%	1.5%
636,477	636,477	-	-	-	-	-	6.2%	1.3%
-	621,600	-	-	-	-	932,400	15.5%	1.3%
-	601,006	-	48,900	298,666	-	-	4.6%	1.3%
-	501,682	-	-	134,171	-	-	1.8%	1.0%
-	438,320	-	15,381	(169,921)	-	-	12.5%	0.9%
-	304,755	6,567	-	(966,297)	-	-	12.1%	0.6%
-	300,800	-	-	-	-	1,203,200	15.0%	0.6%
-	300,800	-	-	-	-	1,203,200	15.0%	0.6%
-	300,800	-	-	-	-	1,203,200	15.0%	0.6%
-	300,800	-	-	-	-	1,203,200	15.0%	0.6%
-	87,596	-	-	26,384	-	-	9.2%	0.2%
-	26,563	847	-	(26,562)	-	17,708	0.0%	0.1%

Strategic Report

Investment Portfolio Summary

for the year ended 30 September 2017

	Ordinary shares		Other investments[1]		Total	Total
	Cost at 30 September 2017 £	Valuation at 30 September 2017 £	Cost at 30 September 2017 £	Valuation at 30 September 2017 £	Cost at 30 September 2017 £	Valuation at 30 September 2016 £
Corero Network Security plc[4] Provider of e-business technologies	600,000	7,866	-	-	600,000	9,577
Racoon International Group Limited (formerly Racoon International Holdings) Supplier of hair extensions, hair care products and training	568,664	-	87,187	-	655,851	104,999
Newquay Helicopters (2013) Limited (in liquidation) Helicopter service operator	15,234	-		-	15,234	-
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	-	-	-	175,000	-
Oxonica Limited[4] International nanomaterials group	2,524,527	-	-	-	2,524,527	-
NexxtDrive Limited/Nexxt E-drive Limited[5] Developer and exploiter of mechanical transmission technologies	487,014	-	-	-	487,014	-
Biomer Technology Limited[6] Developer of biomaterials for medical devices	137,170	-	-	-	137,170	-
Watchgate Limited Holding company	1,000	-	-	-	1,000	-
Disposed in year						
Entanet Holdings Limited Wholesale communications provider	-	-	-	-	-	3,351,685
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	-	-	-	-	-	-
MachineWorks Software Limited Provider of software for CAD and CAM vendors	-	-	-	-	-	-
Total	**23,092,056**	**17,550,668**	**27,566,203**	**30,479,640**	**50,658,259**	**54,364,958**

Notes

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

[2] The percentage of equity held, and the amounts co-invested, in these companies by funds managed by Mobeus Equity Partners LLP are disclosed in Note 10 of the financial statements.

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

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

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

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

Additional investments	Total Valuation at 30 September 2017	Interest receivable in year	Dividends receivable in year	Unrealised gains/(losses) in year	Realised gains in year	Net proceeds	% of equity held[2,3]	% of portfolio by value
£	£	£	£	£	£	£		
-	7,866	-	-	(1,711)	-	-	0.1%	0.0%
-	-	-	-	(104,999)	-	-	10.8%	0.0%
-	-	-	-	-	9,450	9,450	5.0%	0.0%
-	-	-	-	-	-	-	5.8%	0.0%
-	-	-	-	-	-	-	10.6%	0.0%
-	-	-	-	-	-	-	3.9%	0.0%
-	-	-	-	-	-	-	3.0%	0.0%
-	-	-	-	-	-	-	33.3%	0.0%
-	-	244,487	-	-	3,814,729	7,166,414	0.0%	0.0%
-	-	-	-	-	53,644	53,644	0.0%	0.0%
-	-	-	-	-	6,006	6,006	0.0%	0.0%
5,304,234	**48,030,308**	**2,899,869**	**288,843**	**(794,007)**	**3,883,829**	**14,728,706**		**100.0%**

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gains upon sale. Investments are made selectively across a number of sectors.

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

VCT regulation

The Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC.

Amongst other conditions, the Company may not invest more than 15% of its investments (by VCT value at the time of investment) in a single company or group and must have at least 70%[1] by VCT value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings of which a minimum overall of 30% by VCT value (70% for funds raised after 6 April 2011[2]) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the VCT can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by VCT value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

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

Asset Mix

The Company initially holds its funds in a portfolio of interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70%[1] of net funds raised in qualifying investments.

Risk diversification and maximum exposures

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

Co-investment

The Company is entitled to invest alongside other VCTs advised by Mobeus that have a similar investment policy, normally on a pro rata to net assets basis.

Borrowing

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

1 For accounting periods on or after 6 April 2019, this percentage will increase to 80%. Please see page 4 for further information.

2 The requirement for VCTs to hold at least 30% of qualifying investments in "eligible shares" (broadly ordinary equity) from funds raised prior to 6 April 2011 will be withdrawn. All qualifying investments made by VCTs after 5 April 2018 are expected to be included in funds which are required to comprise at least 70% of qualifying investments in "eligible shares". Please see page 4 for further information.

Other Key Policies

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

Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' annual fundraisings 2010-17 to maintain sufficient funds to meet the day-to-day expenses of the Company, dividend distributions and purchases of the Company's own shares whilst maintaining the ability to invest in attractive opportunities.

Further policies

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

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

further details of which are set out in the Directors' Report on pages 28 – 29.

Principal risks

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

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

The Board regularly sets and reviews policies for financial risk management and full details of these can be found in Note 16 to the accounts on pages 60 – 67.

Risk	Possible consequence	How the Board manages risk
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 Strategy including its Investment Policy.* ● *Careful selection and review of the Investment portfolio on a regular basis.*
Loss of approval as a Venture Capital Trust	A breach of the VCT Tax Rules may lead to the Company losing its approval as a VCT, which would result in qualifying shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained and future dividends paid by the Company being subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	● *The Company's VCT qualifying status is regularly reviewed by the Board and the Investment Adviser.* ● *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the VCT's compliance with the VCT Rules.*
Regulatory	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own Alternative Investment Fund Manager (AIFM). Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report or a loss of the Company's status as a VCT.	● *Regulatory and legislative developments are kept under review by the Board.*
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 16 to the accounts on pages 60 - 67.*
Economic	Events such as the impact of Brexit, an economic recession and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	● *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.*
Financial and operating	Failure of the systems (including breaches of cyber security) at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	● *The Board carries out an annual review of the internal controls in place, reviews the risks facing the Company at each quarterly Board meeting and receives reports by exception.* ● *It reviews the performance of the service providers annually and has obtained assurance that such providers have controls in place to reduce the risk of breaches of their cyber security.*
Market	Movements in the UK Stock Market indices will inevitably impact the valuation of the VCT's investments.	● *The Board receives and reviews quarterly valuation reports from the Investment Adviser.* ● *The Investment Adviser alerts the Board about any adverse movements.*

Risk	Possible consequence	How the Board manages risk
Asset liquidity	The Company's investments may be difficult to realise.	• *The Board receives reports from the Investment 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.	• *The Board has a share buyback policy which seeks to mitigate market liquidity risk for shareholders. This policy is reviewed at each quarterly Board meeting.*

Strategic Report

Going Concern and Viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in this Strategic Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well diversified. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 16 and 17 on pages 60 - 68. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Viability Statement

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

The Directors have carried out a robust assessment of the principal risks facing the Company and these are listed on page 25. Subsequent to this review they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, for the next three years. This period has been chosen, as a period longer than three years creates a level of future uncertainty for which a Viability Statement cannot, in the Directors' view, be made meaningfully. The Directors believe a three year period is appropriate given the frequency with which it is necessary to review and assess the impact of past, current and proposed regulatory changes. The Directors' assessment has been made with reference to the Company's current position and prospects, the Company's present strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as described on page 25. The Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period.

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

The Board expects that positive returns should continue to be achievable from future investments and from the existing portfolio. The Company has made nine new investments in compliance with the VCT rules introduced in 2015 and its revised Investment Policy, and the Investment Adviser continues to build a healthy pipeline of such investment opportunities. The Board will however continue to monitor this assumption on a regular basis as the change in focus will take time to manifest itself fully in executing such investments, and the prospective returns thereon are currently less clear until such investments are made over the next three years.

The Board considers that the Company's liquidity will increase significantly as a consequence of the current fundraising activity.

Shareholders should be aware that, under the Company's Articles, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in November 2017 (as part of the fundraising activity), this factor has not affected the Board's assumptions for the next three years.

Future prospects

For a discussion of the Company's future prospects, please see the Chairman's Statement on pages 2 - 3

By order of the Board:

Colin Hook
Chairman

12 December 2017

Board of Directors

Colin Hook

Independent, Non-Executive Chairman

Age: 75

Date of appointment: 13 October 2000

Qualifications: MA

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

Jonathan Cartwright

Independent, Non-Executive Director

Age: 64

Date of appointment: 1 August 2010.

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

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

Helen Sinclair

Non-Executive Director

Age: 51

Date of appointment: 29 January 2003.

Qualifications: MA, MBA

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She has an MA from the University of Cambridge and an MBA from INSEAD Business School. She worked for 3i (1991 to 1998) and subsequently co-founded Matrix Private Equity in 2000 (now Mobeus Equity Partners), raising two funds, Mobeus Income & Growth 2 VCT and Matrix Enterprise Fund. Helen is chairman of British Smaller Companies VCT plc and a non-executive director of Gresham House Strategic plc and Mobeus Income & Growth 4 VCT plc (the latter being advised by Mobeus).

Directors' Report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 September 2017.

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

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

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

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

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

Share capital

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

During the year under review, the Company issued 3,627,706 shares under an offer for subscription and 3,865,859 shares under the Company's Dividend Investment Scheme ("DIS") (2016: 1,490,729 shares issued under the DIS) and bought back 202,886 of its own shares (2016: 269,713). After the year end, the Company issued a further 15,444,447 shares under an offer for subscription.

The issued share capital of the Company as at 30 September 2017 was £792,047 (2016: £719,140) and the number of shares in issue at this date was 79,204,702 (2016: 71,914,023).

Substantial interests

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

Dividend

The Directors are recommending to shareholders a final dividend in respect of the year ended 30 September 2017 of 3.00 pence per share.

Directors

The names of and brief biographical details on each of the Directors are given on page 27 of this Annual Report.

Disclosure of information to the Auditor

So far as the Directors in office at 30 September 2017 are aware, there is no relevant audit information of which the Auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Directors' indemnity

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

Directors' and Officers' Liability Insurance

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

Diversity

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

Articles of association

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

Post balance sheet events

For a full list of post balance sheet events that have occurred since 30 September 2017, please see Note 19 to the Financial Statements on page 68.

Social and environmental policies

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

Environmental and social responsibility

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

The Company does not have any employees or offices and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however adopted electronic communications for shareholders as a means of reducing the volume of paper that the Company uses to produce its reports. It uses mixed sources paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and half-year reports. The Investment Adviser is conscious of the need to reduce its impact on the environment and has taken a number of initiatives in its offices including recycling and the reduction of its energy consumption.

Global greenhouse gas emissions

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

Human rights 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.

Tax Evasion

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

Whistleblowing

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

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in the market price, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 16 to the Financial Statements on pages 60 - 67 of this Annual Report.

Annual General Meeting

The Notice of the Annual General Meeting of the Company to be held at 11.00 am on 7 February 2018 at The Clubhouse, 8 St James's Square, London SW1Y 4JU is set out on pages 71 – 73 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 the Link Shareholder Portal www.signalshares.com 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 72 for further information.

Resolutions 1 – 8 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour and Resolutions 9 and 10 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting.

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

Directors' annual remuneration report (Resolution 2)

The Directors are proposing that shareholders approve the Annual Remuneration Report which describes how the Remuneration Policy has and will be implemented during the current year.

Re-appointment of the external auditor (Resolution 3)

The Directors are proposing the re-appointment of BDO LLP as the Company's external auditor. For further information, please see the Report of the Audit Committee on pages 33 – 34 of the Annual Report.

Re-election of the Directors (Resolutions 5-6)

Colin Hook and Helen Sinclair have both served on the Board for more than nine years and in accordance with the recommendation of the AIC Code of Corporate Governance and the Company's Policy on tenure, have agreed to stand for re-election annually.

Directors' Report

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

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

Resolution 8 will enable the Directors to allot new shares up to an aggregate nominal value of £315,497 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the 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 9 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

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

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

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

The Company normally allots shares at prices based on the prevailing net asset value per share of the existing shares on the date of allotment (less costs). The Directors thus seek to manage any potential dilution of existing shareholdings as a result of the disapplication of shareholders' pre-emption rights proposed in resolution 9.

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2019. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous general authorities approved at the Annual General Meeting of the Company held on 8 February 2017 and in addition to authorities approved at the general meeting of the Company held on 3 August 2017.

The Board intends to allot shares under the Company's Dividend Investment Scheme in respect of the proposed final dividend to be paid to shareholders on 15 February 2018.

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

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 14,187,907 shares representing approximately 14.99 per cent of the issued share capital of the Company as at the date of the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than five per cent above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding the date such shares are contracted to be purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1 penny, being the 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 2019 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.

Voting rights of shareholders

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

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

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

12 December 2017

Corporate Governance Statement

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

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2016 ("the AIC Code") for the financial year ended 30 September 2017.

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

The current version of the AIC Code was endorsed by the Financial Reporting Council (FRC) on 14 July 2016. The FRC has confirmed that in adopting the AIC Code, the Company will meet its obligations in relation to the reporting requirements of the Financial Conduct Authority's Listing and Disclosure and Transparency Rules on corporate governance.

The AIC Code can be viewed on the AIC's website by going to the following link: www.theaic.co.uk/aic-code-of-corporate-governance-0.

Statement of compliance

This statement has been compiled in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2 on Corporate Governance Statements. The Board considers that the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code throughout the year under review. A table providing further explanations of how the Company has complied with the AIC Code during the year is available in the Corporate Governance section of the Company's website: www.incomeandgrowthvct .co.uk.

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

Internal control

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

The Company's internal control system aims to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include regular reviews of signing authorities, quarterly management accounts and the processes by which investments in the portfolio are valued.

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company and includes a review of the risks in relation to the financial reporting process. The Board reviews a schedule of key risks at each quarterly Board meeting.

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

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

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

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. The Audit Committee and the Board carried out an assessment of the effectiveness of internal controls in managing risk on 29 November 2017. 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 provides administrative and company secretarial services to the Company. The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic

Corporate Governance Statement

Report on pages 6 – 9. The Board concluded that the Investment Adviser has performed consistently well over the medium term and has returned a good performance in respect of the year under review. The Company's investment portfolio has performed well and the Investment Adviser has been proactive in responding to the changes to VCT tax legislation introduced towards the end of last year. Compared to the prior year, there has been an increase in both the number of investments made and the pipeline of available investment opportunities.

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 8. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings which had taken place between 2010 and 2017 and annual shareholder events.

The Board considers that the Investment Adviser continues to exercise independent judgement while producing valuations which reflect fair value. Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of shareholders and this was formally approved by the Board on 20 September 2017.

The principal terms of the Company's Investment Management Agreement dated 29 March 2010, as amended on 30 November 2016, and its Performance Incentive Fee Agreement dated 30 September 2014 are set out in Note 4 to the Financial Statements on pages 50 – 51 of this Annual Report. The Board seeks to ensure that the terms of these Agreements represent an appropriate balance between cost and incentivisation of the Investment Adviser.

Investment Adviser fees

The fees paid to the Investment Adviser and the performance incentive fees paid are set out in Note 4 to the Financial Statements on pages 50 - 51.

In addition, the Investment Adviser received fees totalling £448,940 (2016: £340,145) during the year ended 30 September 2017, being £195,686 (2016: £127,267) for arrangement fees, and £253,254 (2016: £212,878) for acting as non-executive directors on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company.

Alternative Investment Fund Manager ("AIFM")

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

The Board and its Committees

The powers of the Directors have been granted by company law, the Company's articles of association ("the Articles") and resolutions passed by the Company's 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 7 February 2018.

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

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

Full descriptions of the work of the Audit and Nomination & Remuneration Committees are set out in the Report of the Audit Committee and the Directors' Remuneration Report on pages 33 – 34 and 35 – 37, respectively, of this Annual Report.

Investment Committee

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

The Committee considers and agrees, on the advice of the Investment Adviser and under the guidance of the Audit Committee, all unquoted investment valuations for recommendation to the Board. Investments are valued in accordance with the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines under which investments are valued at fair value as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares as at the relevant reporting date, in accordance with generally accepted accounting practice. For further information on the Company's investment portfolio, please see pages 18 – 23 of the Strategic Report.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
12 December 2017

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

The Audit Committee is chaired by Jonathan Cartwright and comprises all three Directors. A summary of the Audit Committee's principal activities for the year to 30 September 2017 is provided below:

Financial statements

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

Internal control

The Committee monitored the system of internal controls throughout the year under review and as described in more detail in the Corporate Governance Statement on page 31. It received reports by exception on the Company's progress against its internal controls at its annual and half-year results meetings and reviews a schedule of key risks at each meeting. A full review of the internal controls in operation by the Company was undertaken by the Committee on 29 November 2017.

Valuation of investments

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

Key issues considered by the Committee

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

Going concern and Viability of the Company

The Committee monitored the Company's resources at each quarterly board meeting and has satisfied itself that the Company has an adequate level of resources for the foreseeable future. It has assessed the viability of the Company for the next three years. Its conclusions in respect of both going concern and viability are set out in the Strategic Report on page 26.

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

Recognition of impairment and realised losses

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

Compliance with the VCT tests

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

Report of the Audit Committee

Income from investee companies

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

Key risks faced by the Company

The Board has identified the key risks faced by the Company and established appropriate controls (set out in the Strategic Report on pages 25 and 26). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal control on page 31.

Relationship with the external Auditor

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

Non-audit services

The Board regularly reviews and monitors the external Auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the Auditor to ensure that independence is maintained. The Committee has also reviewed, with BDO, the implications of the Financial Reporting Council's ("FRC") Ethical Reporting Standard 2016 which includes a list of prohibited non-audit services that cannot be provided by the external Auditor and in particular, the ongoing appropriateness of the provision of tax services by the external auditor..

The Audit Committee had concluded that it was in the interests of the Company to purchase certain non-audit services from the external Auditor given its knowledge of the Company and considers these to be acceptable under the FRC's ethical standard. The services paid for during the year were tax compliance services and iXBRL tagging in respect of the prior year and certain agreed upon procedures relating to the calculation of the incentive fee paid in respect of the year ended 30 September 2016 and the half-year report. Arising from the review above and after consultation with the Auditor, the agreement to receive tax compliance services from the auditor was terminated before the year end and the Audit Committee will be seeking to appoint a new supplier in due course in respect of the financial year under review.

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

Re-appointment of the external auditor

The Committee undertook a review of BDO's performance during the 2017 audit and considered the effectiveness of the audit process. When assessing the effectiveness of the process, the Committee considers whether the Auditor:

– met the agreed audit plan;

– demonstrated strong technical knowledge and a clear understanding of the business;

– indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;

– provided an audit team that is appropriately resourced;

– demonstrated a proactive approach to the audit planning process and engaged with the Committee Chairman and other key individuals within the business;

– provided a clear explanation of the scope and strategy of the audit;

– demonstrated the ability to communicate clearly and promptly with the members of the Committee and the Investment Adviser and produce comprehensive reports on its findings;

– demonstrated that it has appropriate procedures and safeguards in place to maintain its independence and objectivity;

- charged cost-effective and justifiable fees in respect of the scope of services provided; and

- handled key audit issues effectively and responded robustly to the Committee's questions.

This review constituted the Audit Committee's annual assessment of the effectiveness of the external audit process. The Audit Committee concluded that the re-appointment of BDO LLP was in the best interests of the Company and shareholders.

The Committee undertook an audit tender process in 2016 in compliance with the requirements on audit firm rotation under the European Audit Regulation Directive. As a consequence of that process, BDO were reappointed as independent auditor.

By order of the Board

Jonathan Cartwright
Chairman of the Audit Committee
12 December 2017

Directors' Remuneration Report

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

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments on page 36 of this report and this is explained further in its report to shareholders on pages 39 – 43.

Remuneration statement by the Chairman of the Nomination & Remuneration Committee

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

The Board, on the recommendation of the Nomination & Remuneration Committee ("the Committee"), has reviewed the fees paid in the year ended 30 September 2017 and decided not to make any changes to the level of fees paid to the Directors at the current time. As part of this review, it considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector. The basic Directors' fees have remained unchanged since 1 January 2006 and the supplements paid to members of the Audit and Investment Committees, in recognition of the complexity and volume of the work of these committees, have not increased since 1 October 2008 and 2012 respectively.

Jonathan Cartwright
Chairman of the Nomination & Remuneration Committee
12 December 2017

Directors' Remuneration Policy

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

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

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

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

Performance related remuneration

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

Additional benefits

The Company does not have any schemes in place to pay bonuses or benefits to the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company. The Company does not have any schemes in place to provide compensation for loss of office.

Recruitment remuneration

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

Shareholders' views on remuneration

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

Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first annual general meeting following their appointment.

The Articles of Association of the Company ("the Articles") further state that, subject to the provisions of the Companies Act, one-third of the Directors shall 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. Colin Hook and Helen Sinclair have both agreed to offer themselves for re-election annually as both of these Directors have served on the Board for more than nine years and Helen Sinclair is considered to be a non-independent director. Jonathan Cartwright has agreed to offer himself for re-election every three years. The Directors retiring at each annual general meeting may become eligible for re-election in accordance with the Articles.

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

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

Directors' Remuneration Report

Future policy

The table below illustrates how the Company's Objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director. The Nomination & Remuneration Committee and the Board review the fees paid to directors annually in accordance with the Remuneration Policy set out on page 35 and may decide that an increase in fees is appropriate in respect of subsequent years. No performance conditions are attached to any aspect of any fee paid to the Directors.

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

Company Objective

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

Remuneration Policy

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

Shareholder approval of the Company's remuneration policy

This policy applied throughout the financial year ended 30 September 2017 and will continue to apply to the current financial year ending 30 September 2018.

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

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

Annual Remuneration Report

The resolution to approve the Annual Remuneration Report as set out in the Annual Report for the year ended 30 September 2016 was approved unanimously by shareholders on a show of hands at the Annual General Meeting of the Company held on 8 February 2017. The Company also received proxy votes in favour of the resolution representing 97.12% (including those who appointed the Chairman to vote at his discretion) of the votes received (against: 2.88%). An ordinary resolution for the approval of this Annual Remuneration Report will be proposed at the next Annual General Meeting of the Company to be held on 7 February 2018.

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

Nomination & Remuneration Committee

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

In considering nominations, the Committee is responsible for making recommendations to the Board concerning new appointments of Directors to the Board and its committees; the periodic review of the composition of the Board and its committees; and the annual performance review of the Board, the Directors and the Chairman. This includes the ongoing review of each Director's actual or potential conflicts of interest which may arise as a result of the external business activities of Board members. No appointments were made during the year under review. The Board has made a commitment to consider diversity, including gender as part of the recruitment process for future appointments. Following the performance evaluation of the Directors during the year, the Board confirms that each of the Directors continue to demonstrate commitment to their roles and to be effective in carrying out their duties on behalf of the Company.

Audited information

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

	Total Directors' fees year to: 30 September 2017 £	30 September 2016 £
Colin Hook	46,000	46,000
Jonathan Cartwright	36,000	36,000
Helen Sinclair	36,000	36,000
Total	**118,000**	**118,000**

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

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

The Directors, however, believe that it is in the best interests of the Company and its shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 30 September 2017 were:

	30 September 2017		30 September 2016	
Director	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Colin Hook	91,567	0.12%	75,780	0.11%
Jonathan Cartwright	23,693	0.03%	18,085	0.03%
Helen Sinclair	20,018	0.03%	20,018	0.03%

During the year under review, Colin Hook was allotted 15,787 shares and Jonathan Cartwright was allotted 5,608 shares under the Company's Dividend Investment Scheme. There were no further movements in the holdings of each Director of the Company's shares during the year or between the year-end and the date of this report.

Relative importance of spend on Directors' fees

	Year to 30 September 2017 £	Year to 30 September 2016 £	Percentage increase/ (decrease)
Total directors' fees	118,000	118,000	-
Dividends paid / payable in respect of the year	15,945,531	7,146,472	123.1%
Share buybacks	160,323	249,518	(35.7)%

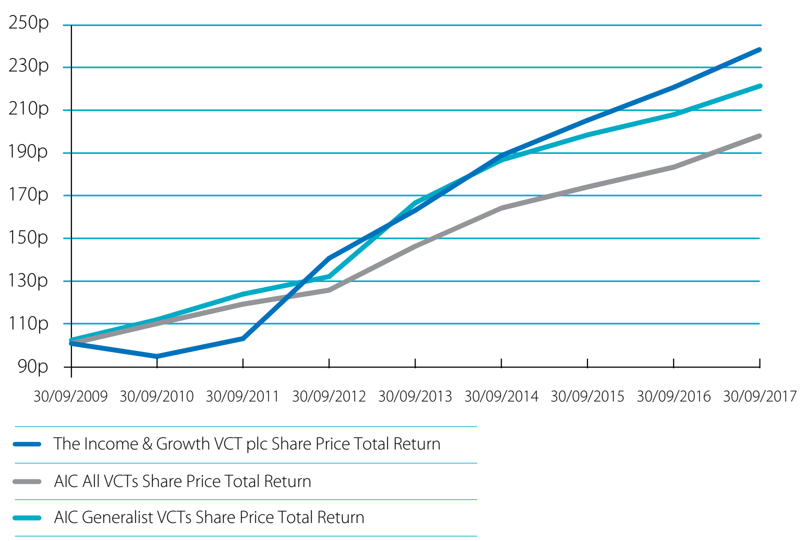
Directors' attendance at Board and Committee meetings in 2017

The table below sets out the Director's attendance at quarterly Board meetings and Committee meetings held during the year ended 30 September 2017. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Colin Hook	4	4	4	4	1	1
Jonathan Cartwright	4	4	4	4	1	1
Helen Sinclair	4	4	4	4	1	1

Company performance

The graph below charts the total cumulative shareholder return of the Company's shares on a share price basis (assuming all dividends have been re-invested and excluding the tax reliefs available to shareholders) over the past seven years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long term. The total shareholder returns have been rebased to 100 at 30 September 2009.



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

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

An explanation of the performance of the Company is given in the Chairman's Statement on pages 2 - 3, the Performance section of the Strategic Report on pages 6 - 9 and in the Investment Review and Investment Portfolio Summary on pages 10 - 23.

By order of the Board

Jonathan Cartwright
Chairman of the Nomination & Remuneration Committee

12 December 2017

Statement of Directors' Responsibilities

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

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

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

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

Having taken advice from the Audit Committee, the Board considers the Annual Report and 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.

The names and functions of the Directors are stated on page 27.

For and on behalf of the Board

Colin Hook
Chairman

12 December 2017

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

Opinion

We have audited the financial statements of The Income & Growth VCT plc (the "company") for the year ended 30 September 2017 which comprise the income statement, the balance sheet, the statement of changes in equity and the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

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

Independent Auditor's Report

Matter	Audit response
Valuation of investments There is a high level of estimation uncertainty involved in determining the unquoted investment valuations The Investment Adviser's fee is based on the value of the net assets of the fund, as shown in note 4a As the Investment Adviser is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations The existence of an expense cap in the management agreement, as explained in note 4a, enhances this risk.	In respect of unquoted investments our sample for testing was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement, having regard to the subjectivity of the inputs to the valuations. 21% of the portfolio is based on price of recent investment or cost, including cash held within companies seeking to acquire a trade. For such investments, we verified the cost or price of recent investment to supporting documentation and reviewed the Investment Adviser's determination of whether there were any reasons why the valuation did not remain appropriate based on performance of the investee company since investment compared with the investment plan and obtaining evidence of the cash balance in respsect of companies preparing to trade. 72% of the investment portfolio is valued in accordance with more subjective techniques, mainly on an earnings multiple basis, as described in note 9. In respect of the sample selected for detailed testing (representing 94% by value of the investments valued using more subjective techniques) we: ● Recalculated the value attributable to the Company; ● Reviewed and challenged the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; ● Reviewed the historical financial statements and recent management information available for unquoted investments used to support assumptions about maintainable earnings used in the valuations; ● Considered the earnings multiples applied by reference to observable listed company market data; and ● Challenged the appropriateness and consistency of adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted with reference to the performance of the investee company and its comparability with the market sector. Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. The remainder of the portfolio (6%) was considered to confirm that the valuation had been performed in accordance with the IPEV Guidelines and that there were no unexpected movements in value warranting further investigation.

Matter	Audit response
Revenue recognition Revenue consists primarily of interest earned on loans to investee companies, as well as dividends receivable from investee companies. Revenue recognition is considered to be a significant risk, particularly the assessment of the recoverability of loan interest income, and the completeness of dividends, as it is one of the key drivers of dividend returns to investors. Income arises from unquoted investments and can be volatile; It is often a key factor in demonstrating the performance of the portfolio, as explained further in note 3.	We developed expectations for interest income receivable by recalculating interest receivable based on the terms of the loan instruments and investigated any variations between our expectations and the amounts recognised to ensure they were valid. We traced a sample of interest income receipts to bank statements. 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 prepared by the investee companies relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest. We considered the appropriateness of the accounting treatment of other fixed returns, including redemption premia. We considered the completeness of dividend income receivable by reviewing independent data including published dividend histories for AIM quoted investments and statutory and management information for a sample of unquoted investments. We traced dividend income received to bank and by obtaining direct confirmation from investee companies.

Our application of materiality

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.

Independent Auditor's Report

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality (2% value of investments)-	Assessing whether the financial statements as a whole present a true and fair view	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuation	960,000
Specific materiality – classes of transactions and balances which impact on revenue profits (10% revenue return before tax)	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• The level of net income return	240,000

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

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken by the Board 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.

Other information

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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.

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. We were reappointed as auditors in respect of the year ended 30 September 2016 by the Board. The period of total uninterrupted engagement is 11 years, covering the years ending 30 September 2007 to 30 September 2017.

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

Our audit opinion is consistent with the additional report to the audit committee.

Peter Smith
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London, United Kingdom
12 December 2017

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

Income Statement for the year ended 30 September 2017

	Notes	Year ended 30 September 2017 Revenue £	Capital £	Total £	Year ended 30 September 2016 Revenue £	Capital £	Total £
Net unrealised (losses)/gains on investments	9	-	(794,007)	(794,007)	-	549,889	549,889
Net gains on realisation of investments	9	-	3,883,829	3,883,829	-	2,506,146	2,506,146
Income	3	3,266,634	-	3,266,634	3,201,629	-	3,201,629
Investment Adviser's fees	4a	(394,012)	(1,182,037)	(1,576,049)	(419,260)	(1,257,781)	(1,677,041)
Investment Advisers' performance fees	4b	-	(571,879)	(571,879)	-	(1,140,221)	(1,140,221)
Other expenses	5	(423,354)	-	(423,354)	(392,228)	-	(392,228)
Profit on ordinary activities before taxation		2,449,268	1,335,906	3,785,174	2,390,141	658,033	3,048,174
Tax on profit on ordinary activities	6	(421,283)	421,283	-	(479,600)	479,600	-
Profit for the year and total comprehensive income		**2,027,985**	**1,757,189**	**3,785,174**	**1,910,541**	**1,137,633**	**3,048,174**
Basic and diluted earnings per ordinary share:	7	**2.79p**	**2.42p**	**5.21p**	**2.68p**	**1.60p**	**4.28p**

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

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") (updated in January 2017) by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

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

The Notes on pages 49 - 68 form part of these Financial Statements.

Balance Sheet as at 30 September 2017

Company No. 4069483

	Notes	as at 30 September 2017 £	as at 30 September 2016 £
Fixed assets			
Investments at fair value	9	48,030,308	54,364,958
Current assets			
Debtors and prepayments	11	3,372,032	304,935
Current asset investments	12	12,412,671	15,338,067
Cash at bank and in hand	12	1,375,065	2,189,856
		17,159,768	17,832,858
Creditors: amounts falling due within one year	13	(841,325)	(1,357,178)
Net current assets		16,318,443	16,475,680
Net assets		**64,348,751**	**70,840,638**
Capital and reserves			
Called up share capital	14	792,047	719,140
Capital redemption reserve		14,014	11,985
Share premium reserve		24,099,311	18,308,887
Revaluation reserve		4,020,689	4,744,396
Special reserve		23,215,643	24,980,045
Profit and loss account		12,207,047	22,076,185
Equity shareholders' funds		**64,348,751**	**70,840,638**
Basic and diluted net asset value per share			
Ordinary shares	15	**81.24p**	**98.51p**

The Notes on pages 49 - 68 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 12 December 2017 and were signed on its behalf by:

Colin Hook
Chairman

Statement of Changes in Equity for the year ended 30 September 2017

	Notes	Non-distributable Reserves Called up share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Distributable Reserves Special distributable reserve (note a) £	Realised capital reserve (note b) £	Revenue reserve (note b) £	Total £
At 1 October 2016		**719,140**	**11,985**	**18,308,887**	**4,744,396**	**24,980,045**	**20,225,980**	**1,850,205**	**70,840,638**
Comprehensive income for the year									
(Loss)/profit for the year		-	-	-	(794,007)	-	2,551,196	2,027,985	3,785,174
Total comprehensive income for the year		**-**	**-**	**-**	**(794,007)**	**-**	**2,551,196**	**2,027,985**	**3,785,174**
Contributions by and distributions to owners									
Shares issued via Offer for Subscription (note c)	14	36,277	-	2,910,719	-	(786)	-	-	2,946,210
Dividends re-invested into new shares	14	38,659	-	2,879,705	-	-	-	-	2,918,364
Shares bought back (note d, note e)	14	(2,029)	2,029	-	-	(160,323)	-	-	(160,323)
Dividends paid	8	-	-	-	-	-	(14,175,466)	(1,805,846)	(15,981,312)
Total contributions by and distributions to owners		**72,907**	**2,029**	**5,790,424**	**-**	**(161,109)**	**(14,175,466)**	**(1,805,846)**	**(10,277,061)**
Other movements									
Realised losses transferred to special reserve (note f)		-	-	-	-	(1,603,293)	1,603,293	-	-
Realisation of previously unrealised appreciation		-	-	-	70,300	-	(70,300)	-	-
Total other movements		-	-	-	**70,300**	**(1,603,293)**	**1,532,993**	-	-
At 30 September 2017		**792,047**	**14,014**	**24,099,311**	**4,020,689**	**23,215,643**	**10,134,703**	**2,072,344**	**64,348,751**

Notes

a) The Company's special reserve is available to fund buy-backs of shares as and when it is considered by the Board to be in the interests of the shareholders, and to absorb any existing and future realised losses and for other corporate purposes. As at 30 September 2017, the Company has a special reserve of £23,215,643, all of which relates to reserves from shares issued on or before 5 April 2014.

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

c) On 28 September 2017, 3,627,706 shares were issued under the Offer for Subscription and net funds receivable of £2,946,210 is held within debtors at 30 September 2017. This figure is net of issue costs of £45,529.

d) The shareholders authorised the Company to purchase its own shares for cancellation pursuant to section 701 of the Companies Act 2006 at the Annual General Meeting held on 8 February 2017. The authority was limited to a maximum number of 10,779,912 shares (this being approximately 14.99% of the issued share capital at the date of the Notice of the meeting). The minimum price which may be paid for a share is 1 penny per share, the nominal value thereof. The maximum price that may be paid for a share is an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authorities provide that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract.

e) During the year, the Company repurchased 202,886 of its own shares at the prevailing market price for a total cost of £160,323, which were subsequently cancelled. The difference between the figure shown above of £160,323, and that per the Statement of Cash Flows of £115,024 is due to an opening share buyback creditor of £37,339, offset by a share buyback creditor at 30 September 2017 of £82,638.

f) The transfer of £1,603,293 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company this year.

The Notes on pages 49 - 68 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 30 September 2016

	Non-distributable Reserves				Distributable Reserves			
	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£	£
At 1 October 2015	**706,930**	**9,288**	**16,977,902**	**8,997,633**	**27,147,965**	**19,653,747**	**1,708,831**	**75,202,296**
Comprehensive income for the year								
Profit for the year	-	-	-	549,889	-	587,744	1,910,541	3,048,174
Total comprehensive income for the year	**-**	**-**	**-**	**549,889**	**-**	**587,744**	**1,910,541**	**3,048,174**
Contributions by and distributions to owners								
Shares issued under Offer for Subscription	-	-	-	-	-	-		-
Dividends re-invested into new shares	14,907	-	1,330,985	-	-	-		1,345,892
Shares bought back	(2,697)	2,697	-	-	(249,518)	-		(249,518)
Dividends paid	-	-	-	-	-	(6,737,039)	(1,769,167)	(8,506,206)
Total contributions by and distributions to owners	**12,210**	**2,697**	**1,330,985**	**-**	**(249,518)**	**(6,737,039)**	**(1,769,167)**	**(7,409,832)**
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,918,402)	1,918,402	-	-
Realisation of previously unrealised depreciation	-	-	-	(4,803,126)	-	4,803,126	-	-
Total other movements	-	-	-	**(4,803,126)**	**(1,918,402)**	**6,721,528**	-	-
At 30 September 2016	**719,140**	**11,985**	**18,308,887**	**4,744,396**	**24,980,045**	**20,225,980**	**1,850,205**	**70,840,638**

The composition of each of these reserves is explained below:

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

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

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

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

In accordance with stating all investments at fair value through profit and loss (as recorded in note 9), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

Special distributable reserve - The cost of share buybacks is charged to this reserve. In addition, any realised losses on the sale or impairment of investments (excluding transaction costs), and 75% of the Investment Adviser fee expense, and the related tax effect, are transferred from the realised capital reserve to this reserve.

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

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

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

The Notes on pages 49 - 68 form part of these Financial Statements.

Statement of Cash Flows for the year ended 30 September 2017

	Notes	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Cash flows from operating activities			
Profit for the financial year		3,785,174	3,048,174
Adjustments for:			
Net unrealised losses/(gains) on investments		794,007	(549,889)
Net gains on realisations on investments		(3,883,829)	(2,506,146)
(Increase)/decrease in debtors		(120,887)	77,630
(Decrease)/increase in creditors and accruals		(561,152)	190,471
Net cash inflow from operating activities		**13,313**	**260,240**
Cash flows from investing activities			
Purchase of investments	9	(5,304,234)	(936,007)
Disposal of investments	9	14,728,706	10,742,834
Decrease in bank deposits with a maturity over three months		2,028,243	1,960,755
Net cash inflow from investing activities		**11,452,715**	**11,767,582**
Cash flows from financing activities			
Shares issued as part of Offer for subscription		-	-
Equity dividends paid	8	(13,062,948)	(7,160,312)
Purchase of own shares		(115,024)	(212,644)
Net cash outflow from financing activities		**(13,177,972)**	**(7,372,956)**
Net (decrease)/increase in cash and cash equivalents		**(1,711,944)**	**4,654,866**
Cash and cash equivalents at start of year		12,347,911	7,693,045
Cash and cash equivalents at end of year		**10,635,967**	**12,347,911**
Cash and cash equivalents comprise:			
Cash at bank and in hand	12	1,375,065	2,189,856
Cash equivalents	12	9,260,902	10,158,055

The Notes on pages 49 - 68 form part of these Financial Statements.

Notes to the Financial Statements for the year ended 30 September 2017

1 Company Information

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

2 Basis of preparation

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

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102"), with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in January 2017) issued by the Association of Investment Companies. The Company has a number of financial instruments which are disclosed under FRS102 s11/12 as shown in Note 16.

The Company has elected to apply early the revised disclosure requirements as set out in Amendments to FRS 102 – Fair Value hierarchy disclosures issued in March 2016.

3 Income

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

Interest income on loan stock is accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income or capital as appropriate once redemption is reasonably certain. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 30 September 2017 has been classified as capital and has been included within unrealised gains on investments.

	2017 £	2016 £
Income from bank deposits	55,893	101,393
Income from investments		
– from equities	288,843	114,915
– from OEIC funds	21,960	38,412
– from loan stock	2,899,869	2,946,909
	3,210,672	3,100,236
Other income	69	-
Total income	**3,266,634**	**3,201,629**
Total income comprises		
Revenue dividends received	310,803	153,327
Interest	2,955,762	3,048,302
Other income	69	-
Total Income	**3,266,634**	**3,201,629**
Income from investments comprises		
Listed UK securities	36,086	36,086
Listed overseas securities	21,960	38,412
Unlisted UK securities	3,152,626	3,025,738
Total investment income	**3,210,672**	**3,100,236**

Total loan stock interest due but not recognised in the year was £223,159 (2016: £525,395) due to uncertainty over its recoverability.

Financial Statements

Notes to the Financial Statements for the year ended 30 September 2017

4 Investment Adviser's fees and performance fees

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

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

a) Investment Adviser's fees

	Revenue 2017 £	Capital 2017 £	Total 2017 £	Revenue 2016 £	Capital 2016 £	Total 2016 £
Mobeus Equity Partners LLP	394,012	1,182,037	1,576,049	419,260	1,257,781	1,677,041

Under the terms of a revised investment management agreement dated 29 March 2010, Mobeus Equity Partners LLP ("Mobeus") (formerly Matrix Private Equity Partners LLP ("MPEP")) provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2.4% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter. One sixth of this fee is subject to minimum and maximum limits of £150,000 (2016: £150,000) and £170,000 (2016: £170,000) per annum respectively.

The Investment Adviser fees disclosed above are stated after applying a cap on expenses excluding IFA trail commission and exceptional items set at 3.25% of closing net assets at the year-end. In accordance with the investment management agreement any excess expenses are wholly borne by the Investment Adviser. The excess expenses during the year attributable to the Investment Adviser amounted to £nil (2016: £nil).

b) Investment Advisers' performance fees

	Revenue 2017 £	Capital 2017 £	Total 2017 £	Revenue 2016 £	Capital 2016 £	Total 2016 £
Portfolio						
Mobeus Equity Partners LLP	-	571,879	571,879	-	1,096,391	1,096,391
Foresight Group LLP	-	-	-	-	43,830	43,830
	-	571,879	571,879	-	1,140,221	1,140,221

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

On 30 September 2014, a new incentive fee agreement was signed between the Board and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. The previous agreement remains in force, but only with the former adviser, Foresight Group LLP, to whom, for the year ended 30 September 2017, £nil (2016: £43,830) is payable. The agreement is due to expire on 10 March 2019. Mobeus waived their right to their portion of the fee, under the previous agreement.

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

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

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

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

Under this amended agreement, any fee payments to Mobeus are subject to an annual cap of an amount equal to 2% of the net assets of the Company as at the immediately preceding year-end. This cap will include any fee payable to Foresight Group LLP under the old agreement, although any such payment to Foresight Group LLP is not capped. Any excess over the 2% remains payable to Mobeus in the following year(s), subject to the 2% annual cap in such subsequent year(s) and after any payment in respect of such subsequent year(s).

The Target Return for the year ended 30 September 2017 was a 6% uplift on the previous year's Target Return of 134.38 pence, being 142.44 pence. As Cumulative Total NAV return is 144.00 pence per share, the Target Return has been met and a fee is payable. This fee amounts to £571,879 and has been accrued in these accounts. This is payable following the approval of this Annual Report by shareholders at the AGM.

c) Offer for Subscription fees

	2017 £(m)	2016 £(m)
Funds raised by I&G VCT	2.99	-
Offer costs payable to Mobeus at 3.25% of funds raised by I&G VCT	**0.10**	**-**

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 6 September 2017, Mobeus is entitled to fees of 3.25% of the investment amount received from investors. This amount totalled £341,500 for the first allotment on 28 September 2017 across all four VCTs, out of which all the costs associated with the allotment were met, excluding any payments to advisers facilitated under the terms of the Offer.

5 Other expenses

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

	2017 £	2016 £
Directors' remuneration (including NIC of £9,904 (2016: £9,926) (note a)	127,904	127,926
IFA trail commission	49,032	45,183
Broker's fees	12,000	12,000
Auditor's fees – Audit of company (excluding VAT)	25,164	24,857
– tax compliance (note b) (excluding VAT)	-	3,659
– audit related assurance services (excluding VAT)	5,074	4,767
– other services - (note c) (excluding VAT)	2,500	4,000
VCT monitoring fees	10,800	10,800
Registrar's fees	68,328	56,119
Printing	41,645	33,451
Legal & professional fees (note b)	5,944	5,219
Directors' insurance	8,211	8,388
Listing and regulatory fees	57,551	44,854
Sundry	9,201	11,005
Other expenses	**423,354**	**392,228**

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.

a): See analysis in Directors' Remuneration table on page 37, which excludes the NIC above. The key management personnel are the three non-executive directors. The Company has no employees.

b): 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. In this regard, compliance tax services, with effect from the current year, are to be carried out by another firm, so are included within legal and professional fees.

c): Included within this figure are fees of £3,000 inclusive of VAT (2016: £4,800) payable to the Auditor relating to the review of the calculation of the Investment Advisers' performance fees.

Notes to the Financial Statements for the year ended 30 September 2017

6 Taxation on ordinary activities

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

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

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

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

A deferred tax asset would be recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised. No deferred tax asset has been recognised due to the uncertainty of available future taxable profits.

	2017 Revenue £	2017 Capital £	2017 Total £	2016 Revenue £	2016 Capital £	2016 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	421,283	(421,283)	-	479,600	(479,600)	-
Total current tax charge/(credit)	**421,283**	**(421,283)**	**-**	**479,600**	**(479,600)**	**-**
Corporation tax is based on a rate of 19.5% (2016: 20.0%)						
b) Profit on ordinary activities before tax	2,449,268	1,335,906	3,785,174	2,390,141	658,033	3,048,174
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.5% (2016: 20.0%)	477,607	260,502	738,109	478,028	131,607	609,635
Effect of:						
UK dividends	(56,324)	-	(56,324)	(22,983)	-	(22,983)
Unrealised losses not allowable/(gains not taxable)	-	154,831	154,831	-	(109,978)	(109,978)
Realised gains not taxable	-	(757,347)	(757,347)	-	(501,229)	(501,229)
Losses (utilised)/carried forward	-	(79,269)	(79,269)	24,555	-	24,555
Actual current tax charge	**421,283**	**(421,283)**	**-**	**479,600**	**(479,600)**	**-**

Tax relief relating to Investment Adviser fees is allocated between revenue and capital where such relief can be utilised. The rate of corporation tax applied to the company has reduced due to a reduction in HMRC's main company rate of corporation tax to 19% on 1 April 2017, from the previous rate of 20%.

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

There is no potential liability to deferred tax (2016: £nil). There is an unrecognised deferred tax asset of £965,000 (2016: £1,034,000), and this has not been recognised because of the uncertainty of available future taxable profits.

7 Basic and diluted earnings and return per share

	2017 £	2016 £
Total earnings after taxation:	3,785,174	3,048,174
Basic and diluted earnings per share (note a)	**5.21p**	**4.28p**
Revenue profit from ordinary activities after taxation	2,027,985	1,910,541
Basic and diluted revenue earnings per share (note b)	**2.79p**	**2.68p**
Net unrealised capital (losses)/gains on investments	(794,007)	549,889
Net realised capital gains on investments	3,883,829	2,506,146
Capitalised Investment Adviser fees and performance fees less taxation	(1,332,633)	(1,918,402)
Total capital return	1,757,189	1,137,633
Basic and diluted capital earnings per share (note c)	**2.42p**	**1.60p**
Weighted average number of shares in issue in the year	72,621,839	71,198,046

Notes:

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

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

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

8 Dividends paid and payable

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

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

Amounts recognised as distributions to equity shareholders in the year:

Dividend	Type	For the year ended 30 September	Pence per share	Date Paid	2017 £	2016 £
Final	Income	2015	1.00p	15 February 2016	-	706,921
Final	Capital	2015	5.00p	15 February 2016	-	3,534,606
Interim	Income	2016	1.00p	07 July 2016	-	1,067,478
Interim	Capital	2016	5.00p	07 July 2016	-	3,202,433
Final	Income	2016	1.00p	15 February 2017	718,814	-
Final	Capital	2016	3.00p	15 February 2017	2,156,442	-
Interim	Income	2017	1.50p	20 June 2017	1,087,032	-
Interim	Capital	2017	1.50p	20 June 2017	1,087,032	-
Special	Capital	2017	15.00p	31 August 2017	10,931,992	-
Previous dividends not claimed within the statutory period						(5,232)
					15,981,312[1]	**8,506,206**

[1] - £15,981,312 (30 September 2016: £8,506,206) disclosed above differs to that shown in the Statement of Cash Flows of £13,062,948; (30 September 2016: £7,160,312) due to £2,918,364 (30 September 2016: £1,345,894) of new shares issued as part of the Company's Dividend Investment Scheme.

Notes to the Financial Statements for the year ended 30 September 2017

8 Dividends paid and payable (continued)

	2017 Revenue £	2017 Capital £	2017 Total £	2016 Revenue £	2016 Capital £	2016 Total £
Proposed distribution to equity holders at the year-end						
Final dividend for the year ended 30 September 2017 of 0.50p (income) (2016: 1.00p), 2.50p (capital) (2016: 3.00p) per ordinary share	473,245	2,366,229	2,839,474	719,140	2,157,421	2,876,561

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

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

	2017 £	2016 £
Revenue available by way of dividends for the year	2,027,985	1,910,541
Interim income dividend for the year - 1.50p (2016: 1.00p)	1,087,032	1,067,478
Proposed final income dividend for the year - 0.50p (2016: 1.00 p)	473,245	719,140
Total income dividends for the year	1,560,457	1,786,618

9 Investments at fair value

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

For investments actively traded 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 IPEV guidelines:

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

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

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

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

or:-

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 30 September 2017

9 Investments at fair value (continued)

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Unquoted loan stock £	Total £
Cost at 30 September 2016	1,333,907	18,112,271	27,341	34,392,604	53,866,123
Permanent impairment at 30 September 2016	(500,000)	(3,467,312)	(787)	(227,462)	(4,195,561)
Unrealised gains/(losses) at 30 September 2016	2,376,651	(2,507,427)	(3,908)	4,829,080	4,694,396
Valuation at 30 September 2016	**3,210,558**	**12,137,532**	**22,646**	**38,994,222**	**54,364,958**
Purchases at cost	-	4,745,463	-	558,771	5,304,234
Sale proceeds (note a)	-	(4,552,845)	(1,671)	(10,174,190)	(14,728,706)
Reclassification at value (note b)	-	437,022	87	(437,109)	-
Realised gains on investments	-	1,494,881	1,671	2,387,277	3,883,829
Unrealised (losses)/gains on investments (note c)	(13,381)	91,438	391,453	(1,263,517)	(794,007)
Valuation at 30 September 2017	**3,197,177**	**14,353,491**	**414,186**	**30,065,454**	**48,030,308**
Cost at 30 September 2017	1,333,907	21,758,149	25,757	27,540,446	50,658,259
Permanent impairment at 30 September 2017 (note d)	(500,000)	(6,011,453)	-	(87,187)	(6,598,640)
Unrealised gains/(losses) at 30 September 2017 (note e)	2,363,270	(1,393,205)	388,429	2,612,195	3,970,689
Valuation at 30 September 2017	**3,197,177**	**14,353,491**	**414,186**	**30,065,454**	**48,030,308**

A full breakdown of the increases and decreases in unrealised valuations of the portfolio is seen in the Investment Portfolio Summary on pages 18 – 23.

Major movements in investments

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

Company	Type	Investment Cost £	Disposal Proceeds £	Valuation at 30 September 2016 £	Realised gain in year £
Entanet Holdings Limited[1]	Realisation	3,175,171	7,166,414	3,351,685	3,814,729
Manufacturing Services Investment Limited	Share buyback	668,400	668,400	668,400	-
Chatfield Services Limited	Share buyback and loan repayment	778,774	778,774	778,774	-
Backhouse Management Limited	Loan repayment	721,920	1,203,200	721,920	-[2]
Barham Consulting Limited	Loan repayment	721,920	1,203,200	721,920	-[2]
Creasy Marketing Services Limited	Loan repayment	721,920	1,203,200	721,920	-[2]
McGrigor Management Limited	Loan repayment	721,920	1,203,200	721,920	-[2]
Hollydale Management Limited	Loan repayment	559,440	932,400	559,440	-[2]
Others		442,633	369,918	300,818	69,100
		8,512,098	**14,728,706**	**8,546,797**	**3,883,829**

[1] – Deferred contingent consideration of £0.74 million is potentially payable over the next two years. There are conditions attached to this deferred consideration such that the amount receivable is uncertain and so has not been recognised in the current year's financial statements.

[2] – The gain on the loan repayments above of £2,298,080 has been set off against an equivalent permanent impairment in the equity instrument of the investments in these companies (see note c). Thus, no gain or loss resulted.

Note b) During the year, two investee companies were reorganised whereby loan stocks held at a value of £437,109 were reclassified as ordinary shares, and ordinary shares of value £87 were reclassified as preference shares.

Note c) Within net unrealised losses of £794,007 for the year, the significant falls in value compared to last year were as follows: £966,297 in Jablite Holdings Limited, £545,478 in Veritek Global Limited, £536,753 in Media Business Insight Holdings Limited, £466,776 in CGI Creative Graphics International Limited and £414,087 in Fullfield Limited (trading as Motorclean). These losses were partially offset by unrealised gains in valuation compared to last year, including: £954,816 in Gro Group Holdings Limited, £500,337 in Master Removers Group Limited (formerly Leap New Co), £347,280 in Tovey Management Limited (trading as Access IS), £314,572 in EOTH Limited and £298,666 in Vectair Holdings.

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

Note d) During the year, permanent impairments of the cost of investments have increased from £4,195,561 to £6,598,640. The increase of £2,403,079 is due to the impairments of equity of five investee companies referred to in note 2 to note a) above, and the impairment of £104,999 of another company's remaining investment cost.

Note e) The figure of unrealised gains as at 30 September 2017 of £3,970,689 is lower than that shown on the Statement of Changes in Equity of £4,020,689 by £50,000. This is caused by £50,000 of contingent consideration at the Balance Sheet date, shown as other debtors in Note 11.

Provisions and write-offs against unlisted investments

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

	Total Provisions at end of year £	Net write-offs in year[1] £
Financial Year		
2017	13,528,607	2,403,079
2016	11,500,860	(1,115,371)
2015	9,793,793	65,779
2014	7,709,509	(1,876,253)
2013	10,475,290	2,001,476
2012	11,991,733	313,850
2011	11,206,678	1,881,554
2010	11,575,422	2,524,527

[1] - £2,403,079 of the cost of six investments were permanently impaired in the year.

Notes to the Financial Statements for the year ended 30 September 2017

10 Significant interests

At 30 September 2017 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Total investment (at value) £	I&G VCT (% of equity)	All Mobeus VCTs (% of equity)[1]
Tovey Management Limited (Access IS)[2]	3,880,197	13.1%*	43.4%
Virgin Wines Holding Company Limited	3,483,880	13.7%	42.0%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	3,205,182	8.8%	27.5%
ASL Technology Holdings Limited	2,845,619	13.3%*	47.5%
Gro-Group Holdings Limited	2,606,640	16.3%*	48.0%
Media Business Insight Holdings Limited[3]	2,443,888	21.2%	67.5%
Vian Marketing Limited (trading as Red Paddle Co)	1,906,790	9.5%*	31.5%
Tharstern Group Limited	1,770,484	16.2%*	52.5%
Veritek Global Limited	1,752,129	14.6%*	44.0%
Fullfield Limited (trading as Motorclean)	1,606,346	13.2%	46.0%
Master Removers Group Limited (formerly Leap New Co (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van))	1,379,326	5.8%*	18.4%
CGI Creative Graphics International Limited	1,301,638	8.8%	28.1%
Turner Topco Limited (trading as ATG Media)	1,209,162	3.7%	16.4%
Redline Worldwide Limited	1,145,887	9.1%	30.0%
RDL Corporation Limited	1,072,527	13.0%*	45.2%
MPB Group Limited	1,023,613	7.3%*	23.5%
Preservica Limited	935,000	6.3%*	20.2%
Bourn Bioscience Limited	925,420	10.9%	23.8%
Pattern Analytics Limited (trading as Biosite)	857,014	6.4%*	20.5%
BookingTek Limited	779,095	4.6%*	14.7%
Ibericos Etc. Limited (trading as Tapas Revolution)	776,386	7.8%	25.0%
TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings)	765,694	7.7%	38.0%
Buster and Punch Holdings Limited	725,226	6.2%	20.0%
Aquasium Technology Holdings Limited	706,592	16.7%	16.7%
My Tutorweb Limited	636,477	6.2%*	19.3%
Hollydale Management Limited	621,600	15.5%	50.0%
Vectair Holdings Limited	601,006	4.6%	24.0%
Blaze Signs Holdings Limited	438,320	12.5%	52.5%
Jablite Holdings Limited	304,755	12.1%	40.1%
Backhouse Management Limited	300,800	15.0%	50.0%
Barham Consulting Limited	300,800	15.0%	50.0%
Creasy Marketing Services Limited	300,800	15.0%	50.0%
McGrigor Management Limited	300,800	15.0%	50.0%
Lightworks Software Limited	87,596	9.2%*	45.0%
Racoon International Holdings Limited	-	10.8%*	36.0%
Newquay Helicopters (2013) Limited	-	5.0%	34.9%
Watchgate Limited	-	33.3%	100.0%
CB Imports Group limited	-	5.8%*	23.2%
Nexxtdrive Limited	-	3.9%*	3.9%
Biomer Technology Limited	-	3.0%*	3.0%
Oxonica Limited	-	10.6%	10.6%

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

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

2 – Includes a loan of £255,932 to Access IS Limited.

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

It is considered that, under FRS 102 s9.9, "Consolidated and Separate Financial Statements", the above investments are held as part of an investment portfolio, and that accordingly, their value to the Company lies in their marketable value as part of that portfolio and as such are not required to be consolidated. Also, the above investments are considered to be associates that are held as part of an investment portfolio and are accounted for in accordance with FRS 102 14.4B.

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

11 Debtors

	2017 £	2016 £
Amounts due within one year:		
Accrued income	357,611	240,095
Prepayments	18,211	14,840
Funds due from 1st allotment under Offer for Subscription	2,946,210	-
Other debtors	50,000	50,000
	3,372,032	**304,935**

12 Current asset investments and Cash at bank

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

	2017 £	2016 £
OEIC Money market funds	9,260,902	10,158,055
Cash equivalents per Statement of Cash Flows	9,260,902	10,158,055
Bank deposits that mature after three months	3,151,769	5,180,012
Current asset investments	**12,412,671**	**15,338,067**
Cash at bank	**1,375,065**	**2,189,856**

13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	112,263	52,778
Other creditors	13,079	14,304
Accruals	715,983	1,290,096
	841,325	**1,357,178**

Notes to the Financial Statements for the year ended 30 September 2017

14 Called up share capital

	2017 £	2016 £
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 79,204,702 (2016: 71,914,023)	792,047	719,140
Total	**792,047**	**719,140**

Under the Offer for Subscription launched on 6 September 2017, a total of 3,627,706 ordinary shares were allotted at an average effective offer price of 82.49 pence per share, raising net funds of £2,946,210 after £45,529 of offer costs have been deducted.

Under the terms of the Dividend Investment Scheme, a total of 3,865,859 (2016: 1,490,729) ordinary shares were allotted during the year for a total consideration of £2,918,364 (2016: £1,345,892).

During the year, the Company purchased 202,886 (2016: 269,713) of its own ordinary shares for cash (representing 0.3% (2016: 0.4%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £160,323 (2016: £249,518). The shares bought back were subsequently cancelled.

15 Basic and diluted net asset value per share

	2017 £	2016 £
Net assets	64,348,751	70,840,638
Number of shares in issue	79,204,702	71,914,023
Basic and diluted net asset value per share	**81.24p**	**98.51p**

16 Financial instruments

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

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

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

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

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

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2017:

	2017 (Fair value) £	2016 (Fair value) £
Assets at fair value through profit and loss:		
Investment portfolio	48,030,308	54,364,958
Current asset investments	12,412,671	15,338,067
Loans and receivables held at amortised cost		
Accrued income	357,611	240,095
Funds due from 1st allotment under Offer for Subscription	2,946,210	-
Cash at bank	1,375,065	2,189,856
Other debtors	50,000	50,000
Financial liabilities		
Liabilities held at amortised cost		
Other creditors	(841,325)	(1,357,178)
Total for financial instruments	64,330,540	70,825,798
Non financial instruments	18,211	14,840
Net assets	**64,348,751**	**70,840,638**

The investment portfolio principally consists of unquoted investments - 93.3%; (2016: 94.1%) and AIM quoted stocks - 6.7%; (2016: 5.9%). The investment portfolio has a 100% (2016:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 74.7% (2016: 76.7%) of net assets at the year-end.

Current asset investments are money market funds and bank deposits which, along with Cash at bank are discussed under credit risk below, represent 21.4% (2016: 24.7%) of net assets at the year-end.

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

Investment risk

The Company's investment portfolio is made up of predominantly UK companies which are not quoted on any recognised stock exchange. The companies held in the portfolio are usually smaller than those which are quoted on a stock exchange. They are therefore usually regarded as carrying more risk compared to larger companies, as they are more sensitive to changes in key financial indicators, such as a reduction in its turnover or an increase in costs. The Board is of the view that the Investment Adviser mitigates this risk as the investment in an investee company is held as part of a portfolio of such companies so that the performance of one company does not significantly affect the value of the portfolio as a whole. The Investment Adviser also usually takes a seat on the Board of each investee company such that it is able to monitor its progress on a regular basis and contribute to the strategic direction of the company.

Liquidity risk

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

Notes to the Financial Statements for the year ended 30 September 2017

16 Financial instruments (continued)

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds/bank deposits of £13,787,736 (2016: £17,527,923) which are all accessible at varying points over the next 12 months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

The table below shows a maturity analysis of the contractual undiscounted cash flows of financial liabilities:

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2017 Total £
Other creditors	**214,415**	**626,910**	**-**	**-**	**841,325**

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2016 Total £
Other creditors	144,650	1,212,528	-	-	1,357,178

The Company does not have any derivative financial liabilities.

Credit risk

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

The Company's maximum exposure to credit risk is:

	2017 £	2016 £
Loan stock investments	30,065,454	38,994,222
Current asset investments	12,412,671	15,338,067
Accrued income	407,611	290,095
Funds due from 1st allotment under Offer for Subscription	2,946,210	-
Cash at bank	1,375,065	2,189,856
	47,207,011	**56,812,240**

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

The accrued income shown above of £407,611 was all due within three months of the year end, with £110,072 still receivable two months after the year end.

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

Repayable within	2017 £	2016 £
0 to 1 year	3,293,193	7,554,933
1 to 2 years	7,584,650	7,266,688
2 to 3 years	10,743,965	12,906,560
3 to 4 years	4,474,846	7,066,877
4 to 5 years	3,968,800	4,199,164
> 5 years	-	-
Total	**30,065,454**	**38,994,222**

Included within loan stock investments above are loans at a carrying value of £nil (2016: £521,657) which are past their repayment date but have been re-negotiated. Loans which are past their repayment date but which have not been renegotiated have a carrying value of £2,452,872 (2016: £1,480,642). These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk below.

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

	0-6 months £	6-12 months £	over 12 months £	2017 Total £
Loans to investee companies past due	**-**	**1,353,782**	**5,851,363**	**7,205,145**

	0-6 months £	6-12 months £	over 12 months £	2016 Total £
Loans to investee companies past due	**4,632,465**	**70,833**	**87,187**	**4,790,485**

Credit risk also arises from cash and cash equivalents, deposits with banks and amounts held in liquidity funds. There is a risk of liquidity fund defaults such that there could be defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. As there are five OEIC money market funds holding £9,260,902 which are all triple A rated funds, and along with bank deposits of £4,526,834 at five well-known financial institutions, credit risk is considered to be relatively low in current circumstances. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the company's total investment assets. The Company's current account totalling £347,249 included within the balance above is held with Natwest Bank plc, so the risk of default is low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £48,030,308, the fair value of the investment portfolio at the year-end.

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

Notes to the Financial Statements for the year ended 30 September 2017

16 Financial instruments (continued)

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

Market price risk sensitivity

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

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 20% (2016: 20%) movement in overall portfolio value, 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% (2016: 20%), and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement. 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 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 values 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.

The calculation below has applied plus and minus 20% to the value of the portfolio of £46.21 million, after excluding the value of the companies preparing to trade of £1.82 million. The latter are vehicles that currently solely hold cash, so are not sensitive to market price risk at the year-end.

	2017 Profit and net assets £	2016 Profit and net assets £
If overall portfolio value increased/(decreased) by 20% (2016: 20%), with all other variables held constant – increase/(decrease)	9,241,102 / (9,241,102)	8,516,572 / (8,516,572)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	11.67p / (11.67)p	11.84p / (11.84)p

The impact of a change of 20% (2016: 20%) has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

Cash flow interest rate risk

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

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

The interest rate profile of the Company's financial net assets at 30 September 2017 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	17,550,668	-	-	17,550,668		
Preference shares	-	414,186	-	414,186	6.2%	4.15
Loan stocks	-	28,970,574	1,094,880	30,065,454	9.2%	2.50
Current asset investments	-	-	12,412,671	12,412,671	0.4%	0.13
Cash	-	-	1,375,065	1,375,065	0.3%	-
Debtors	3,353,821	-	-	3,353,821		
Creditors	(841,325)	-	-	(841,325)		
Total for financial instruments	20,063,164	29,384,760	14,882,616	64,330,540		
Other non financial assets	18,211	-	-	18,211		
Net assets	**20,081,375**	**29,384,760**	**14,882,616**	**64,348,751**		

The interest rate profile of the Company's financial net assets at 30 September 2016 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	15,348,090	-	-	15,348,090		
Preference shares	-	22,646	-	22,646	0.0%	2.17
Loan stocks	-	31,510,122	7,484,100	38,994,222	6.8%	2.69
Current asset investments	-	2,028,243	13,309,824	15,338,067	0.7%	0.06
Cash	-	-	2,189,856	2,189,856	0.3%	-
Debtors	290,095	-	-	290,095		
Creditors	(1,357,178)	-	-	(1,357,178)		
Total for financial instruments	14,281,007	33,561,011	22,983,780	70,825,798		
Other non financial assets	14,840	-	-	14,840		
Net assets	**14,295,847**	**33,561,011**	**22,983,780**	**70,840,638**		

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

Variable rate cash earns interest based on LIBOR rates.

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

16 Financial instruments (continued)

Cash flow interest rate sensitivity

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

	2017 Profit and net assets £	2016 Profit and net assets £
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	120,549 / (120,549)	200,096 / (200,096)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.15p / (0.15)p	0.28p / (0.28)p

Currency risk

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

Fair value hierarchy

The table below sets out fair value measurements using FRS 102 s11.27 fair value hierarchy, which has been adopted early.

Financial assets at fair value through profit and loss At 30 September 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	3,197,177	-	14,353,491	17,550,668
Preference shares	-	-	414,186	414,186
Loan stock investments	-	-	30,065,454	30,065,454
Current asset investments	12,412,671	-	-	12,412,671
Total	**15,609,848**	**-**	**44,833,131**	**60,442,979**

Financial assets at fair value through profit and loss At 30 September 2016	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	3,210,558	-	12,137,532	15,348,090
Preference shares	-	-	22,646	22,646
Loan stock investments	-	-	38,994,222	38,994,222
Current asset investments	15,338,067	-	-	15,338,067
Total	**18,548,625**	**-**	**51,154,400**	**69,703,025**

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

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

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

The valuation techniques used by the company are explained in the accounting policies in Note 9 to these Financial Statements.

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2016	12,137,532	22,646	38,994,222	51,154,400
Purchases	4,745,463	-	558,771	5,304,234
Sales	(4,552,845)	(1,671)	(10,174,190)	(14,728,706)
Transfers into Level 3	-	-	-	-
Reclassification at value	437,022	87	(437,109)	-
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				-
- on assets sold	1,494,881	1,671	2,387,277	3,883,829
- on assets held at the year end	91,438	391,453	(1,263,517)	(780,626)
Closing balance at 30 September 2017	**14,353,491**	**414,186**	**30,065,454**	**44,833,131**

As detailed in the accounting policy for note 9, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market, which is then appropriately adjusted for points of difference. Thus any change in share prices can have a significant effect on the fair value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

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

	30 September 2017 £	30 September 2016 £
Valuation methodology		
Recent investment price	9,739,180	13,666,295
Price-earnings or revenue multiple	34,762,633	37,417,272
Discounted realisation proceeds	26,563	70,833
Net asset value	304,755	-
	44,833,131	**51,154,400**

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2016 and 30 September 2017:

Change in valuation methodology (2016 to 2017)	Carrying value as at 30 September 2017	Explanatory note
Recent investment price to price-earnings or revenue multiple	2,169,500	Sufficient time has elapsed since investment to move to a valuation based upon the financial performance demonstrated by the investment
Earnings multiple to net asset value	304,755	Earnings multiple no longer appropriate

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 2015 IPEV guidelines. The directors believe that, within these parameters, there are no other appropriate methods of valuation which would be reasonable as at 30 September 2017.

Notes to the Financial Statements for the year ended 30 September 2017

17 Management of capital

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

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

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

18 Segmental analysis

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

19 Post balance sheet events

On 20 October 2017, 7,167,226 ordinary shares were allotted under the Company's Offer for Subscription, raising net funds of £5.82 million for the Company.

On 23 October 2017, the Company announced its intention to utilise its overallotment facility and is now seeking to raise up to £25.00 million.

On 1 November 2017 and 2 November 2017, TPSFF Holdings Limited made loan repayments of £0.04 million and £0.05 million.

On 9 November 2017, 5,214,308 ordinary shares were allotted under the Company's Offer for Subscription, raising net funds of £4.23 million.

On 20 November 2017, 1,978,451 ordinary shares were allotted under the Company's Offer for Subscription, raising net funds of £1.61 million.

On 21 November 2017, 1,084,462 ordinary shares were allotted under the Company's Offer for Subscription, raising net funds of £0.88 million.

On 21 November 2017, a further £0.09 million was invested in BookingTek Limited.

On 5 December 2017, a further £0.15 million was invested in Mpb Group Limited.

On 5 December 2017, an amount of £0.12 million was received from Alaric Systems Limited, an investment realised in a previous year.

Shareholder Information

Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Year and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board. The February annual general meetings provide a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts. The Investment Adviser holds an annual shareholder event and further information on the next event to be held on 30 January 2018, is given in the Chairman's Statement on page 3.

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

Financial calendar

12 January 2018	Record date for the final dividend of 3.00 pence per share in respect of the year ended 30 September 2017
30 January 2018	Shareholder Event
7 February 2018	Annual General Meeting
15 February 2018	Payment date for the final dividend of 3.00 pence per share in respect of the year ended 30 September 2017
Late May 2018	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 31 March 2018 to shareholders
30 September 2018	Year-end
Late December 2018	Annual Report for the year ended 30 September 2018 to be circulated to shareholders

Annual General Meeting

The Company's next Annual General Meeting will be held on **Wednesday, 7 February 2018 at The Clubhouse, 8 St James's Square, London SW1Y 4JU**. A copy of the notice of the meeting can be found on page 71.

Dividend

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Asset Services at the address given on page 77.

Shareholders are encouraged to ensure that the Registrars have the correct up-to-date details for their accounts and to check whether they have received all dividends payments. This is particularly important if a shareholder has 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 them if this is the case we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date postal or email address.

Dividend Investment Scheme

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

- The dividend is tax free to you;
- Shareholders are allotted new ordinary shares which will, subject to your particular circumstances, attract VCT tax reliefs applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2017/18 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one other particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per share).

Should you wish to join the Scheme, please contact the Scheme Administrator, Link Asset Services (formerly Capita Asset Services), at the address given on page 77 or download an application form from the Company's website on the dividend page.

Selling your shares

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

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

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

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders:

https://www.gov.uk/government/publications/exchange-of-information-account-holders.

Managing your shareholding online

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

Shareholder enquiries:

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

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

Full contact details for each of Mobeus and Link (formerly Capita) are included under Corporate Information on page 77 of this Annual Report.

Timeline of the Company

October 2000	The Company is launched as TriVest VCT plc advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.
April 2001	The Company's first fundraising of its "O Share Fund" is completed.
October 2007	The Company changes its name to The Income & Growth VCT plc.
December 2007	The 'S' Share Fund is launched.
March 2009	The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.
March 2010	The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.
November 2011	The Company sells its stake in App-DNA for 32 times cost and pays a special interim capital dividend of 20p per share in the following January.
June 2012	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.
2010-2014	The Company participates in four linked fundraisings with other Mobeus advised VCTs.
March 2015	The Company closes a successful fundraising with the other Mobeus advised VCTs in which £10 million was raised for the Company.
September 2017	The Company launches an offer for subscription to raise an initial £15 million with an over-allotment facility to raise up to an additional £10 million.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an annual general meeting of The Income & Growth VCT plc ("the Company") will be held at 11.00 am on Wednesday, 7 February 2018 at The Clubhouse, 8 St James's Square, London SW1Y 4JU for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions. An explanation of the main business to be proposed is included in the Directors' Report on pages 29-30 of this document:

1. To receive and adopt the annual report and financial statements of the Company for the year ended 30 September 2017 ("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 Colin Hook as a director of the Company.

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

7. To approve the payment of a final dividend in respect of the year ended 30 September 2017 of 3.00 pence per ordinary share of 1 penny each in the capital of the Company, payable on 15 February 2018 to shareholders on the register on 12 January 2018.

8. That, in addition to the existing authorities approved at the general meeting of the Company held on 3 August 2017, the directors of the Company be and are hereby generally and unconditionally authorized, pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £315,497 provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company at a 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 2019 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

9. That, subject to the passing of resolution 8 set out in this notice and in addition to the existing authorities approved at the general meeting of the Company held on 3 August 2017, the directors of the Company be and are hereby 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 sections 561(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 8 set out in this notice, or by way of a sale of treasury shares, as if section 560(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:

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

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

   in each case where the proceeds of the allotment may be used in whole or in part, to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company at a 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 2019, 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 by this resolution had not expired.

10. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to and accordance with section 701 of the Act 2006 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 14,187,907 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing of this resolution;

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

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

   (iv) the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2019; and

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

BY ORDER OF THE BOARD:

Registered office:
30 Haymarket
London SW1Y 4EX

Mobeus Equity Partners LLP
Secretary

12 December 2017

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Mobeus Equity Partners LLP, the Company Secretary at 30 Haymarket, London SW1Y 4EX or by email to: vcts@mobeusequity.co.uk or telephone on 020 7024 7600.
2. Shareholders may appoint a proxy either by completing the hard copy of the proxy form provided with this Annual Report or electronically at www.signalshares.com. To register to vote electronically via the Share Portal, you will need to enter your Investor Code which is provided on your proxy form for the meeting. The proxy form, or other instrument appointing a proxy, must be received (a) by post or (during normal business hours only) by hand at the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or (b) online, via the Share Portal at www.signalshares.com, in each case so as to be received not later than 11.00 am on Monday, 5 February 2018 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. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
3. The return of a completed proxy form, other such instrument or any electronic Proxy Instruction (as described in paragraph 2 above will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ("the Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (i.e. 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.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on 5 February 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. You may submit your proxy electronically using the Share Portal at www.signalshares.com. If not already registered for the share portal, you will need your investor code which can be found on your share certificate.

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

11. 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.

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

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

14. 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.

15. As at 12 December 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 94,649,149 ordinary shares of 1 penny each carrying one vote. Therefore, the total voting rights in the Company as at 12 December 2017 were 94,649,149.

16. 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.

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

Performance Data at 30 September 2017
(unaudited)

Share price at 30 September 2017 **73.00p[1]**

NAV per share as at 30 September 2017 **81.24p**

Performance data for all fundraising rounds

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

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 30 September 2017. The NAV basis enables Shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

Allotment date(s)				Total return per share to shareholders since allotment		
	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share (p)	(Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2016 (NAV basis)
Funds raised - O Fund[3] (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	**60.62**	99.76	**155.08**	**161.32**	**2.3%**
Funds raised 2007/8 - S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	**70.00**	102.50	**175.50**	**183.74**	**2.6%**
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	**73.36**	102.00	**175.00**	**183.24**	**2.6%**
28 February 2011	107.90	**75.53**	100.00	**173.00**	**181.24**	**2.7%**
22 March 2011	105.80	**74.06**	100.00	**173.00**	**181.24**	**2.7%**
1 April 2011	105.80	**74.06**	98.00	**171.00**	**179.24**	**2.7%**
5 April 2011	105.80	**74.06**	98.00	**171.00**	**179.24**	**2.7%**
10 May 2011	105.80	**74.06**	98.00	**171.00**	**179.24**	**2.7%**
6 July 2011	106.00	**74.20**	98.00	**171.00**	**179.24**	**2.7%**
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	**74.48**	74.00	**147.00**	**155.24**	**3.1%**
4 April 2012	106.40	**74.48**	74.00	**147.00**	**155.24**	**3.1%**
5 April 2012	106.40	**74.48**	74.00	**147.00**	**155.24**	**3.1%**
10 May 2012	106.40	**74.48**	74.00	**147.00**	**155.24**	**3.1%**
10 July 2012	111.60	**78.12**	74.00	**147.00**	**155.24**	**3.1%**
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	**81.20**	74.00	**147.00**	**155.24**	**3.1%**
28 March 2013	112.60	**78.82**	68.00	**141.00**	**149.24**	**3.3%**
4 April 2013	112.60	**78.82**	68.00	**141.00**	**149.24**	**3.3%**
5 April 2013	112.60	**78.82**	68.00	**141.00**	**149.24**	**3.3%**
10 April 2013 Pre RDR[4]	115.30	**80.71**	68.00	**141.00**	**149.24**	**3.3%**
10 April 2013 Post RDR[4]	112.60	**78.82**	68.00	**141.00**	**149.24**	**3.3%**
7 May 2013	112.60	**78.82**	68.00	**141.00**	**149.24**	**3.3%**

Performance Data at 30 September 2017

(unaudited)

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share (p)	Total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2016 (NAV basis)
Funds raised 2014 (launched 28 November 2013)						
9 January 2014	117.82[5]	**82.47**	62.00	**135.00**	**143.24**	**3.4%**
11 February 2014	119.02[5]	**83.31**	62.00	**135.00**	**143.24**	**3.4%**
31 March 2014	115.64[5]	**80.95**	58.00	**131.00**	**139.24**	**3.5%**
3 April 2014	116.17[5]	**81.32**	58.00	**131.00**	**139.24**	**3.5%**
4 April 2014	115.45[5]	**80.82**	58.00	**131.00**	**139.24**	**3.5%**
6 June 2014	121.55[5]	**85.09**	58.00	**131.00**	**139.24**	**3.5%**
Funds raised 2015 (launched 10 December 2014)						
14 January 2015	108.33[5]	**75.83**	44.00	**117.00**	**125.24**	**3.9%**
17 February 2015	113.17[5]	**79.22**	44.00	**117.00**	**125.24**	**3.9%**
10 March 2015	109.88[5]	**76.92**	40.00	**113.00**	**121.24**	**4.1%**
Funds raised 2017 (launched 06 September 2017)						
28 September 2017	82.49[5]	**57.74**	-	**73.00**	**81.24**	**-**

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

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

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

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

5 - Average effective offer price. Shares were allotted pursuant to the 2013/14, 2014/15 and 2017/18 offers at individual prices for each investor in accordance with its pricing formula set out in each offer's respective securities note.

Cumulative dividends paid

	Funds raised 2000/01 'O' Share Fund (p)	Funds raised 2007/08 'S' Share Fund (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2013 (p)	Funds raised 2014 (p)	Funds raised 2015 (p)	Funds raised 2017 (p)
31 August 2017	11.37[1]	15.00	15.00	15.00	15.00	15.00	15.00	
20 June 2017	2.27[1]	3.00	3.00	3.00	3.00	3.00	3.00	
15 February 2017	3.03[1]	4.00	4.00	4.00	4.00	4.00	4.00	
07 July 2016	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00	
15 February 2016	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00	
30 June 2015	4.55[1]	6.00	6.00	6.00	6.00	6.00	6.00	
20 March 2015	3.03[1]	4.00	4.00	4.00	4.00	4.00	4.00	
30 October 2014	6.06[1]	8.00	8.00	8.00	8.00	8.00		
03 July 2014	4.55[1]	6.00	6.00	6.00	6.00	6.00		
12 March 2014	3.03[1]	4.00	4.00	4.00	4.00	4.00		
27 June 2013	4.55[1]	6.00	6.00	6.00	6.00			
08 February 2013	4.55[1]	6.00	6.00	6.00	6.00			
15 February 2012	3.02[1]	4.00	4.00					
27 January 2012	15.16[1]	20.00	20.00					
28 March 2011	1.52[1]	2.00	2.00					
22 February 2011	1.52[1]	2.00	2.00					
29 March 2010 Merger of the 'O' and 'S' Share Funds								
17 March 2010	2.00	0.50						
16 February 2009	4.00							
15 February 2008	2.00							
24 October 2007	2.00							
15 February 2007	3.75							
14 February 2006	3.25							
04 February 2005	1.25							
11 February 2004	1.25							
12 February 2003	1.75							
18 February 2002	1.20							
Total dividends paid	**99.76**	**102.50**	**102.00**	**74.00**	**74.00**	**62.00**	**44.00**	**0.00**

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

The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to shareholders by date of allotment is shown in the tables on pages 74 and 75.

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