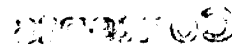


# The Income & Growth VCT plc

## A Venture Capital Trust



Chairman's Statement

2019/2020 Report

The Income & Growth VCT plc is a Venture Capital Trust established in 2007. The Trust is a public company listed on the London Stock Exchange. The Trust's primary objective is to invest in and support the growth of small to medium-sized enterprises (SMEs) in the United Kingdom. The Trust has a track record of successful investments and has been a member of the British Venture Capital Association (BVCA) since 2008.

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

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## YOUR PRIVACY

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

# Financial Highlights

For the financial year ended 30 September 2020

As at 30 September 2020:

Net assets: **£83.13 million**

Net asset value per share: **70.06 pence**

- Net asset value ("NAV") total return<sup>1</sup> per share was 11.9%.
- Share price total return<sup>1</sup> per share was 3.3%<sup>2</sup>.
- Dividends paid in respect of the year total 14.00 pence per share. This brings cumulative dividends paid<sup>1</sup> to Shareholders in respect of the past five years to 57.00 pence per share.
- The Company realised investments totalling £17.60 million of cash proceeds and generated net realised gains in the year of £6.42 million.
- £8.39 million was invested into five new companies and four follow-on investments.

<sup>1</sup> - Definitions of key terms and alternative performance measures shown above and throughout this report are provided in the Glossary of terms on page 85.

<sup>2</sup> - Further details on the share price total return are shown in the Performance section of the Strategic Report on page 7.

## Performance Summary

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

Reporting date  As at 30 September	Net assets  (£m)	NAV per share  (p)	Share price <sup>1</sup>  (p)	Cumulative dividends paid per share  (p)	Cumulative total return per share to Shareholders <sup>2</sup>		Dividends paid and proposed per share in respect of each year  (p)
					(NAV basis)  (p)	(Share price basis)  (p)	
2020	83.13	70.06	59.50	131.50	201.56	191.00	14.00
2019	81.73	79.12	75.50 <sup>3</sup>	113.00	192.12	188.50	6.00
2018	82.58	78.32	69.50	108.00	186.32	177.50	6.00
2017	64.35	81.24	73.00	102.50	183.74	175.50	21.00
2016	70.84	98.51	88.80	80.50	179.01	169.30	10.00

<sup>1</sup> Source: Panmure Gordon & Co (mid-market price).

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

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

Detailed performance data for each of the VCT's fundraisings is provided in the Performance Data Appendix on pages 82 to 84. The tables, which give cumulative total return per share information for each allotment date on both a NAV and share price basis, are also available on the Company's website at [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk) where they can be downloaded by clicking on "table" in "Reviewing the performance of your investment".

# Chairman's Statement

I am pleased to present the Company's Report for the year ended 30 September 2020.

## Chairman's Introduction

This is my first Statement to Shareholders since succeeding Jonathan Cartwright as Chairman on 1 July 2020. I would like to thank Jonathan on your behalf, for the excellent service he provided to Shareholders during his tenure as a Director and latterly as interim Chairman.

## Overview

This year has been a positive one for Shareholders, despite the significant and exceptional challenges caused by the outbreak of COVID-19 since late February 2020. Your Company's NAV total return per share increased in the year by 11.9%.

Before this outbreak, the Company completed a timely and successful fundraising ensuring the Company remained well-funded. In the same period, performance had started strongly, as the portfolio made further progress and three profitable realisations were achieved. One exit was from one of the most successful investments the Company has made while the two others were the first profitable exits of growth capital investments (which have been the only permitted category of investment the VCT can make since the VCT rule changes in 2015).

Shortly before the mid-point of the Company's year, the COVID-19 pandemic and the UK Government's lockdown measures provoked substantial uncertainty and instability. There was a significant decline in consumer and business confidence and public markets saw a sharp fall in March.

The immediate impact of the COVID-19 crisis for Shareholders was a fall in portfolio values at the end of March, based on best knowledge at that uncertain time. These adjustments were partly market related, but mainly in response to the Investment Adviser's assessment of COVID-19's actual and potential impact on specific market segments and investee companies.

As the year progressed, greater clarity has emerged. The environment for most of our investee companies has been less volatile and less uncertain than initially assumed last March, but critically, also more robust and favourable trading conditions emerged, such that the valuation of the portfolio has recovered strongly over the six months to 30 September from its March low point. Whilst the second lockdown and potential further restrictions may impact

the portfolio going forward, overall your Board is pleased with how well so many portfolio companies have been able to capitalise on opportunities presented and with the performance achieved.

Despite the considerable COVID-19 related restrictions on its ability to process transactions efficiently, the Company remained an active investor during the year. Several profitable realisations occurred, being the primary driver of shareholder value for the year. New and follow-on investment activity was strong considering the circumstances and resulted in nine transactions to support further growth in these companies. Both the portfolio valuation changes and investment movements are discussed in the Investment Portfolio section below and further details are also provided in the Investment Adviser's Review on pages 11 to 27.

## Performance

The year's key events summarised above saw an overall increase in the Company's NAV total return per share of 11.9% (2019: 7.4%). This was due to a strong revenue return, substantial realised gains on disposals and net gains in portfolio valuations for the year. These factors are explained in further detail in the Company's Strategic Report and Investment Adviser's Review.

The Board believes that the Company's performance has demonstrated resilience in a volatile year and that the valuations at the year-end reflect the responses to the pandemic and the potential to continue making progress, despite continued uncertainty in respect of the pandemic's impact.

The share price total return for the year was 3.3% (2019: 15.8%), compared to the NAV return of 11.9%. This difference arises principally due to the timing of NAV announcements and is explained more fully in the Strategic Report on page 7 under Performance.

At the year-end, your Company was ranked 1st out of 31 Generalist VCTs over ten years and 16th out of 42 Generalist VCTs over five years, in the Association of Investment Companies' analysis of NAV Cumulative Total Return. Shareholders should note that these figures do not reflect the NAV per share disclosed in this Report. For further details on the performance of the Company, please refer to the Investment Adviser's Review on pages 11 to 27.

## Dividends and Dividend Investment Scheme

A total of 18.50 pence has been paid in dividends during the year although 4.50 pence related to a dividend declared for the previous financial year. The two

interim dividends paid of 3.00 and 11.00 pence per share in respect of the current year were paid on 10 July and 28 September 2020 respectively.

The Company's Dividend Investment Scheme ("DIS") was re-activated following the Annual General Meeting ("AGM") held in February 2020 and Shareholders wishing to take advantage of this seamless method of continuing investment, and the resultant tax relief, can elect to join the DIS at any time by instructing the Registrar, Link Asset Services, whose details are contained on page 86 or by completing the mandate form available on the Company's website: [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk).

Shareholders should note that an election must be registered at least 15 days prior to a dividend payment, for inclusion in the DIS. A total of 4,277,951 new Ordinary shares were allotted under the DIS scheme, subject to listing, throughout the year.

The Company's target of paying a dividend of at least six pence per share in respect of each financial year has been reached or exceeded in each of the last nine years. As Shareholders have been advised previously, both the gradual move of the portfolio to younger growth capital investments, and the realisations of older companies that have provided a good yield, are likely to make dividends harder to achieve from income and capital returns alone in any given year. Accordingly, the Board continues to monitor the sustainability of this target. Also, Shareholders should note that there may continue to be circumstances where the Company is required to pay dividends in order to maintain its regulatory status as a VCT, for example, to stay above the minimum percentage of assets required to be held in qualifying investments. Such dividends may cause the Company's NAV per share to reduce by a corresponding amount.

## Investment portfolio

In the context of the continuing challenging business environment, the portfolio has performed strongly. The overall value has increased by £9.85 million (2019: increase of £4.93 million), or 19.6% (2019: increase of 10.0%) on a like-for-like basis, compared to the start of the year. This increase was comprised of £6.42 million in realised gains over the year and a net unrealised increase in valuations of £3.43 million. The portfolio was valued at £50.86 million at the year-end (30 September 2019: £50.22 million).

Clearly, COVID-19 has been the dominant influence on the portfolio and its valuations over the second half of the year. During this unprecedented time,

the Board liaised closely with the Investment Adviser, who ensured that all practical steps were taken to enable each portfolio company to trade through the crisis where possible and return to growth in value thereafter. All investee companies were alerted to, and some utilised, the available government support packages. The Company has also provided loan interest payment holidays to some portfolio companies, generating vital cash headroom for certain companies in the portfolio over the subsequent half-year.

The sudden imposition of lockdown on UK business created immediate volatility and uncertainty. However, once the immediate impact subsided, its continuing influence on business generally and portfolio companies specifically was able to be far better understood. It is pleasing that this impact has been far less negative than was initially expected. This, combined with trading levels achieved by some companies, has caused many valuations to achieve not just a substantial recovery, but in some cases to reach higher valuations. Several portfolio companies have greatly benefited from a structural change in activity, behaviour and consumer purchasing habits, and are now trading at or above their pre COVID-19 levels. The majority of the portfolio has demonstrated a strong degree of resilience with over two-thirds of the portfolio value showing year to date growth in revenue and/or earnings over the previous year. A further beneficial factor is the portfolio's relatively limited exposure to the travel and hospitality sectors with the great majority of the retail sector exposure being to online business models (of the nine investments in retail, only the smallest, held at nil value, has a physical presence).

Although quoted markets have also been rallying since March, it is noteworthy that the principal driver of the rise in valuations over the recent half-year reflects strong earnings growth at many investee companies. On the other hand, some companies have clearly struggled, although they are in the minority and their impact on overall shareholder return is modest.

The portfolio movements across the year were as follows:

	£m
Portfolio value at 30 September 2019	50.22
New and follow-on investments	8.39
Disposal proceeds	(17.60)
Net realised gains	6.42
Valuation movements	3.43
<b>Portfolio value at 30 September 2020</b>	<b>50.86</b>

During the year, the Company invested a total of £8.39 million, (2019: £5.08 million) into five new (2019: three) and four existing (2019: three) portfolio investments.

The new investments were:

<b>Active Navigation</b>	<b>£1.54 million</b>
A provider of enterprise-level file analysis software	
<b>IPV</b>	<b>£0.95 million</b>
A developer of media asset management software	
<b>Bleach London</b>	<b>£0.72 million</b>
Direct to consumer hair care brand	
<b>Bella &amp; Duke</b>	<b>£0.93 million</b>
A premium frozen raw dog food provider	
<b>Andersen EV</b>	<b>£0.32 million</b>
An electric vehicle charge point business	
and follow-on amounts into existing investments:	
<b>Rotageek</b>	<b>£0.63 million</b>
A workforce management software provider	
<b>MyTutor</b>	<b>£0.98 million</b>
A digital marketplace for school tutoring	
<b>Buster &amp; Punch</b>	<b>£1.54 million</b>
A lighting and interiors brand	
<b>Preservica</b>	<b>£0.78 million</b>
A seller of proprietary digital archiving software	

These businesses may present opportunities for further investment in the future as they may require further capital to realise their plans to expand.

The Company realised investments in Redline, Biosite, Auction Technology Group, Access IS and Blaze Signs during the year which, combined with loan repayment and other capital receipts, generated total proceeds of £17.60 million. The first half of the year saw the realisations of two growth capital investments, Redline Worldwide and Biosite, generating proceeds of £1.53 million and £2.65 million respectively, realising a combined gain in the year of £0.98 million. Over the life of these investments, Redline generated a multiple on cost of 1.7x and an IRR of 17.7% and Biosite generated a multiple on cost of 1.5x and an IRR of 21.0%.

In addition, the sale of Auction Technology Group ("ATG") achieved a substantial gain over cost and represented proceeds of £4.19 million and a gain of £1.56 million for the year. Over the life of the investment, total proceeds of £9.04 million have been received, an overall multiple of over 4.5x original cost and an IRR of 28.9%, an outstanding result for Shareholders.

The second half of the year saw the realisations of Access IS and Blaze Signs. Access IS generated cash of £8.38 million, a return of 2.5x and an IRR of 23.4% over the life of the investment and its completion resulted in a gain of £3.00 million in the year. Blaze Signs generated £3.39 million over the life of the investment, a 2.5x return and an IRR of 13.1% and its completion resulted in a gain of £0.13 million.

After the year-end, the sale of Vectair realised cash receipts of £1.10 million which over the nearly 15 year life of the investment contributed to a multiple on cost of 8.3x and an IRR of 22.2%. In isolation, this would result in an uplift of 0.07 pence per share over the 30 September 2020 NAV of 70.06 pence per share. Further proceeds may be receivable in due course.

Other loan repayments and other capital proceeds of £1.34 million and net realised gains of £0.75 million were principally generated from Omega Diagnostics, which was partially realised in several phases during the year.

#### Revenue account

The results for the year are set out in the Income Statement on page 51 and show a revenue return (after tax) of 2.07 pence per share (2019: 1.80 pence per share). The revenue return of £2.32 million for the year has increased from last year's comparable figure of £1.87 million. This increase is mainly due to a significant receipt of loan interest arising from the sale of ATG, partially offset by a number of provisions against loan interest.

#### Industry and Regulatory Changes

Although no further changes have emerged in the year, a previous change, already announced, whereby 80% (previously 70%) of the Company's total investments must now be in qualifying investments, applied to the Company from 1 October 2019. The Board has therefore ensured that this requirement has been met throughout the year under review.

#### Fundraising

The Board was pleased with the response to the Company's Offer for Subscription ("the Offer") which was launched during this financial year on 25 October 2019. This Offer became fully subscribed within two months and raised £10 million in total, made up of the initial £5 million limit, and the £5 million over-allotment facility. In accordance with the Offer's prospectus, all the shares in the Company were allotted under the Offer on 8 January 2020. The Board thanks Shareholders for their continued support and extends a warm welcome to all new investors.

## Share buy-backs

During the year, the Company bought back and cancelled 1,858,177 (2019: 2,135,527) of its own shares, representing 1.8 % (2019: 2.0%) of the shares in issue at the beginning of the year, at a total cost of £1.24 million (2019: £1.47 million) inclusive of expenses. It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy and currently seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

## Liquidity

Following the Company's successful fundraising, the re-introduction of the DIS and realisation proceeds, cash or near cash resources held by the Company as at 30 September 2020 were £32.19 million or 38.7% of net assets.

At the date of this report pro forma cash and liquid assets amount to £33.50 million or 40.3% of net assets, following post year-end disposals. The Board considers the Company to have the advantage of a strong cash position.

## Shareholder communications

May I remind you that the Company has its own website containing useful information for Shareholders. The Investment Adviser held the annual Shareholder event on 4 February 2020 and is planning to hold a virtual event later during 2021. Details will be notified to Shareholders once finalised and will be shown on the Company's website: [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

## Fraud Warnings

### Boiler Room Fraud

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

Further information and fraud advice plus details of who to contact, can be found in the Information for Shareholders section on page 77.

### Protect against identity fraud

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

## Environmental, Social and Governance

Your Board would like to reassure Shareholders that it takes these issues

seriously, and future reporting will cover them in more detail. Further reporting and procedural requirements for these increasingly important issues required by current and future regulation should enable the Board to provide concise information and implement further processes, both relevant to the Company and, correspondingly, useful to stakeholders. These objectives do require that regulations are measured, proportionate and cost-effective to introduce.

## Annual General Meeting

The next Annual General Meeting of the Company will be held at 11.00 am on Wednesday, 10 February 2021. Shareholders should note that it is likely that physical meetings may still not be permitted due to the UK Government's COVID-19 restrictions and therefore Shareholders would not be allowed to attend the AGM in person. In planning our AGM we have sought to prioritise the safety and wellbeing of our Shareholders and all attendees. In light of the current COVID-19 measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will, therefore, be held as a closed virtual meeting with Shareholders able to join the meeting as attendees by electronic means via MS Teams with the Board and Investment Adviser shown on the screen. A link to attend the meeting can be found on pages 36, 76 and 78 and is available on the Company's website at [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk) under the AGM bubble on the front page. You do not need to download MS Teams or have a MS Teams account to access the event. The meeting will also be accessible by telephone conference call for those without a suitable device and/or WiFi connection. Once the formal business of the meeting is concluded, a presentation by the Investment Adviser will commence followed by Shareholders' questions.

Shareholders will not be able to vote at the meeting. Voting will be conducted by way of a poll, by the quorum of members, of all the valid proxy votes lodged. **The Board encourages Shareholders to submit their vote by proxy either by completing and returning the form enclosed or proxy votes may also be submitted electronically via the Link Shareholder portal at: [www.signalshares.com](http://www.signalshares.com).** Votes must arrive at the Registrar 48 hours before the meeting to be valid. The Notice of the meeting is included on pages 78 to 81 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 34 to 37 of this Annual Report.

Shareholders can also submit any questions about the resolutions to be passed at the AGM, by using the

[agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) email address and a response will be provided prior to the deadline for lodging proxy votes. You can also register any questions for the AGM using the same email address or use the question facility during the meeting.

## Outlook

The impact of COVID-19 was and will continue to be immediate and wide reaching. Nevertheless, your Board considers that your Company is well positioned to continue to respond and adapt in most likely scenarios in so far as they can presently be foreseen. The successful realisations and earlier fundraising have given the Company strong liquidity not only to support the existing portfolio as appropriate, but also to capitalise on opportunities which may arise for new investment. The portfolio still retains a foundation of mature investments that are providing an income return, but also an increasing proportion of younger, growth capital investments seeking to achieve further scale, higher levels of profitability and value. The year-end valuations reflect strong performance by many investees in the second half of the year and a robust and well-funded portfolio, well equipped to meet an uncertain environment.

The results achieved for the year reflect the growth and valuation increases across the portfolio, underpinned by the successful realisations. The Investment Adviser is seeing a good pipeline of interesting new investment opportunities. Furthermore, as BREXIT negotiations continue unresolved they cause global market economies to be nervous and volatile. UK and European businesses in particular will therefore continue to operate in an uncertain trading environment for the foreseeable future. Although the degree and frequency of future lockdown and other restrictions to the UK economy is unclear, both the Investment Adviser and portfolio companies are well equipped to respond accordingly. On all fronts, we have cause to be cautiously optimistic.

I would like to take this opportunity once again to thank all Shareholders for their continued support and hope you and your families remain healthy and well.



**Maurice Helfgott**  
Chairman  
9 December 2020

## Company objective and business model

### Objective

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

### Summary of Investment Policy

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

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

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

The full text of the Company's Investment Policy is set out on page 28 of this Strategic Report.

### Summary of VCT regulation

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

- for the Company's accounting periods ending after 30 September 2019, the Company is now required to hold at least 80%, by VCT tax value<sup>1</sup> of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising. This percentage has risen from 70% which was the requirement for prior reporting periods. Total investments also include funds raised up to 30 September 2017;
- all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011 are, in aggregate, required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules);
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;

- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity;
- VCTs are now required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of that accounting period, and
- Since 6 April 2019, the period for reinvestment of the proceeds on disposal of qualifying investments has increased from 6 to 12 months.

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

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

In addition, VCTs may not:

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

<sup>1</sup> VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 22 to 27.

**The Company and its business model**

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

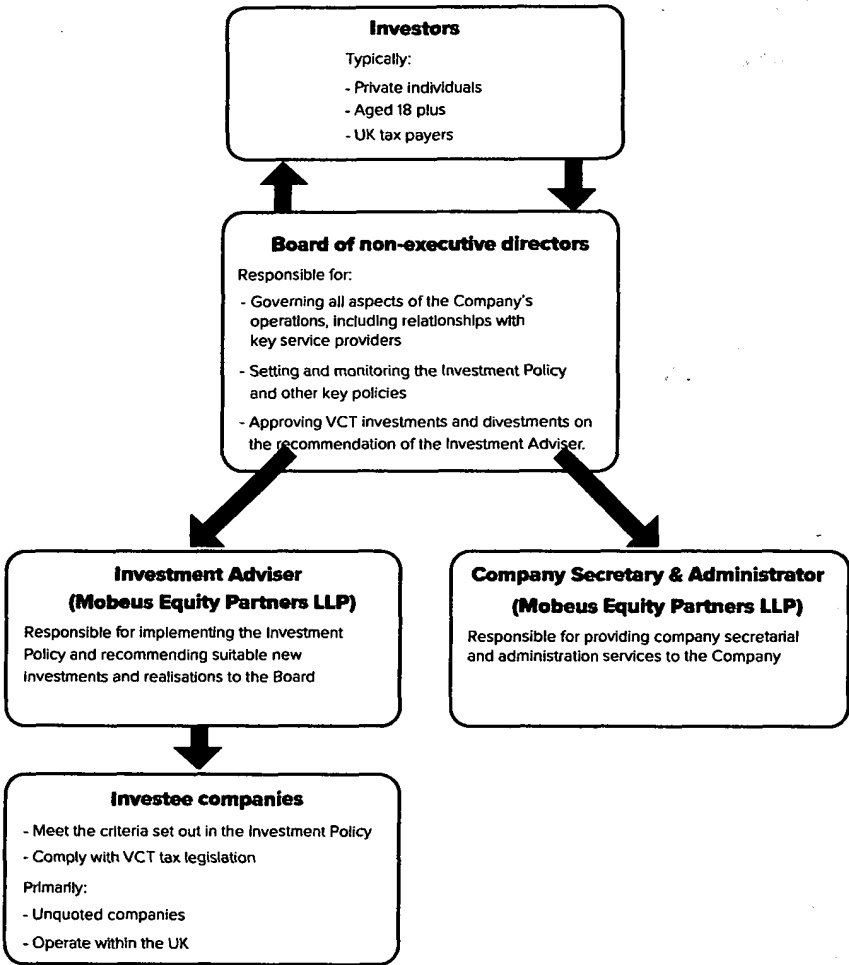
It is a fully listed company on the London Stock Exchange and is therefore also required to comply with the Listing Rules governing such companies.

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

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

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

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





## Performance

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

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

Some of these are classified as alternative performance measures ("APMs") in line with Financial Reporting Council ("FRC") guidance. See Glossary of Terms for details on page 85. APMs are measures of performance that are in addition to the data reported in the Financial Statements. It is intended that these will provide Shareholders with sufficient information to assess how the Company has performed against its Objective in the year to 30 September 2020, and over the longer-term, through the application of its investment and other principal policies.

### 1. Annual and cumulative returns per share for the year

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

#### Total Shareholder returns per share for the year

The NAV and Share Price total returns per share for the year ended 30 September 2020 were 11.9% (2019: 7.4%) and 3.3% (2019: 15.8%) respectively, as shown below:

	NAV basis (p)		Share price basis (p)	
Total return (p)	Closing NAV per share	70.06	Closing share price	59.50
	Plus: dividends paid in year (Note 1)	18.50	Plus: dividends paid in year (Note 1)	18.50
	<b>Total for year</b>	<b>88.56</b>	<b>Total for year</b>	<b>78.00</b>
	Less: opening NAV per share	79.12	Less: opening share price (Note 2)	75.50
	<b>NAV return for year per share (Note 3)</b>	<b>+9.44</b>	<b>Share price return for year per share</b>	<b>+2.50</b>
	<b>% NAV return for year</b>	<b>11.9%*</b>	<b>% share price return for year</b>	<b>3.3%*</b>

\* The Share Price return differs from the NAV total return because the share price at 30 September 2020 is by reference to the latest announced NAV per share, being 62.52 pence as at 30 June 2020, after adjusting for total dividends paid of 14.00 pence in the final quarter. The NAV per share increased by 7.54 pence in the final quarter. This uplift will only be reflected in the share price once the year-end NAV is announced as part of this Annual Report.

Note 1: Dividends paid in the year were the final dividend of 4.50 pence per share for the year ended 30 September 2019, paid on 18 October 2019, and the interim dividends of 3.00 and 11.00 pence per share for the year under review, paid on 10 July and 28 September 2020, respectively.

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 82 to 84 of this Annual Report.

Note 2: The share price at the 2019 year-end was actually 71.00 pence per share because the share price was quoted excluding entitlement to the dividend of 4.50 pence per share paid on 18 October 2019. Accordingly, 4.50 pence has been added to the share price, to give a more accurate share price return for the year.

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

Year ended 30 September	2020 (p)	2019 (p)
Gross portfolio capital returns	8.30	4.77
Gross income returns	3.09	3.03
Costs	(1.99)	(2.14)
Other movements	0.04	0.14
<b>NAV return for the year (as above for 2020 only)</b>	<b>+9.44</b>	<b>+5.80</b>

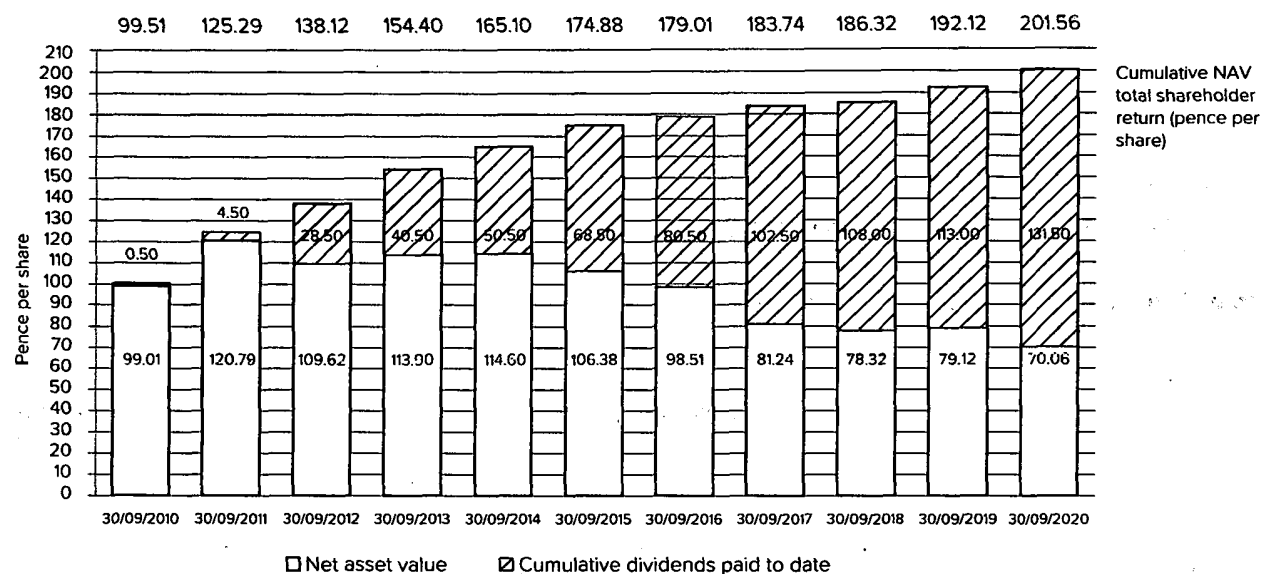
The contributions from the portfolio returns and income are shown before deducting attributable costs. They are explained below under the Review of Financial Results for the year. Costs are referred to in section 6 on page 10.

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

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

### Cumulative total shareholder returns per share (NAV basis)

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



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

### Internal rate of return ("IRR")

As at 30 September	2020	2019
Internal rate of return (NAV basis) (with tax relief)	12.8%	12.8%
Internal rate of return (NAV basis) (without tax relief)	8.1%	7.9%

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

### Review of financial results for the year

For the year ended	30 September 2020 £m	30 September 2019 £m
Capital return	8.82	3.98
Revenue return	2.32	1.87
<b>Total return</b>	<b>11.14</b>	<b>5.85</b>

The capital profit for the year of £8.82 million (7.43p of NAV return for the year per share, net of costs charged to capital) is due primarily to the sales of Access IS and Auction Technology Group, and a net increase in unrealised valuations of the portfolio companies. The increase in capital return from £3.98 million to £8.82 million is due to a higher number of profitable disposals in 2020 compared to 2019, as well as a larger net increase in the unrealised value of the portfolio.

The revenue profit for the year of £2.32 million (1.96 pence of NAV return for the year per share, net of costs charged to revenue) has increased over the previous year. The revenue profit is derived from income, primarily from loan interest, outweighing revenue expenses. This has increased mainly due to a large interest receipt arising from the realisation of Auction Technology Group. This increase was partially offset by higher revenue expenses, due to a higher number of directors for part of the year as well as higher listing fees arising from the reinstatement of the Company's dividend investment scheme.

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

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

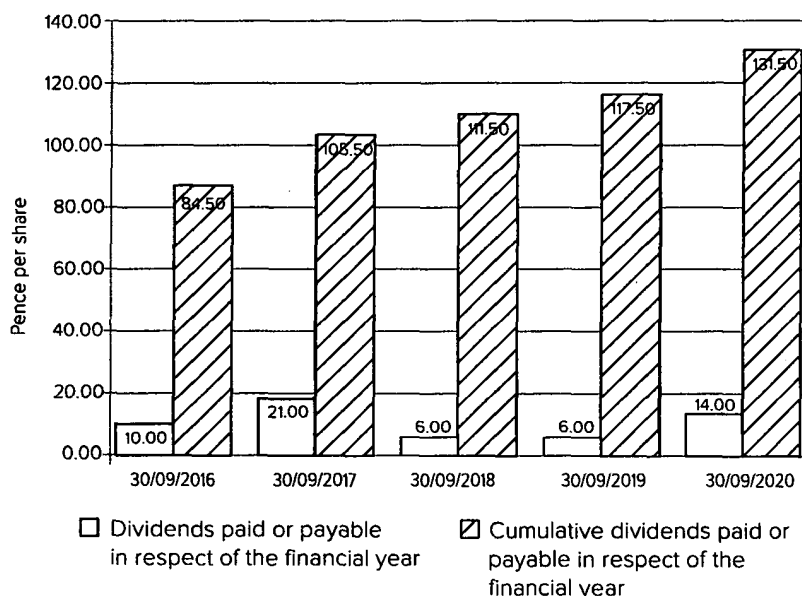
Period	I&G VCT NAV Total Return % (Rank)	Weighted average Generalist VCT NAV Total Return % (No. of VCTs)
One year	1.8% <sup>1</sup> (10th)	(4.9)% (46)
Three years	19.3% (8th)	3.0% (46)
Five years	30.3% (10th)	20.8% (42)
Ten years	160.6% (1st)	75.7% (31)

<sup>1</sup> This figure of 1.8% differs from that shown in section 1 of 11.9%, due to the former being based upon the latest announced NAV per share of 76.52 pence per share at 30 June 2020 less dividends paid subsequently of 14.00 pence per share as well as assuming dividends are reinvested at each payment date.

On a NAV cumulative Total Return basis (which, compared to the figures above assumes dividends are not reinvested), the VCT was ranked 11th over three years (out of 46 VCTs), 16th over five years (out of 42 VCTs) and 2nd over ten years (out of 31 VCTs) among generalist (including planned exit) VCTs at 30 September 2020. These statistics are produced by the AIC (based on information prepared by Morningstar).

## 3. Dividends paid compared with dividend target

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



Dividends paid or payable per share in respect of the financial year ended 30 September 2020 were 14.00 pence comprising of two interim dividends of 3.00 and 11.00 pence per share, paid to Shareholders on 10 July 2020 and 28 September 2020, respectively. Cumulative dividends paid to date since the inception of the current share fund are now 131.50 pence per share.<sup>1</sup>

<sup>1</sup> The first allotment of the former 'S' Share class, now the current share class took place on 6 February 2008.

#### 4. Compliance with VCT legislation

In making their investment in a VCT, Shareholders become eligible for a number of tax benefits under VCT tax legislation, as long as the Company also complies with VCT tax legislation. To achieve this, the Company must meet a number of tests set by the VCT legislation, a summary of which is given in the table headed 'Summary of VCT regulation' on page 5. Throughout the year ended 30 September 2020, the Company continued to meet these tests.

#### 5. Share price and discount to NAV

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

From 1 August 2019, the Board's objective has been to seek to maintain the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less, where it had been at 10% or less prior to this.

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

The discount for the Company's shares at 30 September 2020 was 4.8% (2019: 5.2%) based on the share price shown in the table on page 7 and the NAV at 30 June 2020 of 76.52 pence (after deducting a 3.00 pence per share dividend paid on 10 July 2020 and an 11.00 pence per share dividend paid on 28 September 2020).

During the year ended 30 September 2020, Shareholders holding 1,858,177 shares expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited, to purchase these shares at prices reflecting the Company's share buyback discount policy. The Company subsequently purchased these shares at prices of between 59.39 and 70.75 pence per share and cancelled them. During the year, the Company bought back 1.8% of the issued share capital of the Company at 1 October 2019.

#### 6. Costs

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

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

	2020	2019
Ongoing charges	2.9%	2.6%
Performance fee	0.0%	0.0%
Ongoing charges plus accrued performance fee	2.9%	2.6%

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

The Total Expense Ratio (which differs from the Ongoing charges ratio and forms the basis of any expense cap upon Investment Adviser fees, see Note 4 for further explanation) for the year was 2.7% (2019: 2.6%) of closing net assets. As a result, no breach has occurred of the expense cap of 3.25% of the closing net assets for the year ended 30 September 2020 (2019: £nil).

#### Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have increased from £1.79 million to £1.83 million. This increase reflects principally a higher level of net assets over the majority of the year. The Mobeus incentive fee hurdle was not achieved during the year and so no fee was payable.

Other expenses have increased from £0.43 million to £0.53 million, due to additional expenses incurred arising from the reinstatement of the Dividend Investment Scheme as well as higher recruitment fees and director costs due to two new directors appointed part way through the year.

Further details of these fees and expenses are contained in Notes 4 and 5 to the Financial Statements on pages 57 to 58.

## Investment Adviser's Review

### COVID-19 Pandemic

The Company's year started well with strong portfolio performance and some high-quality realisations being seen. Six months into the year, in March 2020, the UK Government introduced lockdown and social distancing measures in response to the COVID-19 pandemic. These measures had an immediate adverse impact on UK businesses, with many companies experiencing a significant reduction in consumer and business demand, restrictions on employees' working practices and disruption to their supply chains. Global markets fell significantly as a result. Following the low point in March, there has been a significant and pleasing bounce-back with recovery in portfolio trading levels. There are still uncertainties ahead, particularly the second wave of the COVID-19 pandemic and BREXIT, but the portfolio is in robust shape, following the experience gained and the opportunities taken over the last six months, to withstand and respond to these as yet uncertain developments in the future.

At all times during the pandemic, the Investment Adviser has reviewed and evaluated the impact of COVID-19 on each sector exposure and on the value of the portfolio, and appropriate action taken. Mobius has and continues to review the opportunities for new and follow-on investments and is in a position to capitalise as and when needed via the Company's relatively high liquidity levels. Over the most recent months, investment in new opportunities has been relatively low as entrepreneurs temporarily deferred fundraising but there is now a healthy pipeline of suitable opportunities which are being evaluated.

The level of portfolio follow-on investment has indicated there are opportunities to back proven portfolio companies that are achieving strong relative performance. The realisation activity outlook continues to be positive with approaches received from trade and financial investors to several investee companies.

Overall, the portfolio is robust and the Investment Adviser is mindful of the uncertain future but remains optimistic on the basis of recent evidence of trading performance and potential growth within the portfolio.

**Portfolio review**

Prior to the emergence of the COVID-19 pandemic, there was some very positive

2020		2019	2020	2019
£m		£m	2020	2019
Opening portfolio value	50.22	49.40	50.22	49.40
New and further investments	8.39	5.08	8.39	5.08
Disposal proceeds	(17.60)	(9.19)	6.42	3.15
Net realised gains	3.43	1.78	50.86	50.22
Valuation movements				
Portfolio value at 30 September				

Activity in the year is summarised below:

progress within the portfolio, particularly with respect to exits such as Auction Technology Group, Redline Worldwide and Biosite. At the half-year stage, and at the height of the pandemic uncertainty, many valuation reductions were applied to the portfolio which reflected the initial drop in revenues, stock market movements, and included COVID-19 specific adjustments given the uncertain outlook. In the second half of the year, the portfolio experienced a significant bounce-back such that for the year as a whole the value of the portfolio increased by £3.43 million, comprising an increase of £3.43 million in the unrealised portfolio and gains of £6.42 million through realisations.

It is important to note that the usual approach to portfolio valuation by the Investment Adviser continued to be applied throughout this uncertain period. The second half-year recovery is attributable to trading improvement achieved by many portfolio companies, against a backdrop of improved market sentiment. The removal of unused COVID-19 related adjustments that were put in place during March, and improved cash generation, were also contributing factors. Some portfolio companies, often with online business models, have traded strongly throughout the latter half of the year. Whilst it is still early to be certain, there is evidence that a degree of structural change to consumer purchasing habits has occurred, which should underpin strong performance in the future under the "new normal".

The second half of the year, benefited from further valuation increases and continued a strong run of realisations with further gains generated from the exits of Access IS and Blaze.

Activity in the year is summarised below:

Finally, in September, the Blaze Signs exit contributed to total proceeds of £3.39 million over the life of the holding, contributing to a gain over cost of £2.06 million, representing 2.5x and an IRR of 13.1%. Following the year-end, the realisation of Vectair contributed to total proceeds received over the life of the investment of £1.79 million, generating a multiple of 2.2x and an IRR of 22.2%. Also during the year and following a significant increase in its share price, the Company received £1.05 million from the partial realisations of its holding in Omega Diagnostics. This represented a realised gain of £0.85 million for the year and contributed to an attractive return to including one since the onset of the COVID-19 pandemic. £3.93 million was invested into four existing portfolio companies to allow them to capitalise on further growth opportunities. The details of these investments are shown on pages 14 to 15.

The Company realised its investments in Redline, Biosite, Auction Technology Group, Access IS and Blaze Signs during the year, receiving a total of £16.25 million in proceeds, and contributing to total receipts of £17.60 million during the year. The details are set out below:

In December, the Company realised £1.53 million from its first growth capital investment made under the new VCT rules. Redline Worldwide, generating a gain of £0.98 million in the year. Over the time that this investment was held, a multiple of proceeds over cost of 1.7x and an IRR of 17.7% has been achieved to date.

In February, Auction Technology Group was sold and generated proceeds over the life of the investment of £9.04 million compared to an original cost of £2.00 million, a multiple on cost of 4.5x and an IRR of 28.9% over the 1½ years this investment was held – an exceptional return for Shareholders.

Also in February, the investment in Biosite was realised, generating proceeds of £2.77 million over the life of the investment, representing a profit over cost of £0.98 million and contributing to a gain over original cost of 1.5x and an IRR of 21.0%.

In August, the realisation of Access IS provided total proceeds over the life of the investment of £8.38 million representing a profit over cost of £5.06 million and a gain over original cost of 2.5x with an IRR of 23.4%.

date of 5.3x multiple on cost and based upon the valuation at the year-end has achieved an IRR to that date of 19.1%. This investment has secured a strong positive return to date but maintains a degree of potential upside through the residual holding.

The investment and divestment activity during the year increased the proportion of the portfolio regarded as growth capital investments by value to 74.6% at the year-end (30 September 2019: 59.2%). The portfolio (including legacy and AIM investments) had decreased from 41 to 40 investments at the year-end.

The portfolio's contribution to the overall results of the Company is summarised below:

Investment Portfolio Capital Movement	2020 £m	2019 £m
Increase in the value of unrealised investments	10.16	6.69
Decrease in the value of unrealised investments	(6.73)	(4.91)
<b>Net increase in the value of unrealised investments</b>	<b>3.43</b>	<b>1.78</b>
Realised gains	6.53	3.15
Realised losses	(0.11)	-
<b>Net realised gains in the year</b>	<b>6.42</b>	<b>3.15</b>
<b>Net investment portfolio capital movement in the year</b>	<b>9.85</b>	<b>4.93</b>

#### Valuation changes of portfolio investments still held

The strength of the valuation increases in the second half-year was primarily driven by the Company's growth portfolio, many of which have Direct-to-Consumer business models that have been ideally suited to the more physically remote business environment under COVID-19. Mobeus believes that this has accelerated an existing trend and in many cases the shift in behaviours will prove permanent. Over this period, some older style MBO portfolio companies with similar business practices have also benefited. Despite much of the portfolio performance being positive, a few companies have struggled in this environment, although in most cases, these businesses were already struggling pre-COVID-19. While there remains a possibility such businesses will fail, their value has already been reduced to modest levels, reducing their risk to future shareholder value. The

details of valuation increases and reductions are explained below.

Within total valuation decreases of £(6.73) million, the main reductions were CGI Creative Graphics International - £(1.59) million, Tapas Revolution - £(1.33) million, and Media Business Insight (MBI) - £(1.25) million. These companies saw some of the most significant impact of a sudden decline in demand for their products or services which, even when restrictions are eased, may take time for value to recover.

By contrast some investee companies' trading has benefited greatly from the lockdown. The main valuation increases include Virgin Wines - £3.04 million, Active Navigation - £1.54 million, Parsley Box - £1.24 million and MPB Group - £0.84 million. Virgin Wines, Parsley Box and MPB have generated record earnings and revenues over the lockdown period and beyond. All have significantly increased their customer base and there is evidence that these new customers are continuing to be at least as active and profitable as their pre-COVID-19 customers. Active Navigation has benefited from its strong levels of recurring revenues.

The majority of the increase in portfolio value lies in the top 10 companies which represent nearly 70% of the portfolio by value. Year-on-year growth by either revenues or earnings has been seen in nine of the top ten companies and it is pleasing to note that eight of these are from the younger, growth portfolio. The significant value and performance growth has contributed to the resilience of the portfolio, reflecting investment by the Company in strong Direct-to-Customer business models or those that have adapted to them.

The year also saw portfolio companies, Jablite and Oakheath (formerly Super Carers) entering voluntary liquidation. These two companies were struggling before the impact of COVID-19. Valuation reductions for these companies had already been made, so there has been little impact on shareholder value from these administration processes.

#### Investment portfolio yield

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

Investment Portfolio Yield	2020 £m	2019 £m
Interest received in the year	2.66	2.64
Dividends received in the year <sup>1</sup>	0.84	0.26
<b>Total portfolio income in the year</b>	<b>3.50</b>	<b>2.90</b>
<b>Portfolio value at 30 September</b>	<b>50.86</b>	<b>50.22</b>
<b>Portfolio Income Yield (Income as a % of Portfolio value at 30 September)</b>	<b>6.9%</b>	<b>5.8%</b>

<sup>1</sup> Total portfolio income in the year is generated solely from investee companies within the portfolio. See Note 3 of the Financial Statements for all income receivable by the Company. The increase in income was mainly due to interest of £1.09 million received on the loan instruments in Auction Technology Group being paid, as part of the sale transaction, which had not previously been recognised. Portfolio yield is expected to fall for the foreseeable future, as the growth portfolio's returns are likely to be more capital in nature.

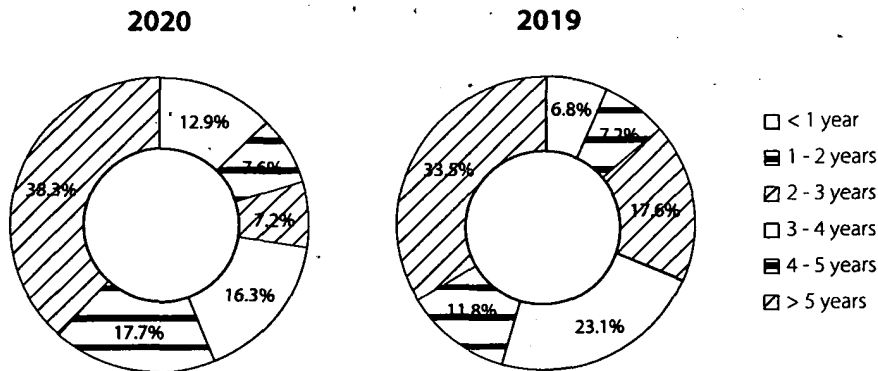
#### Environmental, Social, Governance considerations

The Investment Adviser and the Board have discussed an appropriate framework within which to assess progress on these matters within the existing portfolio. The Investment Adviser is encouraging this matter to be a standing agenda item at investee company board meetings. It will continue to be an important consideration in our assessment of new investment opportunities.

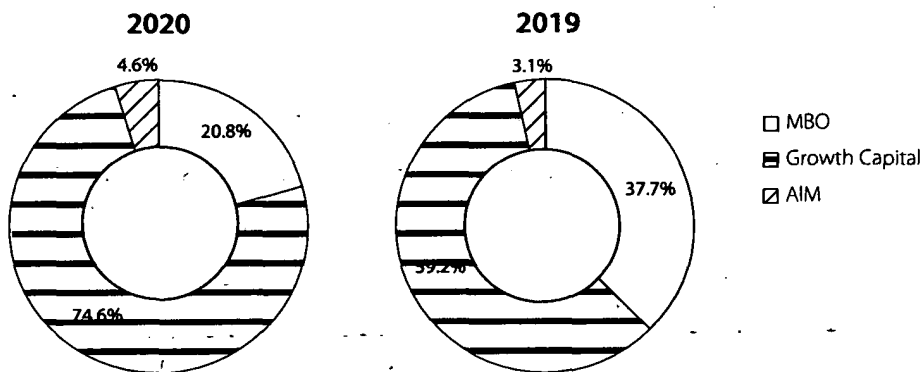
#### Outlook

The portfolio is in a good position with many companies trading well during lockdown and several at record levels. This gives confidence about the future prosperity of the portfolio and its ability to cope with other uncertainties, challenges and opportunities associated with BREXIT and the second national lockdown. The new investment pipeline is recovering to levels seen pre-COVID-19 and capital deployment should continue at an encouraging rate. The Investment Adviser, although cautious in its approach, is confident that the portfolio is in robust shape to cope with whatever the short to medium-term holds.

## Age of the portfolio at valuation

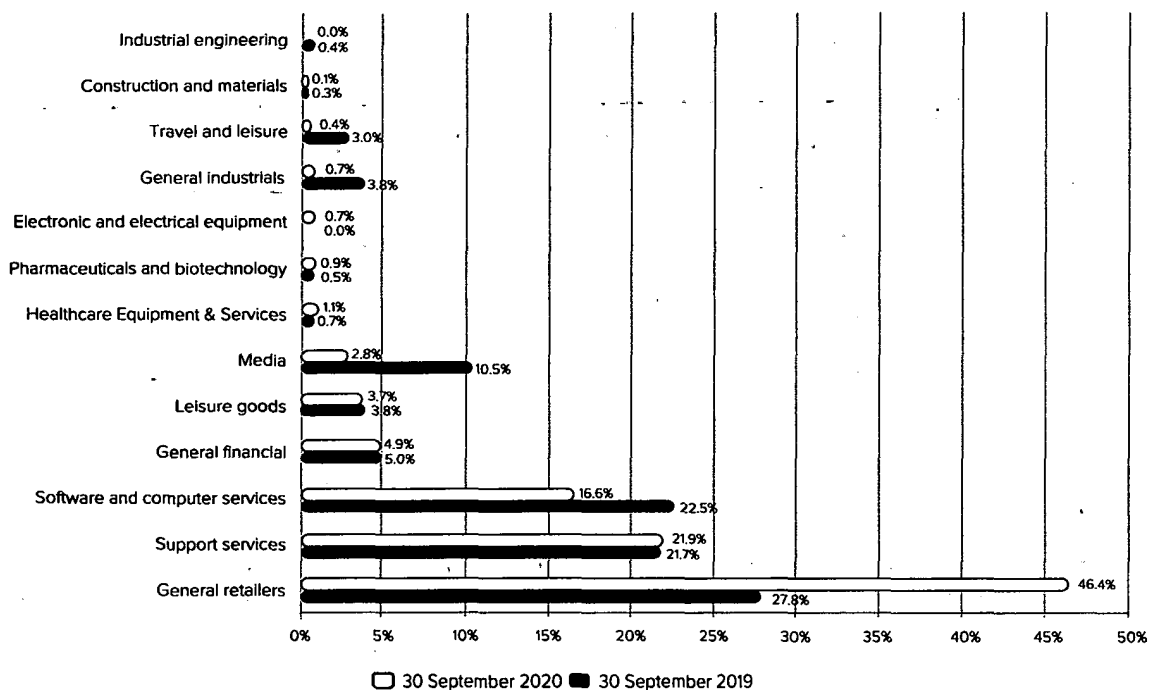


## Type of investment transaction at valuation



## Investments by market sector at valuation

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



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

## New investments in the year

A total of £4.46 million was invested into five new investments during the year as detailed below:

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

Data Discovery Solutions (trading as "Active Navigation") is a data analysis software solution which makes it easier for companies to clean up network drives, respond to new data protection laws and dispose of redundant and out-dated documents. Active Navigation's solution is used by significant blue-chip customers, particularly those in highly regulated industries such as energy and professional services, as well as government entities in the USA, Canada, Australia and the UK. Active Navigation will seek to drive continued growth from its file analysis platform with the recruitment of experienced sales and professional services staff. Since 2014 revenues have grown from £1.50 million to £6.00 million in its financial year to 30 June 2019.

IPV	Media asset software	November 2019	0.95
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IPV has developed a media asset management software product called 'Curator'. This enables enterprise level customers to retrieve and search hours of video footage quickly, edit into multiple short clips and broadcast to online video platforms (such as YouTube) and company intranets. This enables IPV's impressive list of blue-chip clients, such as NASA, Sky and Turner Sports to improve efficiency in managing their video content. The company has built an impressive senior management team of proven operators and is targeting a media asset management market in the US and UK, worth an estimated £1 billion per annum. The investment will be used to build out a sales and marketing team and to fund lead generation for new direct and partner channels as well as supporting the existing partner network. From 2016 to 2019 recurring revenues grew over 60% annually and represented approximately 70% of total revenues in 2019.

Bleach London	Direct to consumer hair care brand	December 2019	0.72
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Bleach London Holdings (trading as "Bleach London") is an established branded, fast growing business which manufactures a range of haircare and colouring products. Bleach London is regarded as a leading authority in the hair colourant market, having opened one of the world's first salons focused on colouring and subsequently launched its first range of products in 2013. The investment was part of a wider £5.60 million investment round alongside trade and angel investors. The funds will be used to drive continued growth in sales through retailers as well as capitalise on its strong social media presence whilst accelerating its growing direct to consumer channel. Bleach London delivered an impressive three times revenue growth between 2017 and 2019.

Bella & Duke	Premium frozen raw dog food provider	February 2020	0.93
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Bella & Duke is a direct to consumer subscription service, providing premium frozen raw dog food to pet owners in the UK. Founded in 2016, the business provides an alternative to standard meal options for dog owners by focusing on the well documented health benefits of a raw food diet. This area is a growing niche in the large and established pet food market and is being driven by the premiumisation of dog food. The investment will seek to optimise its production and supply facilities, expand and enhance its team and broaden its product range. The company has grown revenues over 300% between 2018 and 2019.

Andersen EV	Electric vehicle chargers	June 2020	0.32
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Muller EV Limited (trading as Andersen EV) is a design led manufacturer of premium electric vehicle (EV) chargers. Incorporated in 2016, this business has secured high profile partnerships with Porsche and Jaguar Land Rover, establishing an attractive niche position in charging points for the high end EV market. The Company's funds will be used to scale the business through investment in further products and software, sales and marketing and electric vehicle manufacturer partnerships. Andersen is well positioned in a nascent sector experiencing significant growth and has increased sales by over 350% for its most recent financial year.



### Further investments in existing portfolio companies in the year

The Company made further investments totalling £3.93 million into four existing portfolio companies during the year under review, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Rotageek	Workforce management software	May 2020	0.63

Rotageek is a provider of cloud-based enterprise software to help larger retail, leisure and healthcare organisations predict and meet demand to schedule staff effectively. This investment, alongside funds from a new VCT investor and existing shareholders, will be used to capitalise on opportunities that will emerge as the retail sector recovers from lockdown restrictions. Rotageek will also be expanding its presence in healthcare to help address the workforce management issues of a sector that is chronically overburdened at present. For the year ended 31 December 2019, revenues have grown over 45% on the prior year.

	MyTutor	Digital marketplace connecting school pupils seeking one-to-one online tutoring	May 2020	0.98
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MyTutorweb (trading as MyTutor) is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results to enhance their academic and career prospects. This further investment, alongside other existing shareholders, seeks to build and reinforce its position as a UK category leader in the online education market as well as to begin to develop a broader, personalised learning product offering. MyTutor has performed strongly over the last 18 months with 70% growth in 2019 and in excess of 100% in the last six months. The company has been chosen as Tutoring Partner for the National Tuition Programme where they will directly support 30,000 students in catching up on lost learning as a result of the COVID-19 pandemic.

	Buster & Punch	Lighting and interiors brand	September 2020	1.54
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Buster and Punch is a well-established, premium branded, fast growing business which designs and manufactures a complete range of high-quality functional fittings (lighting, electrical and hardware and other accessories) for the home. The Company first invested in 2017 and since then, the business has delivered consistent high growth across its ranges, with revenues growing in excess of 65%, and reaching nearly £10 million in 2020. Buster and Punch's products are now sold in 99 countries via both its highly invested ecommerce platform and direct services to consumers, trade and retailers across the world. Buster and Punch also operates flagship showrooms in London, Stockholm and Los Angeles. The new funding will be used to drive the global business plans of this fast-growing luxury interior fashion label with further international expansion into the US and Asia Pacific markets.

	Preservica	Seller of proprietary digital archiving software	September 2020	0.78
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Preservica is a SaaS software business with blue chip customers of strong recurring revenues and has developed market leading software for the long-term preservation of digital records, ensuring that digital content can remain accessible, irrespective of future changes in technology. This latest investment is to provide additional growth capital to finance the further development of the business. The year to 31 March 2020 saw record bookings growth of 68% and many key customer wins.

## Realisations in the year

The Company realised its investments in Redline Worldwide, Biosite, Auction Technology Group, Access IS and Blaze Signs, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Redline	Provider of security services to the aviation industry and other sectors	February 2016 to December 2019	£1.95 million 1.7 x cost

The Company sold its investment in Redline Worldwide for £1.53 million (realised gain in the year of £0.98 million including proceeds received after completion). Since investment in 2016, the investment has generated proceeds to date of £1.95 million compared to an original investment cost of £1.13 million, which is **a multiple on cost to date of 1.7x and an IRR of 17.7% to date**. Further proceeds may be receivable in due course.

	Biosite	Workforce management and security services	November 2016 to February 2020	£2.77 million 1.5 x cost
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The Company sold its investment in Pattern Analytics Limited (trading as "Biosite") to ASSA ABLOY AB for £2.65 million. Since investment in 2016, the investment has generated proceeds of £2.77 million compared to an original investment cost of £1.79 million, which is **a multiple on cost of 1.5x and an IRR of 21.0%**.

	Auction Technology Group	SaaS based online auction marketplace platform	October 2008 to February 2020	£9.04 million 4.5 x cost
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The Company sold its investment in Turner Topco Limited (trading as Auction Technology Group) to TA Associates for £5.28 million (including £1.09 million loan interest due on completion; realised gain in the year: £1.56 million). This investment generated proceeds over the life of the investment of £9.04 million (including proceeds received following a partial realisation from a sale to ECI Partners in June 2014) compared to an original cost of £2.00 million, which is **a multiple on cost of 4.5x and an IRR of 28.9%**.

	Access IS	Data capture and scanning hardware	October 2015 to August 2020	£8.38 million 2.5 x cost
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The Company sold its investment in Tovey Management Limited (trading as Access IS) to ASSA ABLOY AB for £7.15 million (realised gain in the year: £3.00 million). Since investment in 2015, the investment has generated cash proceeds of £8.38 million compared to an original investment cost of £3.31 million, which is **a multiple on cost of 2.5x and an IRR of 23.4%**.

	Blaze Signs	Manufacturer and installer of signs	April 2006 to September 2020	£3.39 million 2.5 x cost
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The Company sold its investment in Blaze Signs Holdings Limited via a secondary buy out backed by Elagmore Advisor LLP and has received cash proceeds of £1.20 million (including dividends) (realised gain: £0.13 million). Over the 14 years this investment was held, cash proceeds of £3.39 million have been received compared to an original cost of £1.34 million, which is **a multiple of cost of 2.5x and an IRR of 13.1%**.

### Realisation after the year-end

After the year-end, the Company realised one investment, as detailed below:

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
Vectair	Designer and distributor of washroom products	January 2006 to November 2020	£1.79 million 8.3 x cost

The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received cash proceeds (including dividends) of £1.10 million. This investment generated proceeds over the life of the investment of £1.79 million compared to original cost of £0.22 million, which is a **multiple of cost is 8.3x and an IRR of 22.2%**.

### Loan stock repayments and other receipts

During the year, there were two partial realisations of Omega Diagnostics Group plc which generated proceeds of £1.05 million and a realised gain of £0.85 million. A £0.08 million loan repayment was received from BookingTek, generating a nominal loss of £0.01 million. Finally, following the decision of Jablite Holdings to enter a voluntary liquidation, the Company recognised a realised loss of £0.09 million on that investment, with some recovery still anticipated.

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP

Investment Adviser

9 December 2020

## Principal investments in the Portfolio at 30 September 2020

### Virgin Wines Holding Company Limited

www.virginwines.co.uk

**Cost** £2,746,000

**Valuation** £6,458,000

Basis of valuation

Earnings multiple

Equity % held

13.7%

Income receivable in year

£288,328

Business

Online wine retailer

Location

Norwich

Original transaction

Management buyout

#### Audited financial information

Year ended 30 June 2019

Turnover £42,456,000

Operating profit £2,011,000

Net assets £2,763,000

Year ended 30 June 2018

Turnover £39,888,000

Operating profit £1,270,000

Net assets £2,569,000

#### Movements during the year

None.

### MPB Group Limited

www.mpb.com

**Cost** £2,043,000

**Valuation** £4,699,000

Basis of valuation

Revenue multiple

Equity % held

7.3%

Income receivable in year

£37,097

Business

Online marketplace for photographic and video equipment

Location

Brighton

Original transaction

Growth capital

#### Audited financial information

Year ended 31 March 2020

Turnover £44,179,000

Operating loss £(1,276,000)

Net assets £9,753,000

Year ended 31 March 2019

Turnover £31,909,000

Operating loss £(1,733,000)

Net assets £2,455,000

#### Movements during the year

None.

### Preservica Limited

www.preservica.com

**Cost** £2,961,000

**Valuation** £4,304,000

Basis of valuation

Revenue multiple

Equity % held

14.9%

Income receivable in year

£56,168

Business

Seller of proprietary digital archiving software

Location

Abingdon, Oxfordshire

Original transaction

Growth capital

#### Audited financial information

Year ended 31 March 2019

Turnover Not disclosed

Operating profit Not disclosed

Net assets £978,000

Year ended 31 March 2018

Turnover Not disclosed

Operating profit Not disclosed

Net assets £1,131,000

#### Movements during the year

Follow-on investment in September 2020.

**Data Discovery Solutions Limited (trading as Active Navigation)**

www.activenavigation.com

**Cost** £1,544,000

**Valuation** £3,087,000

Basis of valuation  
Revenue multiple  
Equity % held  
8.8%  
Income receivable in year  
Nil  
Business  
Provider of a global market leading file analysis software for information governance, security and compliance  
Location  
Winchester  
Original transaction  
Growth capital

**Audited financial information**

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

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

**Movements during the year**

New investment in November 2019.

**EOTH Limited (trading as Rab and Lowe Alpine)**

www.equipuk.com

**Cost** £1,383,000

**Valuation** £2,986,000

Basis of valuation  
Earnings multiple  
Equity % held  
2.5%  
Income receivable in year  
£346,740  
Business  
Branded outdoor equipment and clothing  
Location  
Alfreton, Derbyshire  
Original transaction  
Growth capital

**Audited financial information**

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

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

**Movements during the year**

None.

**My Tutorweb Limited**

www.mytutor.co.uk

**Cost** £2,759,000

**Valuation** £2,973,000

Basis of valuation  
Revenue multiple  
Equity % held  
11.2%  
Income receivable in year  
Nil  
Business  
Digital marketplace connecting school pupils seeking one-to-one online tutoring  
Location  
London  
Original transaction  
Growth capital

**Financial information (unaudited)**

Year ended 31 December 2019  
Turnover Not disclosed  
Operating profit Not disclosed  
Net assets £1,739,000

Year ended 31 December 2018  
Turnover Not disclosed  
Operating profit Not disclosed  
Net assets £4,706,000

**Movements during the year**

Follow-on investment in May 2020.

Further details of the investments in the portfolio may be found on the Mobeus website: [www.mobeus.co.uk](http://www.mobeus.co.uk).

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

## Principal investments in the Portfolio at 30 September 2020

### Buster and Punch Holdings Limited

www.busterandpunch.com

**Cost** £2,047,000

**Valuation** £2,741,000

Basis of valuation  
Gross profit multiple  
Equity % held  
10.6%  
Income receivable in year  
£17,822  
Business  
Industrial inspired lighting and interiors retailer

Location  
Stamford  
Original transaction  
Growth capital

#### Audited financial information

Year ended	31 March 2020
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	£1,679,000

Year ended	31 March 2019
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	£1,679,000

#### Movements during the year

Follow-on investment and loan repayment in September 2020

### Proactive Group Holdings Inc

www.proactiveinvestors.co.uk

**Cost** £988,000

**Valuation** £2,487,000

Basis of valuation  
Revenue multiple  
Equity % held  
3.4%  
Income receivable in year  
£19,136  
Business  
Provider of media services and investor conferences for companies primarily listed on secondary public markets

Location  
London  
Original transaction  
Growth capital

#### Financial information (unaudited)

Year ended	30 June 2019
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	Not disclosed

Year ended	30 June 2018
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	Not disclosed

#### Movements during the year

None.

### Manufacturing Services Investment Limited (trading as Wetsuit Outlet)

www.wetsuitoutlet.co.uk

**Cost** £3,205,000

**Valuation** £2,371,000

Basis of valuation  
Earnings multiple  
Equity % held  
8.8%  
Income receivable in year  
£160,259  
Business  
Online retailer in the water sports market

Location  
Southend on Sea, Essex  
Original transaction  
Growth capital

#### Audited financial information

Year ended	31 March 2019
Turnover	£14,671,000
Operating loss	£(770,000)
Net assets	£10,585,000

Period ended	31 March 2018
Turnover	£8,756,000
Operating loss	£(315,000)
Net assets	£12,990,000

#### Movements during the year

None.

# Investment Portfolio as at 31 March 2019

## Parsley Box Limited

www.parsleybox.com

**Cost** £926,000

**Valuation** £2,168,000

Basis of valuation

Revenue multiple

Equity % held

6.8%

Income receivable in year

Nil

Business

Supplier of home delivered ambient ready meals for the elderly

Location

Edinburgh

Original transaction

Growth capital

### Financial information (unaudited)

Year ended	31 March 2019
Turnover	Not disclosed
Operating profit	Not disclosed
Net liabilities	£(352,000)

Year ended	31 March 2018
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	£50,000

### Movements during the year

None.

## IDOX plc

www.idoxgroup.com

**Cost** £454,000

**Valuation** £1,896,000

Basis of valuation

Bid price (AIM quoted)

Equity % held

0.9%

Income receivable in year

Nil

Business

Knowledge management products

Location

London

Original transaction

Development capital

### Audited financial information

Year ended	31 October 2019
Turnover	£65,492,000
Operating profit	£1,677,000
Net assets	£44,611,000

Year ended	31 October 2018
Turnover	£66,414,000
Operating loss	£(28,901,000)
Net assets	£47,868,000

### Movements during the year

None.

## Vian Marketing Limited (trading as Red Paddle Co)

www.tushingham.com

**Cost** £1,207,000

**Valuation** £1,882,000

Basis of valuation

Earnings multiple

Equity % held

14.6%

Income receivable in year

£75,832

Business

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

Location

Totnes, Devon

Original transaction

Growth capital and equity release

### Audited Financial information

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

Year ended	28 February 2018
Turnover	£13,582,000
Operating profit	£1,594,000
Net assets	£2,748,000

### Movements during the year

None.

Further details of the investments in the portfolio may be found on the Mobeus website: [www.mobeus.co.uk](http://www.mobeus.co.uk).

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

# Investment Portfolio Summary

for the year ended 30 September 2020

	Ordinary shares		Other investments <sup>1</sup>		Total	Total
	Cost at 30 September 2020 £	Valuation at 30 September 2020 £	Cost at 30 September 2020 £	Valuation at 30 September 2020 £	Cost at 30 September 2020 £	Valuation at 30 September 2019 £
<b>Virgin Wines Holding Company Limited</b> Online wine retailer	65,288	3,778,219	2,680,215	2,680,215	2,745,503	3,421,474
<b>MPB Group Limited</b> Online marketplace for used photographic equipment	1,733,577	4,234,405	309,560	464,340	2,043,137	3,858,515
<b>Preservica Limited</b> Seller of proprietary digital archiving software	1,558,333	2,900,761	1,402,566	1,402,771	2,960,899	3,053,749
<b>Data Discovery Solutions Limited (trading as Active Navigation)</b> Provider of global market leading file analysis software for information governance, security and compliance	1,543,500	3,087,000	-	-	1,543,500	-
<b>EOTH Limited (trading as Equip Outdoor Technologies)</b> Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	138,331	1,630,692	1,244,982	1,355,336	1,383,313	2,939,441
<b>My Tutorweb Limited</b> Digital marketplace connecting school pupils seeking one-to-one online tutoring	2,759,335	2,972,638	-	-	2,759,335	1,783,566
<b>Buster and Punch Holdings Limited</b> Industrial inspired lighting and interiors retailer	2,046,612	2,740,635	-	-	2,046,612	1,176,202
<b>Proactive Group Holdings Inc</b> Provider of media services and investor conferences for companies primarily listed on secondary public markets	749,190	2,247,569	239,200	239,200	988,390	2,486,769
<b>Manufacturing Services Investment Limited (trading as Wetsuit Outlet)</b> Online retailer in the water sports market	1,602,591	768,784	1,602,591	1,602,591	3,205,182	1,656,308
<b>Parsley Box Limited</b> Supplier of home delivered ambient ready meals for the elderly	925,800	2,168,135	-	-	925,800	925,800
<b>I-Dox plc<sup>4</sup></b> Developer and supplier of knowledge management products	453,881	1,895,924	-	-	453,881	1,312,563
<b>Vian Marketing Limited (trading as Red Paddle Co)</b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	364,864	678,204	842,573	1,203,676	1,207,437	1,883,950
<b>Media Business Insight Holdings Limited</b> A publishing and events business focused on the creative production industries	1,466,622	-	2,199,934	1,407,127	3,666,556	2,661,708
<b>Arkk Consulting Limited (trading as Arkk Solutions)</b> Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	915,607	809,380	610,400	539,583	1,526,007	1,546,354
<b>Bleach London Holdings Limited</b> Hair colourants brand	721,452	1,232,358	-	-	721,452	-

## Notes

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Investment formerly managed by Nova Capital Management Limited until 31 August 2007.



2015/16 Financial Statement

Additional investments	Total Valuation at 30 September 2020	Interest receivable in year	Dividends receivable in year	Unrealised gains/(losses) in year	Realised gains/(losses) in year	Net proceeds	% of equity held <sup>2,3</sup>	% of portfolio by value
£	£	£	£	£	£	£		
-	6,458,434	262,121	26,207	3,036,960	-	-	13.7%	12.7%
-	4,698,745	37,097	-	840,230	-	-	7.3%	9.2%
779,233	4,303,532	56,168	-	470,550	-	-	14.9%	8.5%
1,543,500	3,087,000	-	-	1,543,500	-	-	8.8%	6.1%
-	2,986,028	132,788	213,952	46,587	-	-	2.5%	5.9%
975,769	2,972,638	-	-	213,303	-	-	11.2%	5.8%
1,536,496	2,740,635	17,822	-	243,047	-	215,110	10.6%	5.4%
-	2,486,769	19,136	-	-	-	-	3.4%	4.9%
-	2,371,375	160,259	-	715,061	-	-	8.8%	4.7%
-	2,168,135	-	-	1,242,335	-	-	6.8%	4.3%
-	1,895,924	-	-	583,361	-	-	1.0%	3.7%
-	1,881,880	75,832	-	(2,070)	-	-	14.6%	3.6%
-	1,407,127	131,966	-	(1,254,581)	-	-	21.2%	2.8%
-	1,348,963	-	-	(197,391)	-	-	10.3%	2.7%
721,452	1,232,358	-	-	510,906	-	-	4.3%	2.4%

# Investment Portfolio Summary

for the year ended 30 September 2020

	Ordinary shares		Other investments <sup>1</sup>		Total	Total
	Cost at 30 September 2020 £	Valuation at 30 September 2020 £	Cost at 30 September 2020 £	Valuation at 30 September 2020 £	Cost at 30 September 2020 £	Valuation at 30 September 2019 £
<b>Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man &amp; Van)</b> A specialist logistics, storage and removals business	464,658	1,175,977	-	-	464,658	1,196,408
<b>Rota Geek Limited</b> Provider of cloud based enterprise software that uses data-driven technologies to help retail and leisure organisations schedule staff	1,250,800	1,170,582	-	-	1,250,800	1,122,456
<b>Tharstern Group Limited</b> Software based management Information systems for the printing industry	451,328	-	1,002,950	1,137,147	1,454,278	1,534,444
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	53,207	1,016,667	193	3,684	53,400	935,546
<b>IPV Limited</b> Provider of media asset software	954,674	954,674	-	-	954,674	-
<b>Bella &amp; Duke Limited</b> A premium frozen raw dog food provider	931,499	931,499	-	-	931,499	-
<b>Bourn Bioscience Limited</b> Management of In-vitro fertilisation clinics	460,108	-	1,150,271	552,130	1,610,379	349,376
<b>Omega Diagnostics Group plc</b> In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	70,011	449,180	-	-	70,011	263,674
<b>Muller EV Limited (trading as Andersen EV)</b> Provider of premium electric vehicle (EV) chargers	31,700	67,173	285,300	285,300	317,000	-
<b>CGI Creative Graphics International Limited</b> Vinyl graphics to global automotive, recreation vehicle and aerospace markets	639,084	-	1,304,864	337,590	1,943,948	1,930,826
<b>Kudos Innovations Limited</b> Online platform that provides and promotes academic research dissemination	472,500	329,354	-	-	472,500	945,000
<b>Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution)</b> Spanish restaurant chain	465,886	-	931,500	186,300	1,397,386	1,512,372
<b>RDL Corporation Limited</b> Recruitment consultants within the pharmaceutical, business intelligence and IT industries	250,752	-	1,190,915	137,899	1,441,667	695,008
<b>BookingTek Limited</b> Software for hotel groups	779,155	-	-	-	779,155	87,233
<b>Oakheath Limited (trading as Super Carers) (in members' voluntary liquidation)</b> Online platform that connects people seeking home care from experienced independent carers	649,528	-	-	-	649,528	-
<b>Aquasium Technology Limited<sup>4</sup></b> Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	-	-	-	166,667	176,951

## Notes

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Investment formerly managed by Foresight Group LLP up to various dates ending on or before 10 March 2009.

Investment Income Statement for the year ended 30 September 2020

Additional investments	Total Valuation at 30 September 2020	Interest receivable in year	Dividends receivable in year	Unrealised gains/(losses) in year	Realised gains/(losses) in year	Net proceeds	% of equity held <sup>2,3</sup>	% of portfolio by value
£	£	£	£	£	£	£		
-	1,175,977	-	63,251	(20,431)	-	-	8.9%	2.3%
625,400	1,170,582	-	-	(577,274)	-	-	6.4%	2.3%
-	1,137,147	118,491	-	(397,297)	-	-	16.2%	2.2%
-	1,020,351	-	107,628	84,805	-	-	4.6%	2.0%
954,674	954,674	-	-	-	-	-	8.5%	1.9%
931,499	931,499	-	-	-	-	-	6.4%	1.8%
-	552,130	-	-	202,754	-	-	10.9%	1.1%
-	449,180	-	-	383,257	850,154	1,047,904	0.3%	0.9%
317,000	352,473	7,426	-	35,473	-	-	0.8%	0.7%
-	337,590	97,598	-	(1,593,236)	-	-	8.4%	0.7%
-	329,354	-	-	(615,646)	-	-	4.6%	0.6%
-	186,300	72,648	-	(1,326,072)	-	-	7.8%	0.4%
-	137,899	60,288	-	(557,109)	-	-	13.0%	0.3%
-	-	13,873	-	-	(8,856)	78,377	4.7%	0.0%
-	-	-	-	-	-	-	5.8%	0.0%
-	-	-	-	(176,951)	-	-	16.7%	0.0%

# Investment Portfolio Summary

for the year ended 30 September 2020

	Ordinary shares		Other investments <sup>1</sup>		Total	Total
	Cost at 30 September 2020	Valuation at 30 September 2020	Cost at 30 September 2020	Valuation at 30 September 2020	Cost at 30 September 2020	Valuation at 30 September 2019
	£	£	£	£	£	£
<b>Jablite Holdings Limited (in members' voluntary liquidation)</b> Manufacturer of expanded polystyrene products	450,900	-	47,890	65,779	498,790	162,366
<b>BG Training Limited</b> Technical training business	-	-	53,125	13,281	53,125	26,563
<b>Corero Network Security plc<sup>4</sup></b> Provider of e-business technologies	600,000	7,374	-	-	600,000	2,458
<b>Veritek Global Holdings Limited</b> Maintenance of imaging equipment	61,522	-	2,228,337	-	2,289,859	-
<b>CB Imports Group Limited (trading as Country Baskets)</b> Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	-	-	-	175,000	-
<b>Racoon International Group Limited</b> Supplier of hair extensions, hair care products and training	568,664	-	87,187	-	655,851	-
<b>Oxonica Limited<sup>4</sup></b> International nanomaterials group	2,524,527	-	-	-	2,524,527	-
<b>NexxtDrive Limited/Nexxt E-drive Limited<sup>5</sup></b> Developer and exploiter of mechanical transmission technologies	487,014	-	-	-	487,014	-
<b>Biomer Technology Limited<sup>6</sup></b> Developer of biomaterials for medical devices	137,170	-	-	-	137,170	-
<b>Disposed in year</b>						
<b>Tovey Management Limited (trading as Access IS)</b> Provider of data capture and scanning hardware	-	-	-	-	-	4,144,573
<b>Pattern Analytics Limited (trading as Biosite)</b> Workforce management and security services for the construction industry	-	-	-	-	-	2,648,952
<b>Turner Topco Limited (trading as Auction Technology Group)<sup>7</sup></b> SaaS based online auction market place platform	-	-	-	-	-	2,634,378
<b>Redline Worldwide Limited</b> Provider of security services to the aviation industry and other sectors	-	-	-	-	-	550,430
<b>Blaze Signs Holdings Limited</b> Manufacturer and installer of signs	-	-	-	-	-	599,314
<b>H Realisations (2018) Limited (formerly Hemmels Limited)</b> Company specialising in the sourcing, restoration, selling and servicing of high price, classic cars	-	-	-	-	-	-
<b>Total</b>	<b>30,141,337</b>	<b>37,247,184</b>	<b>19,414,553</b>	<b>13,613,949</b>	<b>49,555,890</b>	<b>50,224,727</b>
<b>Portfolio split by type</b>						
<b>Growth focused portfolio</b>	21,519,700	30,099,820	8,618,943	7,831,227	30,138,643	29,722,881
<b>MBO focused portfolio</b>	8,621,637	7,147,364	10,795,610	5,782,722	19,417,247	20,501,846
<b>Total</b>	<b>30,141,337</b>	<b>37,247,184</b>	<b>19,414,553</b>	<b>13,613,949</b>	<b>49,555,890</b>	<b>50,224,727</b>

## Notes

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Investment formerly managed by Foresight Group LLP up to various dates ending on or before 10 March 2009.

<sup>5</sup> Investment formerly managed by Nova Capital Management Limited until 31 August 2007.

<sup>6</sup> 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.

<sup>7</sup> 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 2020	Interest receivable in year	Dividends receivable in year	Unrealised gains/(losses) in year	Realised gains/(losses) in year	Net proceeds	% of equity held <sup>2,3</sup>	% of portfolio by value
£	£	£	£	£	£	£		
-	65,779	-	-	-	(96,587)	-	12.1%	0.1%
-	13,281	-	-	(13,282)	-	-	0.0%	0.0%
-	7,374	-	-	4,916	-	-	0.0%	0.0%
-	-	-	-	-	-	-	21.7%	0.0%
-	-	-	-	-	-	-	5.8%	0.0%
-	-	-	-	-	-	-	10.8%	0.0%
-	-	-	-	-	-	-	10.6%	0.0%
-	-	-	-	-	-	-	1.0%	0.0%
-	-	-	-	-	-	-	3.0%	0.0%
-	-	220,478	-	-	3,001,259	7,145,832	0.0%	0.0%
-	-	33,041	-	-	-	2,648,952	0.0%	0.0%
-	-	1,086,854	-	-	1,556,116	4,190,494	0.0%	0.0%
-	-	21,685	-	-	983,510	1,533,940	0.0%	0.0%
-	-	-	426,130	-	134,473	733,788	0.0%	0.0%
-	-	-	-	-	2,653	2,653	0.0%	0.0%
<b>8,385,023</b>	<b>50,861,133</b>	<b>2,625,570</b>	<b>837,168</b>	<b>3,425,711</b>	<b>6,422,722</b>	<b>17,597,050</b>		<b>100.0%</b>
8,385,023	37,931,047	647,776	277,203	3,324,868	977,307	4,479,032		74.6%
-	12,930,086	1,977,794	559,965	100,843	5,445,415	13,118,018		25.4%
<b>8,385,023</b>	<b>50,861,133</b>	<b>2,625,570</b>	<b>837,168</b>	<b>3,425,711</b>	<b>6,422,722</b>	<b>17,597,050</b>		<b>100.0%</b>

## Investment Policy

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

### Asset Mix and Diversification

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

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

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

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

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

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

### Liquidity

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

### Borrowing

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

## Other Key Policies

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

### Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' fundraisings 2010-20 to maintain sufficient funds to meet the day-to-day expenses of the Company, dividend distributions and purchases of the Company's own shares whilst maintaining the ability to invest in attractive opportunities.

### Further policies

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

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

Further details of these policies are set out in the Directors' Report on pages 34 to 37.

## Section 172(1) Statement

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

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

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

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

The Company's key stakeholders are its investors, suppliers, regulators, investee companies and the Investment Adviser. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board engages directly with stakeholder

groups through either regular or annual meetings and investor presentations to assist the directors in understanding the issues to which they must have regard.

During the year, the Board received information to assist in understanding the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in different formats including reports and presentations on the financial and operational performance, non-financial KPIs, risk and specific pieces of engagement (for example, the Investor event held on 4 February 2020). As a result of this, we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.

- In deciding to enter into an Offer for Subscription for the 2019/2020 tax year, the Board considered:
  - the impact of dilution of Shareholder's holdings;
  - the ability to adhere to the dividend policy of the Company;
  - the effect on the Net Asset Value and the ability of the Company and its liquidity levels to be able to meet HMRC's VCT investment rules and timelines;
  - the costs involved in issuing a prospectus and charged to Shareholders;
  - the risk to performance; and
  - the equal treatment of investors across the four VCTs that Mobeus advises on and those the Company co-invests with.
- During the year, two new directors were appointed to the Board and consideration was given to:
  - Appropriate skills;
  - Relevant experience;
  - Diversity.
- Reinstatement of the suspended Dividend Investment Scheme considerations included:
  - Liquidity of the Company;

- The investment pipeline;
  - Ability to comply with the VCT regulations;
  - Costs of listing new shares with the London Stock Exchange; and
  - The best interests of Shareholders by offering the facility to gain additional tax relief and a cost-effective method of increasing their shareholding.
- Monitoring of the Portfolio has been delegated to the Investment Adviser:
    - The Investment Adviser reports on the portfolio companies at each quarterly Board meeting;
    - A Mobeus representative normally sits on each portfolio company Board providing advice on best practice, corporate governance and ESG matters and Mobeus also offered advice and support for funding during the COVID-19 crisis;
    - The operations and performance of each investee company are being continually assessed to remain responsive to the effects of COVID-19 upon the well-being of employees and viability of each investee and support offered where appropriate; and
    - The Company's investment operations create employment, aid economic growth and generate wealth, thus benefiting the community and environment more generally.
  - Shareholder Communications:
    - Shareholders are provided with Annual and Half-Year Reports ("Reports") in hard or soft copy according to their choice;
    - In periods between the Reports being provided, an Interim Management Statement is released via the London Stock Exchange RNS service and is available on the Company's website;
    - The Company will hold its AGM in 2021 by MS Teams to enable Shareholders to view the Board, see the Investment Adviser's presentation and ask questions; and
    - Shareholders are able to contact the Board via the Mobeus email address at any time.

- A Shareholder event was held on 4 February 2020:
  - The Investment Adviser holds an annual shareholder event which is well attended by Shareholders;
  - the Company's legal and tax advisers plus the Registrar is also in attendance for Shareholder's to consult;
  - A virtual Shareholder Event is planned for later in 2021;
  - Presentations were given by investee companies and the Investment Adviser.
- Other stakeholders
  - The Board regularly assesses its key suppliers such as Registrar, Professional advisers, Bankers and encourages representations from the Investment Adviser.
  - The Board engages with HMRC and its other regulators to ensure it remains compliant with its obligations as a Listed entity and as a Venture Capital Trust.
- The decision to narrow the discount to net asset value at which the Company's shares traded considered:
  - the interests of exiting and remaining Shareholders;
  - The Board considered the advantages to Shareholders of meeting requests to buy back shares with the requirement for the Company to have adequate liquidity.



## Principal risks

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

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

The Board regularly sets and reviews policies for financial risk management and full details of these can be found in Note 16 to the Financial Statements on pages 67 to 74.

Risk	Possible consequence	How the Board manages risk
<b>Investment and liquidity</b>	Investment in VCT qualifying earlier stage unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals and may also be more impacted by external events or factors outside their control. Furthermore, as the securities of such smaller companies held by the Company are unquoted, they are less liquid, which may cause difficulties in valuing and realising these securities.	<ul style="list-style-type: none"> <li>● The Board regularly reviews the Company's Strategy including its Investment Policy.</li> <li>● Careful selection and review of the Investment portfolio on a regular basis.</li> <li>● The Board seeks to ensure the Company has an adequate level of liquidity at all times.</li> </ul>
<b>Loss of approval as a Venture Capital Trust</b>	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.	<ul style="list-style-type: none"> <li>● The Company's VCT qualifying status is continually reviewed by the Board and the Investment Adviser.</li> <li>● 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.</li> </ul>
<b>Regulatory</b>	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own Alternative Investment Fund Manager (AIFM). Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report or a loss of the Company's status as a VCT. Furthermore, changes to the UK VCT legislation or the State-aid rules could have an adverse effect on the Company's ability to achieve satisfactory investment returns.	<ul style="list-style-type: none"> <li>● Regulatory and legislative developments are kept under regular review by the Board.</li> </ul>
<b>Economic, political and other external risks</b>	<p>Factors such as the COVID-19 pandemic and resulting restrictions imposed by government, the impact of Brexit, an economic recession and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments. Movements in UK Stock Market indices may affect the valuation of the VCT's investments, as well as affecting the Company's own share price and its discount to net asset value.</p> <p>The COVID-19 pandemic is the current risk to the Company, the wider population and economy.</p>	<ul style="list-style-type: none"> <li>● The Board monitors               <ul style="list-style-type: none"> <li>(i) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies;</li> <li>(ii) developments in the macro-economic environment such as movements in interest rates or general fluctuations in stock markets; and</li> <li>(iii) With regards to COVID-19, the Investment Adviser holds ongoing discussions with all the portfolio companies to ascertain where support is required. Cash comprises a significant proportion of net assets of the Company, further to the successful exits and the fund-raise in the year giving the Company a strong liquidity position. The portfolio has minimal exposure to sectors such as leisure, hospitality, retail and travel which are currently more at risk.</li> </ul> </li> </ul>

Risk	Possible consequence	How the Board manages risk
<b>Financial and operating</b>	Failure of the systems (including breaches of cyber security) at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets. Outsourcing and the increase in remote working could give rise to cyber and data security risk and internal control risk.	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>
<b>Market liquidity</b>	Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.	<ul style="list-style-type: none"> <li>● 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.</li> </ul>

## Going concern and Viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in this Strategic Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified, although the continuing impact of COVID-19 may impose further considerable demands upon the liquidity and trading prospects of some of these companies in the near-term. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 16 and 17 to the Financial Statements on pages 67 to 75. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements.

### Viability Statement

The UK Corporate Governance Code includes a requirement for companies to include a "Viability Statement" in the Annual Report addressed to Shareholders with the intention of providing an improved and broader assessment of long term solvency and liquidity. The Code does not define "long term" but

expects the period to be longer than twelve months with individual companies choosing a period appropriate to the nature of their own businesses. The Directors have chosen a period of three years, as explained further below.

The Directors have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated. Subsequent to this review, they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due, for the next three years. The Directors believe a three year period is appropriate given the frequency with which it is necessary to review and assess the impact of past, current and proposed regulatory changes. The Directors' assessment has been made with reference to the Company's current position and prospects, the Company's present strategy, the Board's risk appetite and the Company's principal risks and how these are managed, as described on pages 31 to 32. The Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period.

The Directors have reached this conclusion after giving careful consideration to the Company's strategy. They believe the Company's current strategy of "maximising the stream of tax-free dividend distributions from the income and capital gains from a diverse and carefully selected portfolio of investments" remains valid. The Board

has focused upon the range of future investments that the Company will be permitted to fund under current VCT legislation.

The Board expects that positive returns should continue to be achievable from future investments and from the existing portfolio. The Company has made 21 new investments in compliance with the VCT rules introduced in 2015 and its revised Investment Policy, and the Investment Adviser continues to build a healthy pipeline of such investment opportunities. The Board will continue to monitor this assumption on a regular basis and is encouraged, in the current circumstances, by the returns generated from some of these investments to date.

Shareholders should be aware that, under the Company's Articles of Association, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in October 2020 (under the Dividend Investment Scheme), this factor has not affected the Board's assumptions for the next three years.

### Future prospects

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

By order of the Board



**Maurice Helfgott**  
Chairman

9 December 2020

# Directors' Report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 30 September 2020.

The Corporate Governance Statement on pages 38 to 40, including the Report of the Audit Committee on pages 40 to 41, form part of this Directors' Report.

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

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

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

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

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

## Share capital

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

The issued share capital of the Company as at 30 September 2020 was £1,186,617 (2019: £1,033,029) and the number of shares in issue at this date was 118,661,711 (2019: 103,302,857).

## Buyback of shares

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

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

At the Annual General meeting of the Company held on 12 February 2020, Shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to make market purchases of up to 15.49 million of its own shares, representing 14.99% of the issued share capital of the Company at the date of the publication of the notice of the Company's 2020 Annual General Meeting. Such authority has been in place since then. Such authority has been in place throughout the year under review and a resolution to renew this authority will be proposed to Shareholders at the forthcoming Annual General Meeting to be held on 10 February 2021.

During the year under review, the Company bought back 1,858,177 (2019: 2,135,527) of its own shares at an average price of 66.92 pence (2019: 68.89 pence) per share and a total cost of £1,243,530 including expenses (2019: £1,471,131). All shares bought back by the Company were subsequently cancelled.

## Substantial interests

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

## Dividend

On 10 July 2020, the Company paid an interim dividend in respect of the year under review of 3.00 pence per share to Shareholders. In addition to this, the Company paid a second interim dividend of 11.00 pence per share on 28 September 2020. The Directors are not proposing to pay a final dividend in

respect of the year ended 30 September 2020.

## Directors

During the year the Board consisted of three Non-Executive Directors, excluding periods during which, as a result of the succession processes of two of its Directors, it has consisted of two or four Non-Executive Directors for a brief time. On 18 October 2019, Colin Hook stood down as Chairman of the Board and retired as a Director of the Company. Jonathan Cartwright became interim Chairman of the Board from this date until his own subsequent retirement from the Company on 30 June 2020. On 12 November 2019, Justin Ward joined the Board as a Non-Executive Director and as chairman of both the Audit Committee and the Nomination & Remuneration Committee. On 12 February 2020, Maurice Helfgott was appointed to the Board as a Non-Executive Director with the intention of succeeding Jonathan Cartwright in the role of Chairman of the Board. Following Jonathan's retirement Maurice was appointed as Chairman on 1 July 2020.

The names of and brief biographical details on each of the Directors as at the date of this Report are given on page 33.

## Disclosure of Information to the Auditor

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

## Directors' indemnity

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

# Reports of the Directors

## Board of Directors

### **Maurice Helfgott**

**Independent, Non-Executive Chairman**

*Date of appointment: 12 February 2020.*

*Qualifications: MBA*

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

### **Helen Sinclair**

**Non-independent, Non-Executive Director**

*Date of appointment: 29 January 2003.*

*Qualifications: MA, MBA*

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

### **Justin Ward**

**Independent, Non-Executive Director**

*Date of appointment: 12 November 2019.*

*Qualifications: BSc, ACA*

Experience: Justin is a qualified Chartered Accountant with extensive financial, investing and private equity experience across a number of sectors. Between 1995 and 2010 he worked for CVC Capital Partners, Hermes Private Equity and Bridgepoint Development Capital leading growth equity and private equity buyout transactions and has subsequently made a number of angel investments in technology businesses. Justin has served on the board of a number of private companies as non-executive director and is currently non-executive CFO at School Explained Limited and non-executive director and Chairman of the Audit and Finance Committee at Roehampton Club Limited. On 1 November 2020, he joined the board of Hargreave Hale AIM VCT plc as a Non-Executive Director.

### Directors' and Officers' Liability Insurance

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

### Articles of Association ("Articles")

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 2020, please see Note 19 to the Financial Statements on page 75.

### Social and environmental policies

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

### Environmental, social and governance

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

The Company does not have any employees or offices and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The

Company has however adopted electronic communications for Shareholders as a means of reducing the volume of paper that the Company uses to produce its reports and in its interactions with Shareholders. It uses mixed sources paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and Annual and Half-Year reports. The Investment Adviser is conscious of the need to reduce its impact on the environment and has taken a number of initiatives in its offices including recycling and the reduction of its energy consumption.

### Global greenhouse gas emissions

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

### Human rights

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

### Diversity

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

During the year under review and as at the date of this Report, the Board comprises two men and one woman. The Company does not have any senior managers or employees. The Board has made a commitment to consider diversity in making future appointments.

### Anti-bribery

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

- It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships where it operates.
- Directors and service providers must not promise, offer, give, request, agree to receive or accept a financial

or other advantage in return for favourable treatment, to influence a business outcome or to gain any other business advantage on behalf of themselves or of the Company or encourage others to do so.

- The Company has communicated its Anti-Bribery Policy to each of its service providers. It requires each of its service providers to have policies in place which reflect the key principles of this policy and procedures and which demonstrate that they have adopted procedures of an equivalent standard to those instituted by the Company.

### Anti-tax evasion

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

### Whistleblowing

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

### Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in the market price, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 16 to the Financial Statements on pages 67 to 74 of this Annual Report.

# Directors' Report

## Annual General Meeting

The Notice of the Annual General Meeting of the Company, to be held at 11.00 am on 10 February 2021 by way of a closed virtual meeting is set out on pages 78 to 81 of this Annual Report.

A proxy form for the meeting is enclosed separately with Shareholders' copies of this Annual Report. Proxy votes may be submitted electronically via the Link Shareholder Portal at [www.signalshares.com](http://www.signalshares.com). Shareholders may also request a hard copy proxy form by contacting the Company's Registrar Link using their details as stated on page 86. Shareholders are encouraged to lodge their proxy vote and appoint the Chairman of the Meeting as their proxy, as soon as possible.

Due to the ongoing COVID-19 pandemic and current government advice (as published at the date of this Report), the Annual General Meeting will be held by way of a closed virtual meeting and Shareholders will not be able to attend the Annual General Meeting in person. Shareholders will, however, be able to join virtually using the following link: [www.incomeandgrowthvctAGM.co.uk](http://www.incomeandgrowthvctAGM.co.uk) but will not be able to vote on the resolutions at the meeting. Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) and a response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. Voting on the resolutions will be conducted by way of a poll by the quorum of members present.

Resolutions 1 to 7 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour, whilst resolutions 8 to 10 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting.

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

### Resolution 1 - To receive the Annual Report and Financial Statements

The Directors are required to present the accounts, Directors' Report and Auditor's Report for the financial year ended 30 September 2020 to the meeting.

### Resolution 2 – To approve the Directors' Remuneration Report

Under section 420 of the Companies Act 2006 (the "Act"), the Directors must prepare an annual report detailing the remuneration of the Directors and a statement by the chairman of the Nomination & Remuneration Committee (together the "Directors' Remuneration Report"). The Act also requires that a resolution be put to Shareholders each year for their approval of that report. The Directors' Remuneration Report can be found on pages 42 to 45 of the this Annual Report. Resolution 2 is an advisory vote only.

### Resolutions 3 to 5 – To re-elect and elect the Directors

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

The Board had previously agreed that each Director would retire and offer themselves for re-election annually after serving on the Board for more than nine years. However, following the publication of the new AIC Code in February 2019, the Board agreed to follow the recommendation of Provision 23, namely that all Directors be subject to annual re-election.

### Maurice Helfgott

*Independent non-executive Chairman*

Maurice was appointed to the Board in February 2020, and appointed Chairman in July 2020, succeeding Jonathan Cartwright in the role. As recommended by Provision 23 of the AIC Code, he will offer himself for election at his first AGM. The remaining Directors believe that Maurice is well positioned to make a substantial contribution to the Company's long-term sustainable success in his capacity as Chairman of the Board during the year under review and have no hesitation in recommending his election to Shareholders.

### Helen Sinclair

*Non-independent non-executive director*

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

### Justin Ward

*Independent non-executive director*

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

Following the changes to the Board over the last two years, in alignment to its proposed succession plan, the Directors believe that the Board currently has an appropriate balance of skills, experience and knowledge. Full biographies of the Directors seeking re-election and election are set out on page 33 of this Annual Report.

### Resolution 6 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to determine the remuneration of the auditor

At each meeting at which the Company's accounts are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of BDO LLP. This resolution also gives authority to the Directors to determine the remuneration of the

auditor. For further information, please see the report of the Audit Committee on pages 40 to 41 of the Annual Report.

### **Authorities for the Directors to allot shares in the Company (Resolution 7) and disapply the pre-emption rights of members (Resolution 8)**

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 7 will enable the Directors to allot new shares up to an aggregate nominal value of £395,539 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings (pre-emption rights). It is proposed by Resolution 8 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 £59,330.85 (representing approximately 5% of the existing issued share capital) in connection with offer(s) for subscription;
- (ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company; and
- (iii) otherwise than pursuant to (i) or (ii) above, with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital from time to time,

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

The Company normally allots shares at prices based on prevailing net asset value per share of the existing shares on the date of allotment (plus costs, save in relation to the dividend investment scheme). The Directors thus, seek to manage any potential dilution of existing Shareholders as a result of the disapplication of Shareholders' pre-emption rights proposed in Resolution 8.

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the relevant resolution or, if earlier, on the conclusion of the Annual General Meeting of the Company to be held in 2022. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions renew previous general authorities approved at the Annual General Meeting of the Company held on 12 February 2020.

### **Authority to purchase the Company's own shares (Resolution 9)**

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to the purchase of an aggregate of 17,787,390 shares representing approximately 14.99% of the issued share capital of the Company as at the date of the Notice of the Meeting or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding the date such shares are contracted to be purchased and (ii) the 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 2022 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.

### **Change to the Articles of Association (Resolution 10)**

The Company proposes a change to the Company's Articles of Association that will allow Shareholders to participate virtually in future AGMs. The amendment is detailed within Resolution 10 set out in the Notice of Annual General Meeting on page 79 and a copy of the amended new Articles of Association is available on the website at [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

### **Recommendation**

The Board recommends that Shareholders vote in favour of the resolutions being proposed at the AGM. The Directors intend to do so in respect to their own beneficial holdings of 46,820 representing 0.004% of the issue share capital at 9 December 2020.

### **Voting rights of Shareholders**

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

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

Shareholders are encouraged to lodge their proxy vote and appoint the Chairman of the Meeting as their proxy due to the 2021 Annual General Meeting being a closed virtual meeting and a poll of all the proxy votes lodged will be conducted by the quorum of members present.

By order of the Board

*Mobeus Equity Partners LLP*

**Mobeus Equity Partners LLP**  
Company Secretary

9 December 2020

# 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 2019 (the "AIC Code") for the financial year ended 30 September 2020.

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

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

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

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

## Statement of compliance

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

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

## Internal control

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

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

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

The Board has delegated, contractually to third parties, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in

operation at the service providers in so far as they relate to the affairs of the Company. The Board regularly monitors these contracts from a risk perspective and receives reports from the Registrar and Investment Adviser and Administrator when appropriate.

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

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

The internal control system and the procedure for its review has been in place and operational throughout the year under review and up to the date of this Report. The Audit Committee and the Board last carried out an assessment of the effectiveness of internal controls in managing risk on 1 December 2020. The Board has identified no significant problems with the Company's internal control system.

## Investment management and service providers

Mobeus acts as Investment Adviser and provides administrative and company secretarial services to the Company. The Directors carry out an annual review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of the Board's overall internal control procedures discussed above. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment



process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 5 to 32. The Board concluded that the Investment Adviser has performed consistently well over the medium-term and has returned a good performance in respect of the year under review. The Company's investment portfolio has performed well and the Investment Adviser has been proactive in responding to the recent changes to VCT tax legislation.

The Board places significant emphasis on the Company's performance against its peers and further information on this has been included in the Strategic Report on page 9. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings which have taken place between 2010 and 2020 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 16 September 2020.

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 57 to 58 of this Annual Report. The Board seeks to ensure that the terms of these agreements represent an appropriate balance between cost and the incentivisation of the Investment Adviser.

#### Investment Adviser fees

The fees paid to the Investment Adviser and the performance incentive fees paid are set out in Note 4 to the Financial Statements on pages 57 to 58.

In addition, the Investment Adviser received fees totaling £522,675 (2019:

£411,741) during the year ended 30 September 2020, being £212,751 (2019: £129,420) for arrangement fees, and £309,924 (2019: £282,321) 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 and resolutions passed by the Company's Shareholders in general meeting. Resolutions are proposed annually at each Annual General Meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of Shareholders and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 10 February 2021.

In regard to the Chairman of the Board's tenure, the length of service of all directors is considered on an ongoing basis, with the Nomination & Remuneration Committee giving consideration to succession and composition at its year end meeting, held on 1 December 2020, in compliance with the AIC Code of Corporate Governance guidance. Maurice Helfgott became the Chairman of the Company in July 2020 and will stand for election at the forthcoming AGM with all the directors standing for re-election annually.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include

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

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](http://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 40 to 41 and 42 to 44 respectively.

#### Investment Committee

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

Investment matters are discussed extensively at Board meetings. During the year, the Committee formally approved investment, divestment and

# Report of the Audit Committee

variation decisions, and met informally on numerous occasions.

The Committee considers and agrees, on the advice of the Investment Adviser and under the guidance of the Audit Committee, all unquoted investment valuations for recommendation to the Board. Investments are valued in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines under which investments are valued at fair value as defined in those guidelines. Any AIM or other quoted investment will be valued at the closing bid price of its shares as at the relevant reporting date, in accordance with generally accepted accounting practice. For further information on the Company's investment portfolio, please see pages 22 to 27 of the Strategic Report.

By order of the Board

*Mobeus Equity Partners LLP*

**Mobeus Equity Partners LLP**  
Company Secretary  
9 December 2020

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

The Audit Committee was chaired by Jonathan Cartwright until 12 November 2019, at which point Justin Ward succeeded him in this role. Throughout the year the Audit Committee comprised of all three Directors. Due to there only being three directors appointed to the Company, it is appropriate that that Chairman should be a member of the Audit Committee. A summary of the Audit Committee's principal activities for the year to 30 September 2020 is provided below:

## *Financial Statements*

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

## *Internal control*

The Committee monitored the system of internal controls throughout the year under review and as described in more detail in the Corporate Governance Statement on pages 38 to 40. 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 1 December 2020.

## *Valuation of investments*

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

## *Key issues considered by the Committee*

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

## *Going concern and Viability of the Company*

The Committee 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 32.

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

## *Recognition of impairment and realised losses*

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

## *Compliance with the VCT tests*

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

## *Income from investee companies*

The Committee notes that revenue from loan stock and dividends may be uncertain given the type of companies in

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

#### *Principal risks faced by the Company*

The Board has identified the Principal risks faced by the Company and established appropriate controls (set out in the Strategic Report on pages 31 to 32). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the Corporate Governance Statement on pages 38 to 40.

#### *Cyber Security*

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

#### *Tax evasion*

The Company has adopted a zero tolerance approach to tax evasion in compliance with the Criminal Finance Act 2017, as reported on page 35.

#### **Relationship with the external auditor**

The Committee is responsible for overseeing the relationship with the external auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the external auditor.

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

The external auditor engaged with the Audit Committee throughout the year and during the audit planning process. It considers that the audit team is appropriately resourced and has communicated clearly and promptly with members of the Committee and the Investment Adviser during the audit

process. The Committee is satisfied that independence and objectivity has been maintained throughout the audit and the level of fees charged are justifiable and appropriate for the work involved. On this basis the Committee has recommended to the Board that, subject to Shareholder approval, that BDO LLP be re-appointed as the external auditor for the forthcoming year.

#### **Non-audit services**

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditor to ensure that independence is maintained.

The Committee has reviewed the implications of the Financial Reporting Council's ("FRC") Revised Ethical Reporting Standard 2019 effective from 5 March 2020.

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

#### **Additional disclosures in the Directors' Report**

Disclosures required by certain publicly-traded companies as set out in Part 6 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are addressed in the Directors' Report on pages 34 to 37.

By order of the Board



**Justin Ward**  
Chairman of the Audit Committee  
9 December 2020

# Directors' Remuneration Report

## Directors' Remuneration Policy

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

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

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

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

## Performance related remuneration

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

## Additional benefits

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

## Recruitment remuneration

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

## Shareholders' views on remuneration

The Board prioritises the views of Shareholders very highly and encourages a full and frank discussion at general meetings of the Company when possible. It takes Shareholders' views into account, where appropriate, when formulating its Remuneration Policy. Shareholders can contact the Chairman or the Company Secretary, Mobeus, at any time by email using the address: [vcfs@mobeus.co.uk](mailto:vcfs@mobeus.co.uk)

## Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association provide that Directors may be appointed either by ordinary resolution of the Shareholders or by the Board, provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment.

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

All Directors receive a formal letter of appointment setting out the terms of their appointment and the specific duties and responsibilities and the fees pertaining to the appointment. None of the Directors have a service contract with the Company. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. Copies of the Directors' appointment letters would normally be available for inspection at the place of the Annual General Meeting from 11:00 am however Shareholders can write to the Company Secretary at [info@mobeus.co.uk](mailto:info@mobeus.co.uk) to request these.

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

## Future policy

The table below illustrates how the Company's objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director based on the Directors as at the date of this Report. The Nomination & Remuneration Committee and the Board review the fees paid to Directors annually in accordance with the Remuneration Policy set out on page 43 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	
<b>Maurice Helfgott</b> Chairman	£35,000	£6,000	£5,000	£46,000
<b>Justin Ward</b> Chairman, Audit and Nomination & Remuneration Committees	£25,000	£6,000	£5,000	£36,000
<b>Helen Sinclair</b> Chairman, Investment Committee	£25,000	£6,000	£5,000	£36,000
<b>Total fees payable</b>	<b>£85,000</b>	<b>£18,000</b>	<b>£15,000</b>	<b>£118,000</b>

<b>Company Objective</b>
To provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns
<b>Remuneration Policy</b>
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 2020 and will continue to apply to the current financial year ending 30 September 2021.

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

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

### Annual Remuneration Report

The resolution to approve the Annual Remuneration Report as set out in the Annual Report for the year ended 30 September 2019 was approved unanimously by Shareholders on a show of hands at the Annual General Meeting of the Company held on 12 February 2020. The Company also received proxy votes in favour of the resolution representing 91.86% (including those who appointed the Chairman to vote at

his discretion) of the votes received (against: 8.14%). 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 10 February 2021.

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

### Nomination and Remuneration Committee

During the year under review the Committee comprised the full Board. It was chaired by Jonathan Cartwright until 12 November 2019, and Justin Ward from that date to present. All members of the Committee are considered to be independent of the Investment Adviser with the exception of Helen Sinclair. The Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the Directors and makes recommendations to the Board on the level of Directors' fees. The Committee may, at its discretion, recommend to the Board that individual Directors should be awarded further payment in respect of additional work carried out on behalf of the Company. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. However, it was not

considered necessary to take any such advice during the year under review. The Committee met twice during the year with full attendance from all of its members.

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

Colin Hook resigned as a Director of the Company on 18 October 2019, and, on 12 November 2019, Justin Ward was appointed to the Board as a Non-Executive Director and chair of the Audit Committee and the Nomination and Remuneration Committee. On 12 February 2020, Maurice Helfgott was appointed to the Board as a Non-Executive Director and Chairman-elect, a role he succeeded Jonathan Cartwright in on 1 July 2020, immediately following Jonathan's retirement from the Board on 30 June 2020. The Board has made a commitment to consider diversity as part of the recruitment process for all appointments. Following the performance evaluation of the Directors during the year, the Board confirms that each of the Directors demonstrated commitment to their roles and were effective in carrying out their duties on behalf of the Company.

# Directors' Remuneration Report

## Audited information

### Total individual emoluments paid to the Directors during the year<sup>1</sup> (audited)

year ended:	30 September 2020 £	30 September 2019 £
Maurice Helfgott	24,550	n/a
Colin Hook	2,477	46,000
Jonathan Cartwright	33,962	36,000
Helen Sinclair	36,000	36,000
Justin Ward	31,938	n/a
<b>Total</b>	<b>128,927</b>	<b>118,000</b>

<sup>1</sup> - Details of appointments and retirements during the year are shown on page 43

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)

Although it is not a Company Policy, the Directors believe that it is in the best interests of the Company and its Shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 30 September 2020 were:

Director	30 September 2020 Shares held	Percentage of issued share capital	30 September 2019 Shares held	Percentage of issued share capital
Maurice Helfgott	nil	nil	nil	nil
Helen Sinclair	20,018	0.02%	20,018	0.02%
Justin Ward	26,802	0.02%	nil	nil

The Chairman, Maurice Helfgott, was unable to apply for shares in the Company's Offer for Subscription earlier in the year, as he was appointed as a Board director after the Offer had closed. He has disclosed to the Board an intention to purchase shares in the secondary market, soon after the announcement of the annual results in this Annual Report.

## Relative importance of spend on Directors' fees

Year ended:	30 September 2020 £	30 September 2019 £	Percentage increase/ (decrease)
Total Directors' fees	128,927	118,000	9.3%
Dividends paid/payable in respect of the year	16,181,569	6,233,190	159.6%
Cost of share buybacks	1,243,530	1,471,131	(15.5)%

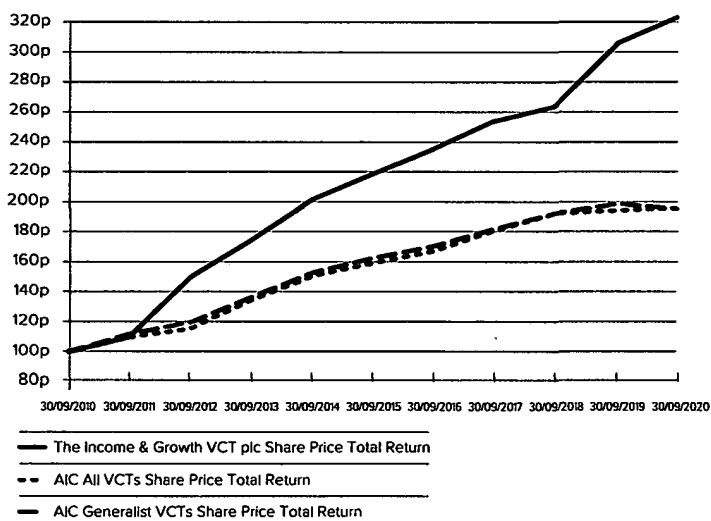
## Directors' attendance at Board and Committee meetings in 2020

The table below sets out the Director's attendance at quarterly Board meetings and Committee meetings held during the year ended 30 September 2020. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Maurice Helfgott	3	3	1	1	1	1
Helen Sinclair	4	4	3	3	2	2
Justin Ward	4	4	3	3	2	2

## Company performance

The graph below charts the total cumulative shareholder return of the Company's shares on a share price basis (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) over the past ten years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). The Board considers these indices to be the most appropriate to use to measure the Company's relative performance over the medium to long-term. The total shareholder returns have been rebased to 100 at 30 September 2010.



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

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

An explanation of the performance of the Company is given in the Chairman's Statement on page 2, the Performance section of the Strategic Report on pages 7 to 10 and in the Investment Adviser's Review and Investment Portfolio Summary on pages 11 to 27.

By order of the Board

**Justin Ward**  
Chairman of the Nomination & Remuneration Committee  
9 December 2020

# Statement of the Directors' Responsibilities

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

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

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

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

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

## Website publication

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

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

The Directors confirm to the best of their knowledge that:

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


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

Having taken advice from the Audit Committee, the Board considers the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's 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 33.

For and on behalf of the Board



**Maurice Helfgott**  
Chairman

9 December 2020

# 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 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the

Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to principal risks, going concern and viability statement

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

- the directors' confirmation in the annual report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- 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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

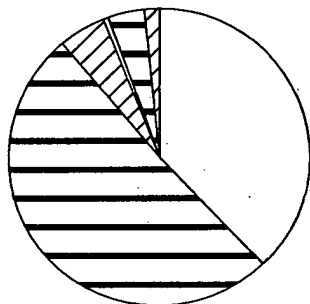


**Valuation of unquoted investments**

We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations. There is an inherent risk of management override arising from the unquoted investments valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.

The Company's accounting policy for assessing the fair value of investments is disclosed on pages 62 to 64 in note 9 and disclosures regarding the fair value estimates are given on page 62 in note 9.

Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. A breakdown of the investment portfolio valuation technique is shown below.



- ☐ Earnings multiple
- ☒ Revenue multiple
- ☒ Gross profit multiple
- ☐ Cost reviewed for changes in fair value
- ☒ Price of recent investment, reviewed for changes in fair value
- ☒ Other

For all Investments in our sample we:

- Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and applicable accounting standards;
- Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies;

For a sample of investments valued using less subjective valuation techniques (price of recent investment reviewed for changes in fair value) we:

- Agreed the cost or price of the recent investments to supporting documentation;
- Assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company;
- Considered whether there were any indications that the cost or price of the recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee Company and the milestones and assumptions set out in the investment proposal; and
- Considered whether the price of the recent investment is supported by alternative valuation techniques.

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

- Challenged and agreed the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues and earnings used in the valuations;
- Considered the revenue or earnings multiples applied by reference to observable listed Company market data; and
- Challenged the consistency and appropriateness of adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted by agreeing the adjusted multiples to independent sources and obtaining independent multiples and performing sensitivity analysis on the investment valuations.

Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias.

We also considered the completeness and clarity of disclosures regarding the valuation of investments in the financial statements.

**Key observations:**

Based on the procedures performed we did not identify any indications to suggest that the valuation of the unquoted investment portfolio was materially misstated. We consider the investment valuations to be within an appropriate range considering the level of estimation uncertainty.

# Independent Auditor's Report

## Our application of materiality

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

appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed.

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

on the financial statements as a whole.

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

Materiality Measure (Basis)	Purpose	Key considerations	2020 Quantum (£)	2019 Quantum (£)
Financial Statement Materiality 2% value of investments	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for Shareholders.	<ul style="list-style-type: none"> <li>The value of investments</li> <li>The level of judgement inherent in the valuation</li> <li>The range of reasonable alternative valuation</li> </ul>	970,000	1,000,000
Performance materiality 75% of materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	<ul style="list-style-type: none"> <li>Financial statement materiality</li> <li>Risk and control environment</li> <li>History of prior errors</li> </ul>	726,000	750,000

We have set a lower threshold for testing those items impacting revenue return of £360,000 (2019: £225,000) which is based on 10% of revenue return before tax.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £18,000 (2019: £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 and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the

principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

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

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

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Other information

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

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

We have nothing to report in this regard.

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

- Fair, balanced and understandable—the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, 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 the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

# Independent Auditor's Report

## Other matters which we are required to address

Following a recommendation of the Audit Committee, we were appointed by The Board of Directors to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. Following a re-tender we were reappointed as auditors in respect of the year ended 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the periods ended 30 September 2007 to 30 September 2020.

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

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

## Use of our report

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

BDO LLP

**Peter Smith**  
(Senior Statutory Auditor)  
For and on behalf of BDO LLP,  
Statutory Auditor  
London, United Kingdom  
9 December 2020

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

# Financial Statements

## Income Statement for the year ended 30 September 2020

	Notes	Year ended 30 September 2020			Year ended 30 September 2019		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net investment portfolio gains	9	-	9,848,433	9,848,433	-	4,932,113	4,932,113
Income	3	3,660,837	-	3,660,837	3,130,823	-	3,130,823
Investment Adviser's fees	4a	(458,619)	(1,375,856)	(1,834,475)	(446,274)	(1,338,822)	(1,785,096)
Other expenses	5	(528,481)	-	(528,481)	(426,840)	-	(426,840)
<b>Profit on ordinary activities before taxation</b>		<b>2,673,737</b>	<b>8,472,577</b>	<b>11,146,314</b>	<b>2,257,709</b>	<b>3,593,291</b>	<b>5,851,000</b>
Tax on profit on ordinary activities	6	(348,948)	348,948	-	(381,993)	381,993	-
<b>Profit for the year and total comprehensive income</b>		<b>2,324,789</b>	<b>8,821,525</b>	<b>11,146,314</b>	<b>1,875,716</b>	<b>3,975,284</b>	<b>5,851,000</b>
<b>Basic and diluted earnings per ordinary share:</b>	<b>7</b>	<b>2.07p</b>	<b>7.87p</b>	<b>9.94p</b>	<b>1.80p</b>	<b>3.80p</b>	<b>5.60p</b>

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

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") (updated in October 2019) 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 56 to 75 form part of these Financial Statements.

# Balance Sheet as at 30 September 2020

Company No. 4069483

	Notes	as at 30 September 2020 £	as at 30 September 2019 £
<b>Fixed assets</b>			
Investments at fair value	9	50,861,133	50,224,727
<b>Current assets</b>			
Debtors and prepayments	11	398,489	263,116
Current asset investments	12	30,449,213	29,964,187
Cash at bank and in hand	12	1,739,602	1,498,030
		32,587,304	31,725,333
<b>Creditors: amounts falling due within one year</b>	13	(315,007)	(221,981)
<b>Net current assets</b>		32,272,297	31,503,352
<b>Net assets</b>		<b>83,133,430</b>	<b>81,728,079</b>
<b>Capital and reserves</b>			
Called up share capital	14	1,186,617	1,033,029
Capital redemption reserve		23,827	5,245
Share premium reserve		12,283,303	-
Revaluation reserve		6,862,342	4,652,457
Special distributable reserve		54,626,873	63,751,255
Profit and loss account		8,150,468	12,286,093
<b>Equity Shareholders' funds</b>		<b>83,133,430</b>	<b>81,728,079</b>
<b>Basic and diluted net asset value per ordinary share</b>	15	<b>70.06p</b>	<b>79.12p</b>

The Notes on pages 56 to 75 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 9 December 2020 and were signed on its behalf by:



**Maurice Helfgott**  
Chairman

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

Notes	Non-distributable reserves				Distributable reserves			Total
	Called-up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve (Note a)	Realised capital reserve (Note b)	Revenue reserve (Note b)	
	£	£	£	£	£	£	£	£
<b>At 1 October 2019</b>	<b>1,033,029</b>	<b>5,245</b>	<b>-</b>	<b>4,652,457</b>	<b>63,751,255</b>	<b>9,864,455</b>	<b>2,421,638</b>	<b>81,728,079</b>
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	3,425,711	-	5,395,814	2,324,789	11,146,314
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,425,711</b>	<b>-</b>	<b>5,395,814</b>	<b>2,324,789</b>	<b>11,146,314</b>
<b>Contributions by and distributions to owners</b>								
Shares issued via Offer for Subscription (Note d)	14	129,391	-	9,870,609	-	-	-	10,000,000
Issue costs and facilitation fees on Offer for Subscription (Note d)	14	-	-	(245,176)	-	(99,106)	-	(344,282)
Dividends re-invested into new shares	14	42,779	-	2,657,870	-	-	-	2,700,649
Shares bought back (Note e)	14	(18,582)	18,582	-	(1,243,530)	-	-	(1,243,530)
Dividends paid	8	-	-	-	(5,497,299)	(12,822,541)	(2,533,960)	(20,853,800)
<b>Total contributions by and distributions to owners</b>	<b>153,588</b>	<b>18,582</b>	<b>12,283,303</b>	<b>-</b>	<b>(6,839,935)</b>	<b>(12,822,541)</b>	<b>(2,533,960)</b>	<b>(9,740,963)</b>
<b>Other movements</b>								
Realised losses transferred to special reserve (Note a)	-	-	-	-	(2,284,447)	2,284,447	-	-
Realisation of previously unrealised gains	-	-	-	(1,215,826)	-	1,215,826	-	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,215,826)</b>	<b>(2,284,447)</b>	<b>3,500,273</b>	<b>-</b>	<b>-</b>
<b>At 30 September 2020</b>	<b>1,186,617</b>	<b>23,827</b>	<b>12,283,303</b>	<b>6,862,342</b>	<b>54,626,873</b>	<b>5,938,001</b>	<b>2,212,467</b>	<b>83,133,430</b>

### Notes

- a) The Company's special reserve is available to fund buybacks of shares as and when it is considered by the Board to be in the interests of Shareholders, and to absorb any existing and future realised losses and for other corporate purposes. At 30 September 2020, the Company has a special reserve of £54,626,873, £26,463,573 of which arises from shares issued more than three years after the end of the financial year in which they were issued. Reserves originating from share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which the shares were issued. The total transfer of £2,284,447 from the realised capital reserve to the special distributable reserve above is the total of realised losses incurred by the Company in the year.
- b) The realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company shown in the Balance Sheet...
- c) The Shareholders authorised the Company to purchase its own shares for cancellation pursuant to section 701 of the Companies Act 2006 at the Annual General Meeting held on 12 February 2020. The authority was limited to a maximum number of 15,485,098 shares (this being approximately 14.99% of the issued share capital at the date of the Notice of the meeting). The minimum price which may be paid for a share is 1 penny per share, the nominal value thereof. The maximum price that may be paid for a share is an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase. The authorities provide that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority, and may purchase its shares in pursuance of any such contract.
- d) Under the Company's Offer for Subscription launched on 25 October 2019, 12,939,080 Ordinary Shares were allotted on 8 January 2020, raising net funds of £9,655,718 for the Company. This figure is net of issue costs of £245,176 and facilitation fees of £99,106.
- e) During the year, the Company repurchased 1,858,177 of its own shares at the prevailing market price for a total cost of £1,243,530, which were subsequently cancelled. The difference between the figure shown above of £1,243,530, and that per the Statement of Cash Flows of £1,189,858 is due to an opening share buyback creditor of £40,379 offset by a share buyback creditor of £94,051 at the year-end.

The Notes on pages 56 to 75 form part of these Financial Statements.

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

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

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.

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

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

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

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

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

The Notes on pages 56 to 75 form part of these Financial Statements.



## Notes to the Financial Statements for the year ended 30 September 2020

The Target Return for the year ended 30 September 2020 was a 6% uplift on the previous year's Target Return of 160.05 pence, being 169.65 pence. As Cumulative Total NAV return is 161.06 pence per share at the year-end, the Target Return has not been met and therefore no fee is payable (2019: £nil).

### c) Offer for Subscription fees

	2020 £(m)	2019 £(m)
-Funds raised by I&G VCT	9.66	-
<b>Offer costs payable to Mobeus at 3.00% of funds raised by the Company</b>	<b>0.30</b>	<b>-</b>

Under the terms of an Offer, for Subscription, with the other Mobeus advised VCTs, launched on 25 October 2019, Mobeus was entitled to fees of 3.00% of the investment amount received from investors. This amount totalled £1.74 million across all four VCTs, out of which all the costs associated with the allotment were met, excluding any payments to advisers facilitated under the terms of the Offer.

## 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.

	2020 £	2019 £
Directors' remuneration (including NIC of £8,277 (2019: £9,710) (Note a)	137,204	127,710
IFA trail commission	82,314	70,169
Broker's fees	3,000	12,000
Auditor's fees – Audit of company (excluding VAT)	30,089	29,213
– tax compliance (Note b) (excluding VAT)	-	1,845
– audit related assurance services (Note b) (excluding VAT)	5,248	5,125
VCT monitoring fees	10,800	10,800
Registrar's fees	54,836	48,215
Printing	46,246	43,426
Legal & professional fees (Note b)	18,448	18,916
Directors' insurance	7,769	7,565
Listing and regulatory fees	64,885	32,321
Sundry	42,791	19,535
<b>Running costs</b>	<b>503,630</b>	<b>426,840</b>
Provision against loan interest receivable (Note c)	24,851	-
<b>Other expenses</b>	<b>528,481</b>	<b>426,840</b>

Notes:

- See analysis in Directors' Remuneration table on page 44, which excludes the NIC above. The key management personnel are the three non-executive directors. The Company has no employees.
- The audit-related assurance services are in relation to the review of the Financial Statements within the Company's Half Year Report. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained. In this regard, compliance tax services are carried out by another firm, so are included within legal and professional fees.
- Provision against loan interest receivable above relates to an amount of £24,851 (2019: £nil), being a provision made against loan stock interest regarded as collectable in previous years.

#### 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 2020 £	Capital 2020 £	Total 2020 £	Revenue 2019 £	Capital 2019 £	Total 2019 £
<b>Mobeus Equity Partners LLP</b>	458,619	1,375,856	1,834,475	446,274	1,338,822	1,785,096

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 (2019: £150,000) and £170,000 (2019: £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 (2019: £nil).

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

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

##### b) Investment Advisers' performance fees

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

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

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

- 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
- 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. 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).

# Notes to the Financial Statements for the year ended 30 September 2020

## 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 on a Going Concern basis and 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 October 2019) issued by the Association of Investment Companies. The Company has a number of financial instruments which are disclosed under FRS102 s11/12 as shown in Note 16.

## 3 Income

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

Interest income on loan stock is accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stock instruments 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 2020 has been classified as capital and has been included within realised gains on investments.

	2020 £	2019 £
<b>Income from bank deposits</b>	43,410	48,292
<b>Income from investments</b>		
– from equities	837,168	259,666
– from OEIC funds	112,575	179,705
– from loan stock	2,625,570	2,623,375
– from interest on preference share dividend arrears	38,987	17,423
	3,614,300	3,080,169
Other income	3,127	2,362
<b>Total income</b>	<b>3,660,837</b>	<b>3,130,823</b>
<b>Total income comprises</b>		
Revenue dividends received	949,743	439,371
Interest	2,707,967	2,689,090
Other income	3,127	2,362
<b>Total Income</b>	<b>3,660,837</b>	<b>3,130,823</b>
<b>Income from investments comprises</b>		
Listed UK securities	-	-
Listed overseas securities	112,575	179,705
Unlisted UK securities	3,501,725	2,900,464
<b>Total investment income</b>	<b>3,614,300</b>	<b>3,080,169</b>

Total loan stock interest due but not recognised in the year was £1,005,705 (2019: £630,147) due to uncertainty over its recoverability. The increase is due to a number of investee company provisions in light of COVID-19 offset by the realisation of one investee company whose interest was only recognised upon exit.

# Statement of Cash Flows for the year ended 30 September 2020

	Notes	Year ended 30 September 2020 £	Year ended 30 September 2019 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		11,146,314	5,851,000
<b>Adjustments for:</b>			
Net investment portfolio gains		(9,848,433)	(4,932,113)
(Increase)/decrease in debtors		(135,373)	117,537
Increase/(decrease) in creditors and accruals		39,354	(2,124)
<b>Net cash inflow from operating activities</b>		<b>1,201,862</b>	<b>1,034,300</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	9	(8,385,023)	(5,004,960)
Disposal of investments	9	17,597,050	9,186,966
<b>Net cash inflow from investing activities</b>		<b>9,212,027</b>	<b>4,182,006</b>
<b>Cash flows from financing activities</b>			
Shares issued as part of Offer for subscription		10,000,000	-
Issue costs and facilitation fees as part of Offer for subscription		(344,282)	-
Equity dividends paid	8	(18,153,151)	(5,235,504)
Purchase of own shares	14	(1,189,858)	(1,430,752)
<b>Net cash outflow from financing activities</b>		<b>(9,687,291)</b>	<b>(6,666,256)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>726,598</b>	<b>(1,449,950)</b>
Cash and cash equivalents at start of year		28,310,448	29,760,398
<b>Cash and cash equivalents at end of year</b>		<b>29,037,046</b>	<b>28,310,448</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	12	1,739,602	1,498,030
Cash equivalents	12	27,297,444	26,812,418

The Notes on pages 56 to 75 form part of these Financial Statements.

## 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.

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
<b>a) Analysis of tax charge:</b>						
UK Corporation tax on profits/(losses) for the year	348,948	(348,948)	-	381,993	(381,993)	-
<b>Total current tax charge/(credit)</b>	<b>348,948</b>	<b>(348,948)</b>	<b>-</b>	<b>381,993</b>	<b>(381,993)</b>	<b>-</b>
Corporation tax is based on a rate of 19.0% (2019: 19.0%)						
<b>b) Profit on ordinary activities before tax</b>	2,673,737	8,472,577	11,146,314	2,257,709	3,593,291	5,851,000
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.0% (2019: 19.0%)	508,010	1,609,790	2,117,800	428,965	682,725	1,111,690
<b>Effect of:</b>						
UK dividends	(159,062)	-	(159,062)	(49,337)	-	(49,337)
Net investment portfolio gains not taxable	-	(1,871,202)	(1,871,202)	-	(937,101)	(937,101)
Unrelieved expenditure	-	-	-	2,365	-	2,365
Losses utilised	-	(87,536)	(87,536)	-	(127,617)	(127,617)
<b>Actual current tax charge</b>	<b>348,948</b>	<b>(348,948)</b>	<b>-</b>	<b>381,993</b>	<b>(381,993)</b>	<b>-</b>

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

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

There is no potential liability to deferred tax (2019: £nil). There is an unrecognised deferred tax asset of £768,000 (2019: £766,000). The deferred tax asset relates to unrelieved management expenses and is not recognised because the Company may not generate sufficient taxable income in the foreseeable future to utilise these expenses.

# Notes to the Financial Statements for the year ended 30 September 2020

## 7 Basic and diluted earnings and return per share

	2020 £	2019 £
Total earnings after taxation:	11,146,314	5,851,000
<b>Basic and diluted earnings per share (Note a)</b>	<b>9.94p</b>	<b>5.60p</b>
Revenue earnings from ordinary activities after taxation	2,324,789	1,875,716
<b>Basic and diluted revenue earnings per share (Note b)</b>	<b>2.07p</b>	<b>1.80p</b>
Net investment portfolio gains	9,848,433	4,932,113
Capitalised Investment Adviser fees and performance fees less taxation	(1,026,908)	(956,829)
Total capital earnings	8,821,525	3,975,284
<b>Basic and diluted capital earnings per share (Note c)</b>	<b>7.87p</b>	<b>3.80p</b>
Weighted average number of shares in issue in the year	112,120,361	104,575,505

### Notes:

- Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
- Revenue earnings per share is the revenue earnings after taxation divided by the weighted average number of shares in issue.
- Capital earnings per share is the total capital earnings 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	2020 £	2019 £
Final	Income	2018	1.00p	15 February 2019	-	1,049,870
Final	Capital	2018	2.50p	15 February 2019	-	2,624,676
Interim	Income	2019	1.00p	12 July 2019	-	1,040,639
Interim	Capital	2019	0.50p	12 July 2019	-	520,319
Interim	Income	2019	0.50p	18 October 2019	519,137	-
Interim	Capital	2019	4.00p	18 October 2019	4,153,095	-
Interim	Income	2020	1.50p	10 July 2020	1,725,492	-
Interim	Capital	2020	1.50p	10 July 2020	1,725,492	-
Interim	Income	2020	0.25p	28 September 2020	289,331	-
Interim	Capital	2020	6.00p	28 September 2020	6,943,954	-
Interim	Capital*	2020	4.75p	28 September 2020	5,497,299	-
					<b>20,853,800</b>	<b>5,235,504</b>

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

For the year ended 30 September 2020, £20,853,800 disclosed above differs to that shown in the Statement of Cash Flows of £18,153,151 due to £2,700,649 of new shares allotted subject to listing under the Company's Dividend Investment Scheme.

## 8 Dividends paid and payable (continued)

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
<b>Proposed distribution to equity holders at the year-end</b>						
Second interim dividend for the year ended 30 September 2019 of 0.50p (income), 4.00p (capital) per ordinary share	-	-	-	519,137	4,153,095	4,672,232

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.

	2020 £	2019 £
Revenue available for distribution by way of dividends for the year	2,324,789	1,875,716
Interim income-dividend for the year - 1.50p (2019: 1.00p)	1,725,492	1,040,639
Second interim income dividend for the year - 0.25p (2019: 0.50p)	289,331	519,137
<b>Total income dividends for the year</b>	<b>2,014,823</b>	<b>1,559,776</b>

## Notes to the Financial Statements for the year ended 30 September 2020

### 9 Investments at fair value

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

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

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

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

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

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

or:-

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

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

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

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

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

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

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

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



## 9 Investments at fair value (continued)

	2020 £	2019 £
Traded on AIM	2,352,478	1,578,695
Unquoted equity shares	34,894,706	25,772,163
Unquoted preference shares	1,168,593	19,247
Loan stock	12,445,356	22,854,622
<b>Total</b>	<b>50,861,133</b>	<b>50,224,727</b>
Brought forward net unrealised gains now realised	1,215,826	1,235,442
Net realised gains during the year	6,750,740	3,185,889
Transaction costs	(328,018)	(39,673)
Total realised gains over cost	7,638,548	4,381,658
Unrealised gains for the year	3,425,711	1,785,897
<b>Total realised and unrealised gains</b>	<b>11,064,259</b>	<b>6,167,555</b>

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 2019	1,333,907	25,155,824	24,138	23,388,141	49,902,010
Permanent impairment at 30 September 2019 (Note c)	(500,000)	(3,712,373)	-	(117,367)	(4,329,740)
Unrealised gains/(losses) at 30 September 2019	744,788	4,328,712	(4,891)	(416,152)	4,652,457
<b>Valuation at 30 September 2019</b>	<b>1,578,695</b>	<b>25,772,163</b>	<b>19,247</b>	<b>22,854,622</b>	<b>50,224,727</b>
Purchases at cost	-	7,320,490	623,400	441,133	8,385,023
Sale proceeds (Note a)	(1,047,904)	(9,441,565)	(16,731)	(7,090,850)	(17,597,050)
Reclassification at value	-	(630,747)	630,747	-	-
Net realised gains/(losses) on investments (Note a)	850,153	5,072,418	(602)	500,753	6,422,722
Net unrealised gains/(losses) on investments (Note b)	971,534	6,801,947	(87,468)	(4,260,302)	3,425,711
<b>Valuation at 30 September 2020</b>	<b>2,352,478</b>	<b>34,894,706</b>	<b>1,168,593</b>	<b>12,445,356</b>	<b>50,861,133</b>
Cost at 30 September 2020	1,123,892	29,017,445	1,240,906	18,173,647	49,555,890
Permanent impairment at 30 September 2020 (Note c)	(500,000)	(4,969,611)	(301)	(87,187)	(5,557,099)
Unrealised gains/(losses) at 30 September 2020	1,728,586	10,846,872	(72,012)	(5,641,104)	6,862,342
<b>Valuation at 30 September 2020</b>	<b>2,352,478</b>	<b>34,894,706</b>	<b>1,168,593</b>	<b>12,445,356</b>	<b>50,861,133</b>

Net realised gains on investments of £6,422,722 together with net unrealised gains on investments of £3,425,711 equal net investment portfolio gains of £9,848,433.

A full breakdown of the increases and decreases in unrealised valuations of the portfolio is seen in the Investment Portfolio Summary on pages 22 to 27.

# Notes to the Financial Statements for the year ended 30 September 2020

## 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 2019 £	Realised gain/(loss) in year £
Tovey Management Limited (trading as Access IS)	Realisation	3,313,932	7,145,832	4,144,573	3,001,259
Pattern Analytics Limited (trading as Biosite)	Realisation	1,791,938	2,648,952	2,648,952	-
Turner Topco Limited (trading as Auction Technology Group)	Realisation	1,529,075	4,190,494	2,634,378	1,556,116
Redline Worldwide Limited	Realisation	1,129,121	1,533,940	550,430	983,510
Blaze Signs Holdings Limited	Realisation	418,281	733,788	599,314	134,473
Buster and Punch Holdings Limited	Loan Repayment	215,110	215,110	215,110	-
Omega Diagnostics Group plc	Part Realisation	210,015	1,047,904	197,751	850,154
BookingTek Limited	Loan Repayment	93,491	78,377	87,233	(8,856)
H Realisations (2018) Limited (formerly Hemmels)	Realisation	30,180	2,653	-	2,653
Jablite Holdings Limited	Permanent Impairment	-	-	-	(96,587)
		<b>8,731,143</b>	<b>17,597,050</b>	<b>11,077,741</b>	<b>6,422,722</b>

Note b) Within net unrealised gains of £3,425,711 for the year, the significant increases in value compared to last year were as follows: £3,036,960 in Virgin Wines Holding Company Limited, £1,543,500 in Data Discovery Solutions Limited (trading as Active Navigation), £1,242,335 in Parsley Box Limited, £840,230 in MPB Group Limited and £715,067 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet). These gains were partially offset by unrealised falls in valuation compared to last year, including: £1,593,236 in CGI Creative Graphics International Limited, £1,326,072 in Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution), £1,254,581 in Media Business Insight Holdings Limited, £615,646 in Kudos Innovations Limited, £577,274 in Rota Geek Limited, £557,109 in RDL Corporation Limited and £397,297 in Tharstern Group Limited.

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

Note c) During the year, permanent impairments of the cost of investments have increased from £4,329,740 to £5,557,099. This write-off of £1,227,359 is due to the permanent impairment of three investee companies in the period and the removal of one investee company which had been liquidated during the year and which had been permanently impaired previously.

## 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:

Financial Year	Total Provisions at end of year £	Net write-offs/ (write-backs) in year £
2020	18,123,280	1,227,359
2019	16,001,495	(2,307,326)
2018	16,029,509	38,426
2017	13,528,607	2,403,079
2016	11,500,860	(1,115,371)

## 10 Significant interests

At 30 September 2020 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Total investment (at cost) £	I&G-VCT (% of equity)	All Mobeus VCTs (% of equity) <sup>1,2</sup>
Media Business Insight Holdings Limited <sup>3</sup>	3,666,556	21.2%	67.5%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	3,205,182	8.8%	27.5%
Preservica Limited	2,960,899	14.9%	47.9%
My Tutorweb Limited (trading as MyTutor)	2,759,335	11.2%	35.1%
Virgin Wines Holding Company Limited	2,745,503	13.7%	42.0%
Oxonica plc	2,524,527	10.6%	10.6%
Veritek Global Holdings Limited	2,289,859	21.7%	65.6%
Buster and Punch Holdings Limited	2,046,612	10.6%	34.6%
MPB Group Limited	2,043,137	7.3%	23.6%
CGI Creative Graphics International Limited	1,943,948	8.4%	26.9%
Bourn Bioscience Limited	1,610,379	10.9%	23.8%
Data Discovery Solutions Limited (trading as Active Navigation)	1,543,500	8.8%	28.5%
Arkk Consulting Limited (trading as Arkk Solutions)	1,526,007	10.3%	33.6%
Tharstern Group Limited	1,454,278	16.2%	52.5%
RDL Corporation Limited	1,441,667	13.0%	45.2%
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution)	1,397,386	7.8%	25.0%
Rota Geek Limited	1,250,800	6.4%	20.3%
Vian Marketing Limited (trading as Red Paddle Co)	1,207,437	14.6%	48.6%
Proactive Group Holdings Inc	988,390	3.4%	11.4%
IPV Limited	954,674	8.5%	26.6%
Bella & Duke Limited	931,499	6.4%	20.7%
Parsley Box Limited	925,800	6.8%	22.0%
BookingTek Limited	779,155	4.7%	14.9%
Bleach London Holdings Limited	721,452	4.3%	14.1%
Racoon International Group Limited	655,851	10.8%	36.0%
Oakheath Limited (trading as Super Carers) (in members' voluntary liquidation)	649,528	5.8%	18.7%
Jablite Holdings Limited (in members' voluntary liquidation)	498,790	12.1%	40.1%
Kudos Innovations Limited	472,500	4.6%	14.6%
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	464,658	8.9%	28.6%
CB Imports Group limited	175,000	5.8%	23.2%
Aquasium Technology Holdings Limited	166,667	16.7%	16.7%
Biomer Technology Limited	137,170	3.0%	3.0%
Vectair Holdings Limited	53,400	4.6%	24.0%

<sup>1</sup> 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.

<sup>2</sup> Mobeus Equity Partners LLP also advises Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc and Mobeus Income & Growth 4 VCT plc.

<sup>3</sup> 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.

# Notes to the Financial Statements for the year ended 30 September 2020

## 11 Debtors

	2020 £	2019 £
Amounts due within one year:		
Accrued income	378,450	250,056
Prepayments	20,039	13,060
	<b>398,489</b>	<b>263,116</b>

## 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.

	2020 £	2019 £
OEIC Money market funds	27,297,444	26,812,418
Cash equivalents per Statement of Cash Flows	27,297,444	26,812,418
Bank deposits that mature after three months	3,151,769	3,151,769
<b>Current asset investments</b>	<b>30,449,213</b>	<b>29,964,187</b>
<b>Cash at bank</b>	<b>1,739,602</b>	<b>1,498,030</b>

## 13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	119,767	52,654
Other creditors	13,399	12,466
Accruals	181,841	156,861
	<b>315,007</b>	<b>221,981</b>

## 14 Called up share capital

	2020 £	2019 £
<b>Allotted, called-up and fully paid:</b>		
Ordinary Shares of 1p each: 118,661,711 (2019: 103,302,857)	1,186,617	1,033,029
<b>Total</b>	<b>1,186,617</b>	<b>1,033,029</b>

Under the Offer for Subscription launched on 25 October 2019 a total of 12,939,080 (2019: nil) ordinary shares were allotted at an average effective offer price of 77.29 pence per share, raising net funds of £9,655,718 (2019: £nil).

During the year, the Company purchased 1,858,177 (2019: 2,135,527) of its own ordinary shares for cash (representing 1.8% (2019: 2.0%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £1,243,530 (2019: £1,471,131). The shares bought back were subsequently cancelled. This figure is higher than that shown in the Statement of Cashflows of £1,189,858 by £53,672. This is due to an opening share buyback creditor of £40,379 offset by a share buyback creditor of £94,051 at the year end.

Under the terms of the Dividend Investment Scheme, a total of 4,277,951 ordinary shares were allotted during the year ended 30 September 2020, subject to listing, for a total consideration of £2,700,649.

## 15 Basic and diluted net asset value per share

	2020	2019
Net assets	£83,133,430	£81,728,079
Number of shares in issue	118,661,711	103,302,857
<b>Basic and diluted net asset value per share</b>	<b>70.06p</b>	<b>79.12p</b>

## 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.

# Notes to the Financial Statements for the year ended 30 September 2020

## 16 Financial instruments (continued)

### Classification of financial instruments

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

	2020 (Fair value) £	2019 (Fair value) £
<b>Assets at fair value through profit and loss:</b>		
Investment portfolio	50,861,133	50,224,727
<b>Loans and receivables held at amortised cost</b>		
Accrued income	378,450	250,056
Current asset investments	30,449,213	29,964,187
Cash at bank	1,739,602	1,498,030
<b>Financial liabilities</b>		
<b>Liabilities held at amortised cost</b>		
Other creditors	(315,007)	(221,981)
<b>Total for financial instruments</b>	<b>83,113,391</b>	<b>81,715,019</b>
<b>Non financial instruments</b>	<b>20,039</b>	<b>13,060</b>
<b>Net assets</b>	<b>83,133,430</b>	<b>81,728,079</b>

The investment portfolio principally consists of unquoted investments - 95.4%; (2019: 96.9%) and AIM quoted stocks - 4.6%; (2019: 3.1%). The investment portfolio has a 100% (2019:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 61.2% (2019: 61.5%) of net assets at the year-end.

Current asset investments are money market funds and bank deposits which, along with Cash at bank are discussed under credit risk below, represent 38.7% (2019: 38.5%) of net assets at the year-end.

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

### Investment risk

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

### Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds/bank deposits of £32,188,815 (2019: £31,462,217) 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.

## Financial liabilities by maturity

The table below shows a maturity analysis of financial liabilities:

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

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

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:

	2020 £	2019 £
Loan stock investments	12,445,356	22,854,622
Current asset investments	30,449,213	29,964,187
Accrued income and other debtors	378,450	250,056
Cash at bank	1,739,602	1,498,030
	<b>45,012,621</b>	<b>54,566,895</b>

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 £378,450 was all due within six months of the year-end, with £148,780 still receivable two months after the year-end.

# Notes to the Financial Statements for the year ended 30 September 2020

## 16 Financial instruments (continued)

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

Repayable within	2020 £	2019 £
0 to 1 year	940,750	2,486,090
1 to 2 years	4,038,504	8,585,666
2 to 3 years	5,142,353	6,736,367
3 to 4 years	1,744,717	5,046,499
4 to 5 years	441,133	-
> 5 years	-	-
<b>Total</b>	<b>12,445,356</b>	<b>22,854,622</b>

Included within loan stock investments above are loans at a carrying value of £8,809,399 (2019: £6,515,009) 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 £79,060 (2019: £1,957,389). 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 £	2020 Total £
Loans to investee companies past due	-	2,966,418	2,038,317	<b>5,004,735</b>

	0-6 months £	6-12 months £	over 12 months £	2019 Total £
Loans to investee companies past due	65,779	-	2,688,271	<b>2,754,050</b>

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 £27,297,444 which are all triple A rated funds, and along with bank deposits of £4,891,371 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 £698,205 included within the balance above is held with Natwest Bank plc, so the risk of default is low.

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

### Market price risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £50,861,133, the fair value of the investment portfolio at the year-end.



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

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

### Market price risk sensitivity

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

Although 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% (2019: 20%) movement in overall share prices, and has used a 20% change in the quoted market comparator multiple as a proxy for this.

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

For each of the companies in the investment portfolio that are valued on a multiple basis, the calculation below has applied plus and minus 20% to the multiple (such as earnings or revenue) derived from quoted market comparators that are used to value the companies. The companies valued on a multiple basis represent £47.24 million of the total investment portfolio of £50.86 million. The remainder of the portfolio is valued at either price of recent investment or net asset value, as shown below.

The impact of a change of 20% (2019: 20%) has been selected as this is considered reasonable given the level of volatility observed both on a historical basis and market expectations for future movement.

	2020 Profit and net assets £	2019 Profit and net assets £
If overall share prices increased/(decreased) by 20% (2019: 20%), with all other variables held constant – increase/(decrease)	5,180,615 / (4,510,504)	5,733,316 / (6,328,768)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	4.37p / (3.80)p	5.55p / (6.13)p

### Cash flow interest rate risk

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

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

# Notes to the Financial Statements for the year ended 30 September 2020

## 16 Financial instruments (continued)

The interest rate profile of the Company's financial net assets at 30 September 2020 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	37,247,184	-	-	37,247,184		
Preference shares	-	1,168,593	-	1,168,593	7.4%	4.3
Loan stocks	-	12,445,356	-	12,445,356	7.2%	2.1
Current asset investments	-	-	30,449,213	30,449,213	0.2%	0.1
Cash	-	-	1,739,602	1,739,602	0.0%	-
Debtors	378,450	-	-	378,450		
Creditors	(315,007)	-	-	(315,007)		
<b>Total for financial instruments</b>	<b>37,310,627</b>	<b>13,613,949</b>	<b>32,188,815</b>	<b>83,113,391</b>		
Other non financial assets	20,039	-	-	20,039		
<b>Net assets</b>	<b>37,330,666</b>	<b>13,613,949</b>	<b>32,188,815</b>	<b>83,133,430</b>		

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

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	27,350,858	-	-	27,350,858		
Preference shares	-	19,247	-	19,247	0.0%	1.2
Loan stocks	-	22,854,622	-	22,854,622	9.4%	2.1
Current asset investments	-	-	29,964,187	29,964,187	0.8%	0.1
Cash	-	-	1,498,030	1,498,030	0.5%	-
Debtors	250,056	-	-	250,056		
Creditors	(221,981)	-	-	(221,981)		
<b>Total for financial instruments</b>	<b>27,378,933</b>	<b>22,873,869</b>	<b>31,462,217</b>	<b>81,715,019</b>		
Other non financial assets	13,060	-	-	13,060		
<b>Net assets</b>	<b>27,391,993</b>	<b>22,873,869</b>	<b>31,462,217</b>	<b>81,728,079</b>		

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

Variable rate cash earns interest based on LIBOR rates.

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

### Cash flow interest rate sensitivity

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

	2020 Profit and net assets £	2019 Profit and net assets £
If interest rates increased/(decreased) by 1%, with all other variables held constant – increase/(decrease)	260,729 / (260,729)	254,844 / (254,844)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.22p / (0.22)p	0.25p / (0.25)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 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	2,352,478	-	34,894,706	37,247,184
Preference shares	-	-	1,168,593	1,168,593
Loan stock investments	-	-	12,445,356	12,445,356
<b>Total</b>	<b>2,352,478</b>	<b>-</b>	<b>48,508,655</b>	<b>50,861,133</b>

Financial assets at fair value through profit and loss At 30 September 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	1,578,695	-	25,772,163	27,350,858
Preference shares	-	-	19,247	19,247
Loan stock investments	-	-	22,854,622	22,854,622
<b>Total</b>	<b>1,578,695</b>	<b>-</b>	<b>48,646,032</b>	<b>50,224,727</b>

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

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

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

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

## Notes to the Financial Statements for the year ended 30 September 2020

### 16 Financial instruments (continued)

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 October 2019	25,772,163	19,247	22,854,622	48,646,032
Purchases	7,320,490	623,400	441,133	8,385,023
Sales	(9,441,565)	(16,731)	(7,090,850)	(16,549,146)
Reclassification at value	(630,747)	630,747	-	-
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				
- on assets sold	5,072,418	(602)	500,753	5,572,569
- on assets held at the year-end	6,801,947	(87,468)	(4,260,302)	2,454,177
Closing balance at 30 September 2020	34,894,706	1,168,593	12,445,356	48,508,655

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 2020 £	30 September 2019 £
<b>Valuation methodology</b>		
Multiple of earnings, revenues or gross margin, as appropriate	47,240,479	48,369,870
Net asset value	1,189,116	162,366
Estimated realisation proceeds	79,060	26,563
Recent investment price (reviewed for impairment)	-	87,233
<b>Total</b>	<b>48,508,655</b>	<b>48,646,032</b>

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2019 and 30 September 2020:

Change in valuation methodology (2019 to 2020)	Carrying value as at 30 September 2020	Explanatory note
Multiple basis to weighted multiple/net asset basis	3,832,110	Weighting between multiple basis and net asset value is a more appropriate basis for determining fair value.
Multiple basis to net asset basis	738,430	Net asset value is a more appropriate basis for determining fair value.
Net asset to estimated realisation proceeds basis	65,779	Estimated realisation proceeds is a more appropriate basis for determining fair value.

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the December 2018 IPEV guidelines (as updated by Special Valuation guidance issued in March 2020). The Board believe that, within these parameters, there are no other appropriate methods of valuation which would be reasonable as at 30 September 2020.

## 17 Management of capital

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

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

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

## 18 Segmental analysis

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

## 19 Post balance sheet events

On 16 October 2020, the Company received a loan repayment from Vian Marketing Limited (trading as Red Paddle) totalling £0.21 million (including premium of £0.06 million).

On 27 November 2020, the Company realised its investment in Vectair Holdings Limited generating cash proceeds of £1.10 million.

# Information for Shareholders

## Shareholder Information

### Communication with Shareholders

We aim to communicate regularly with our Shareholders. The annual general meetings provide a useful platform for the Board to meet Shareholders and exchange views, however, for the safety of all concerned we cannot under the current circumstances, hold a physical meeting in 2021 but instead will offer a facility whereby you can view the Board, the Investment Adviser's presentation and submit questions. Your Board welcomes your attendance at the February Annual General Meeting via the link below, to give you the opportunity to meet the Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts via the London Stock Exchange RNS service. The Investment Adviser holds an annual Shareholder event, the last event was held on 4 February 2020 and Mobeus proposes to hold a virtual event later in 2021.

Shareholders wishing to follow the Company's progress can visit its website at [www.incomeandgrowthvct.co.uk](http://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](http://www.londonstockexchange.com), where Shareholders can obtain details of the share price and latest NAV announcements, etc.

### Financial calendar

10 February 2021	Annual General Meeting
June 2021	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 31 March 2021 to Shareholders
30 September 2021	Year-end
December 2021	Annual Report for the year ended 30 September 2021 to be circulated to Shareholders
TBC 2021	Virtual Shareholder Event

### Annual General Meeting

The Company's next Annual General Meeting will be held on **Wednesday, 10 February 2021**. A copy of the notice of the meeting is included on pages 78 to 81. Shareholders are welcome to attend the Meeting using the link: [www.incomeandgrowthvctAGM.co.uk](http://www.incomeandgrowthvctAGM.co.uk) which will also be available by conference call for those Shareholders without the appropriate device or WiFi. Shareholders will not be able to vote at the meeting which will be conducted by a poll and therefore you are encouraged to lodge your proxy form, which is included with Shareholders' copies of this Annual Report, or on-line at [www.signalshares.com](http://www.signalshares.com). Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk). A response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself.

### 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 86.

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

### Dividend Investment Scheme

Those Shareholders who wish to participate, or to amend their existing participation, in the DIS, can do so by visiting [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk) and click the Dividends tab or by contacting the Registrar directly using the details on page 86. Please note that Shareholders' elections to participate or amendments to participation in the Scheme require 15 days to become effective.

### Selling your shares

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

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

Panmure can be contacted as follows:

Chris Lloyd - 0207 886 2716	<a href="mailto:chris.lloyd@panmure.com">chris.lloyd@panmure.com</a>
Paul Nolan - 0207 886 2717	<a href="mailto:paul.nolan@panmure.com">paul.nolan@panmure.com</a>

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

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

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

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

## Managing your shareholding online

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

## Fraud Warning

### Boiler Room fraud and unsolicited communications to Shareholders.

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

Further information on boiler room scams and fraud advice plus who to contact, can be found first in the answer to a question "What should I do if I receive an unsolicited offer for my shares?" within the VCT Investor area of the Investment Adviser's website in the A Guide to VCTs section: [www.mobeus.co.uk/investor-area](http://www.mobeus.co.uk/investor-area) and secondly, in a link to the FCA's ScamSmart site: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

We strongly recommend that you seek financial advice before taking any action if you remain in any doubt. You can also contact the Investment Adviser on 0207 024 7600, or email or email [info@mobeus.co.uk](mailto:info@mobeus.co.uk) to check whether any claims made by a caller are genuine.

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

## Shareholder enquiries:

For enquiries concerning the investment portfolio or the Company in general, please contact the Investment Adviser, 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 Registrar may be contacted via their Shareholder Portal, post or telephone for queries relating to your shareholding or dividend payments, dividend mandate forms, change of address, change of bank details etc.

Full contact details for each of Mobeus and Link are included under Corporate Information on page 86 of this Annual Report.

## Timeline of the Company

<b>October 2000</b>	The Company is launched as TriVest VCT plc advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.
<b>April 2001</b>	The Company's first fundraising of its "O Share Fund" is completed.
<b>October 2007</b>	The Company changes its name to The Income & Growth VCT plc.
<b>December 2007</b>	The 'S' Share Fund is launched.
<b>March 2009</b>	The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.
<b>March 2010</b>	The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.
<b>November 2011</b>	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.
<b>June 2012</b>	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.
<b>2010-2014</b>	The Company participates in four linked fundraisings with other Mobeus advised VCTs.
<b>March 2015</b>	The Company closes a successful fundraising with the other Mobeus advised VCTs in which £10 million was raised for the Company.
<b>March 2018</b>	The Company closes a successful fundraising with the other Mobeus advised VCTs in which £25 million was raised for the Company.
<b>October 2019</b>	The Company launches a joint fundraising with the other Mobeus advised VCTs in which it sought to raise up to £10 million, including an optional over-allotment facility.
<b>January 2020</b>	The Company closes a successful fundraising with the other Mobeus advised VCTs for which £10 million was raised for the Company.

# Notice of the Annual General Meeting

**IMPORTANT NOTE:** Due to the ongoing COVID-19 pandemic and current government advice on non-essential travel and social distancing (as published at the date of this Notice), the Annual General Meeting will be held by way of a closed virtual meeting and Shareholders will not be able to attend the Annual General Meeting in person. Shareholders will, however, be able to join virtually using the following link: [www.incomeandgrowthvctAGM.co.uk](http://www.incomeandgrowthvctAGM.co.uk) but will not be able to vote on the resolutions at the meeting. Shareholders may send any questions on the resolutions proposed to the following email address: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) and a response will be provided prior to the deadline for lodging your proxy vote. Questions for the Annual General Meeting can also be submitted using the same email address or there will be a facility to type in a question at the meeting itself. Voting on the resolutions will be conducted by way of a poll. Shareholders are encouraged to submit their votes by way of proxy (either through the submission of a proxy form or casting their vote on-line) appointing the Chairman (as other proxies appointed will also not be permitted to attend the meeting).

NOTICE IS HEREBY GIVEN that the Annual General Meeting of The Income & Growth VCT plc ("the Company") will be held at 11.00am on Wednesday, 10 February 2021 by way of a closed virtual meeting ("Meeting") under the current legislative measures to allow companies to hold general meetings safely, for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions. An explanation of the main business to be proposed is included in the Directors' Report on pages 36 and 37 of this document:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the year ended 30 September 2020 ("Annual Report"), together with the auditor's report thereon.
2. To approve the Directors' Remuneration Report as set out in the Annual Report.
3. To elect Maurice Helfgott as a director of the Company.
4. To re-elect Helen Sinclair as a director of the Company.
5. To re-elect Justin Ward as a director of the Company.
6. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.
7. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert, any security into Shares ("Rights") up to an aggregate nominal value of £395,539, provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2022 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.
8. That, subject to the passing of resolution 7 set out in this notice and in substitution for any existing authorities, the directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 8 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:
  - (i) with an aggregate nominal value of up to, but not exceeding, £59,330.85 in connection with offer(s) for subscription;
  - (ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company; and
  - (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital of the Company from time to time,

in each case where the proceeds of the allotment may be used, in whole or in part, to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2022, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.



9. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to and accordance with section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares provided that:
- i) the aggregate number of Shares which may be purchased shall not exceed 17,787,390 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 2022; 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.
10. That the articles of association of the Company be and hereby are amended by the deletion of existing article 50 and replacement thereof with the following as new article 50:

**"50. Convening general meetings**

- 50.1 The Board may convene a general meeting whenever it thinks fit and shall do so on requisition in accordance with the Statutes.
- 50.2 Annual general meetings shall be held at such time and place (including partly by means of electronic facility or facilities) as may be determined by the Directors and within a period of six months beginning on the day following the Company's accounting reference date."

BY ORDER OF THE BOARD

*Mobeus Equity Partners LLP*

Registered Office:  
30 Haymarket  
London SW1Y 4EX

**Mobeus Equity Partners LLP**  
Secretary

Dated: 9 December 2020

**Notes:**

The following Notes explain your general rights as a Shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. A member who would usually be entitled to attend, speak and vote at the Meeting or to appoint one or more other persons as his proxy to exercise all or any of his rights on his behalf. Given the current COVID-19 restrictions, a member shall only be entitled to appoint a proxy to vote on his behalf at the Meeting, which will not be open to Shareholders to attend in person. Further details of how to appoint a proxy, and the rights of proxies, are given in the Notes below. Shareholders are encouraged to appoint the Chairman as their proxy, as attendance by other proxies will not be permitted because of the COVID-19 restrictions.
2. To be entitled to attend the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast) and to be able to lodge your proxy votes, Shareholders must be registered in the Register of Members of the Company at close of trading on 8 February 2021. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend the virtual meeting and vote by proxy.
3. In light of the COVID-19 'social distancing' measures in England and the legislative measures that have been proposed to allow companies to hold general meetings safely, the Meeting will be held by electronic means and run as a virtual closed meeting.
4. If possible, Shareholders intending to join the Meeting as an attendee are requested to use the link set out at the start of this Notice and on the Company's website at least 10 minutes prior to the commencement of the Meeting at 11:00 am (UK time) on 10 February 2021.
5. A Shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that Shareholder. A proxy need not be a Shareholder of the Company. However, please see Note 1 in relation to proxy appointment in light of the current COVID-19 restrictions.

# Notice of the Annual General Meeting

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
7. A personalised form of proxy for use in connection with the Meeting is enclosed with the document of which this Notice forms part. If you do not have a personalised form of proxy and would like a copy, please contact the Company's registrar, Link at 34 Beckenham Road, Beckenham, Kent BR3 4ZF or on 0371 664 0300. Completion and return of a form of proxy will not legally prevent a Shareholder from attending and voting at the Meeting. However, given the current restrictions in place as a result of COVID-19, Shareholders will not be able to attend the Meeting and the Company therefore requests all Shareholders to vote by proxy on the resolutions set out in this Notice as soon as possible.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
9. You can also vote either:

- by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
- If you need help with voting online, please contact our Registrar, Link (previously called Capita), on 0371 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK, or email Link at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid it must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 11:00 am on 8 February 2021.

We strongly recommend voting electronically at [www.signalshares.com](http://www.signalshares.com) as your vote will automatically be counted. Given the current situation, with many people working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

10. If you return more than one proxy appointment, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Issuer's agent (ID RA10) by 11:00 on 8 February 2021. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the Issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
15. As at 7 December 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 118,661,711 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 December 2020 are 118,661,711.
16. Under Section 527 of the Companies Act 2006, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Financial Statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual Financial Statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the Shareholders propose to raise at the relevant meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

17. Any Shareholder attending the Meeting has the right to ask questions. Any Shareholder may submit questions in relation to the business to be transacted at the Meeting via email to: [agm@mobeus.co.uk](mailto:agm@mobeus.co.uk) by 3 February 2021. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
18. Copies of the directors' letters of appointment are, under normal circumstances, available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the end of the Meeting and would also be available for inspection at the place of the Meeting for at least 15 minutes before and during the Meeting. However, in light of the current circumstances, should a Shareholder wish to inspect any of these documents, please submit a request to: [info@mobeus.co.uk](mailto:info@mobeus.co.uk).
19. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents to communicate with the Company for any purposes other than those expressly stated.
20. Voting on all resolutions at the Meeting will be by way of a poll. The Company believes that this is the best way of representing the views of as many Shareholders as possible in the voting process, not least considering the limited attendance at the Meeting. The results of the poll will be announced via a regulatory news service on the London Stock Exchange and made available on the Company's website as soon as practicable following the Meeting.

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

# Performance Data at 30 September 2020

(unaudited)

Share price at 30 September 2020 59.50p<sup>1</sup>

NAV per share as at 30 September 2020 70.06p

## 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 2020. 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 <sup>2</sup> (p)	Cumulative dividends paid per share (p)	(Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2019 (NAV basis)
<b>Funds raised - O Fund<sup>3</sup> (launched 18 October 2000)</b>						
Between 3 November 2000 and 11 May 2001	100.00	60.62	121.73	166.82	174.82	4.3%
<b>Funds raised 2007/8 - S Share fund (launched 14 December 2007)</b>						
Between 1 April 2008 and 6 June 2008	100.00	70.00	131.50	191.00	201.56	4.9%
<b>Funds raised 2010/11 (launched 12 November 2010)</b>						
21 January 2011	104.80	73.36	131.00	190.50	201.06	4.9%
28 February 2011	107.90	75.53	129.00	188.50	199.06	5.0%
22 March 2011	105.80	74.06	129.00	188.50	199.06	5.0%
1 April 2011	105.80	74.06	127.00	186.50	197.06	5.0%
5 April 2011	105.80	74.06	127.00	186.50	197.06	5.0%
10 May 2011	105.80	74.06	127.00	186.50	197.06	5.0%
6 July 2011	106.00	74.20	127.00	186.50	197.06	5.0%
<b>Funds raised 2012 (launched 20 January 2012)</b>						
8 March 2012	106.40	74.48	103.00	162.50	173.06	5.8%
4 April 2012	106.40	74.48	103.00	162.50	173.06	5.8%
5 April 2012	106.40	74.48	103.00	162.50	173.06	5.8%
10 May 2012	106.40	74.48	103.00	162.50	173.06	5.8%
10 July 2012	111.60	78.12	103.00	162.50	173.06	5.8%
<b>Funds raised 2013 (launched 29 November 2012)</b>						
14 January 2013	116.00	81.20	103.00	162.50	173.06	5.8%
28 March 2013	112.60	78.82	97.00	156.50	167.06	6.0%
4 April 2013	112.60	78.82	97.00	156.50	167.06	6.0%
5 April 2013	112.60	78.82	97.00	156.50	167.06	6.0%
10 April 2013 Pre RDR <sup>4</sup>	115.30	80.71	97.00	156.50	167.06	6.0%
10 April 2013 Post RDR <sup>4</sup>	112.60	78.82	97.00	156.50	167.06	6.0%
7 May 2013	112.60	78.82	97.00	156.50	167.06	6.0%

<sup>1</sup> - Source: Panmure Gordon & Co (mid-price basis).

<sup>2</sup> - 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.

<sup>3</sup> - 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.

<sup>4</sup> - 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.

Allotment date(s)	Total return per share to Shareholders since allotment					
	Allotment price (p)	Net allotment price <sup>1</sup> (p)	Cumulative dividends paid per share (p)	(Share price basis) (p)	(NAV basis) (p)	% increase since 30 September 2019 (NAV basis)
<b>Funds raised 2014 (launched 28 November 2013)</b>						
9 January 2014	117.82 <sup>2</sup>	82.47	91.00	150.50	161.06	6.2%
11 February 2014	119.02 <sup>2</sup>	83.31	91.00	150.50	161.06	6.2%
31 March 2014	115.64 <sup>2</sup>	80.95	87.00	146.50	157.06	6.4%
3 April 2014	116.17 <sup>2</sup>	81.32	87.00	146.50	157.06	6.4%
4 April 2014	115.45 <sup>2</sup>	80.82	87.00	146.50	157.06	6.4%
6 June 2014	121.55 <sup>2</sup>	85.09	87.00	146.50	157.06	6.4%
<b>Funds raised 2015 (launched 10 December 2014)</b>						
14 January 2015	108.33 <sup>2</sup>	75.83	73.00	132.50	143.06	7.1%
17 February 2015	113.17 <sup>2</sup>	79.22	73.00	132.50	143.06	7.1%
10 March 2015	109.88 <sup>2</sup>	76.92	69.00	128.50	129.06	7.3%
<b>Funds raised 2017/18 (launched 06 September 2017)</b>						
28 September 2017	82.49 <sup>2</sup>	57.74	29.00	88.50	99.06	10.5%
20 October 2017	82.67 <sup>2</sup>	57.87	29.00	88.50	99.06	10.5%
9 November 2017	83.20 <sup>2</sup>	58.24	29.00	88.50	99.06	10.5%
20 November 2017	84.54 <sup>2</sup>	59.18	29.00	88.50	99.06	10.5%
21 November 2017	84.50 <sup>2</sup>	59.15	29.00	88.50	99.06	10.5%
24 January 2018	81.27 <sup>2</sup>	56.89	26.00	85.50	96.06	10.9%
13 March 2018	82.32 <sup>2</sup>	57.62	26.00	85.50	96.06	10.9%
<b>Funds raised 2020 (launched 25 October 2019)</b>						
8 January 2020	77.28 <sup>2</sup>	54.10	14.00	73.50	84.06	-

<sup>1</sup> - 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.

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

# Cumulative dividends paid

	Funds raised 2000/01 'O' Share Fund (p)	Funds raised 2007/08 'S' Share Fund (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2013 (p)	Funds raised 2014 (p)	Funds raised 2015 (p)	Funds raised 2017/18 (p)	Funds raised 2020 (p)
28 September 2020	8.34 <sup>1</sup>	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
10 July 2020	2.27 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
18 October 2019	3.41 <sup>1</sup>	4.50	4.50	4.50	4.50	4.50	4.50	4.50	
12 July 2019	1.14 <sup>1</sup>	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
15 February 2019	2.65 <sup>1</sup>	3.50	3.50	3.50	3.50	3.50	3.50	3.50	
21 June 2018	1.89 <sup>1</sup>	2.50	2.50	2.50	2.50	2.50	2.50	2.50	
15 February 2018	2.27 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
31 August 2017	11.37 <sup>1</sup>	15.00	15.00	15.00	15.00	15.00	15.00		
20 June 2017	2.27 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00	3.00		
15 February 2017	3.03 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00	4.00		
07 July 2016	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00	6.00		
15 February 2016	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00	6.00		
30 June 2015	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00	6.00		
20 March 2015	3.03 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00	4.00		
30 October 2014	6.06 <sup>1</sup>	8.00	8.00	8.00	8.00	8.00			
03 July 2014	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00			
12 March 2014	3.03 <sup>1</sup>	4.00	4.00	4.00	4.00	4.00			
27 June 2013	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00				
08 February 2013	4.55 <sup>1</sup>	6.00	6.00	6.00	6.00				
15 February 2012	3.02 <sup>1</sup>	4.00	4.00						
27 January 2012	15.16 <sup>1</sup>	20.00	20.00						
28 March 2011	1.52 <sup>1</sup>	2.00	2.00						
22 February 2011	1.52 <sup>1</sup>	2.00	2.00						
<b>29 March 2010 Merger of the 'O' and 'S' Share Funds</b>									
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								
<b>Total dividends paid</b>	<b>121.73</b>	<b>131.50</b>	<b>131.00</b>	<b>103.00</b>	<b>103.00</b>	<b>91.00</b>	<b>73.00</b>	<b>29.00</b>	<b>14.00</b>

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

The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to Shareholders by date of allotment is shown in the table on pages 82 and 83.

# Glossary of terms

## Alternative performance measure ("APM")

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

## Cumulative dividends paid (APM)

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

## Cumulative total return (APM)

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

## Internal Rate of Return ("IRR")

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

## Net asset value or NAV

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

## Net asset value per share or NAV per share

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

## NAV Total Return (APM)

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

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

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

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

## Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, shows Shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future. This is calculated by dividing the Investment Adviser's fees of £1,834,475 and other expenses of £528,481 (per Notes 4a and 4c on pages 57 to 58), by the average net assets throughout the year of £82,124,735.

## Realised gains/(losses) in the year

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

## Share Price Total Return (APM)

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

# Corporate Information

## Directors

Maurice Helfgott  
Helen Sinclair  
Justin Ward

## Company's Registered Office

30 Haymarket  
London  
SW1Y 4EX

## Company Registration Number

4069483

## Legal Entity Identifier

213800FPC15FNM74YD92

## Email

[vcts@mobeus.co.uk](mailto:vcts@mobeus.co.uk)

## Website

[www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

## Investment Adviser, Company Secretary and Administrator

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## Registrar

Link Asset Services Limited  
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Beckenham  
Kent  
BR3 4TU

Tel: 0371 664 0324

Shareholder portal:  
[www.signalshares.com](http://www.signalshares.com)

## Independent Auditor

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## Solicitors

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## VCT Status Adviser

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## Corporate Broker

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