

Mobius Income
& Growth 4 VCT plc
A Venture Capital Trust

Annual Report & Financial Statements
for year ended 31 December 2020



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

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

DIVIDEND POLICY

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

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Financial Highlights

Results for the year ended 31 December 2020

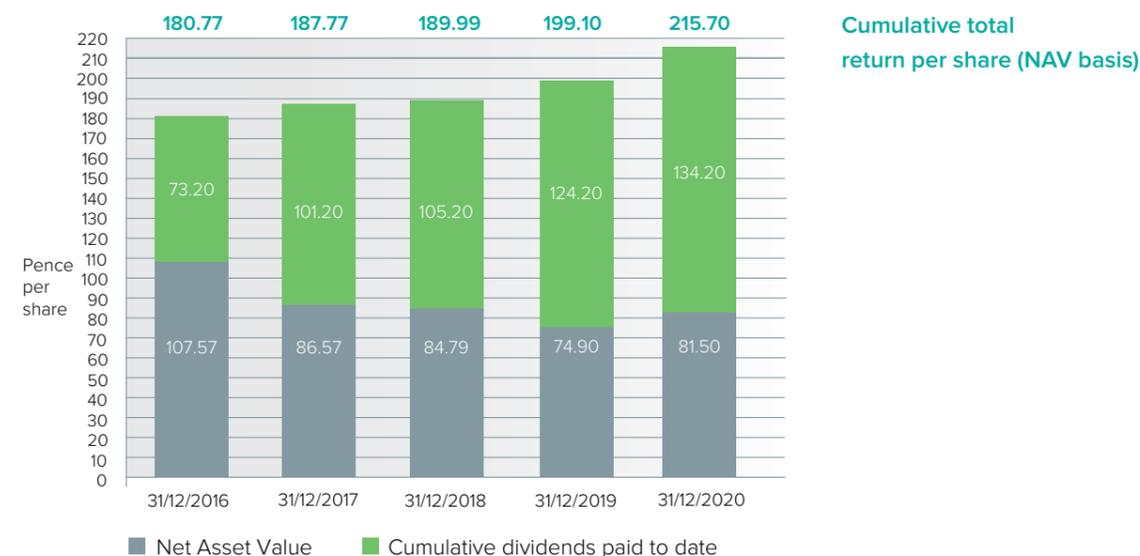
Net assets: **£68.46 million**

Net asset value (“NAV”) per share: **81.50 pence**

- Net asset value (“NAV”) total return¹ per share of 22.2% for the year.
- Share price total return¹ per share of 12.9% for the year.
- Dividends paid in respect of the year of 6.00 pence per share. Cumulative dividends paid¹ stand at 134.20 pence per share.
- £4.80 million was invested into four new growth capital investments and four existing portfolio companies during the year.
- £8.87 million of unrealised gains achieved in the year from strong portfolio performance.
- The Company realised investments totalling £14.97 million of cash proceeds and generated net realised gains in the year of £4.44 million.

Cumulative total return¹ per share (NAV basis)

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



The chart above shows the recent past performance of the original funds raised in 1999. The original subscription price was 200 pence per share before the benefit of income tax relief. Subscription prices from subsequent fundraisings and historic performance data from 2008 are shown in the Investor Performance Appendix on the Company’s website, www.mig4vct.co.uk, where they can be downloaded by clicking on “table” under “Reviewing the performance of your investment” on the home page.

On 1 July 2006, Mobeus became sole Investment Adviser to the Company. The cumulative total return per share (NAV basis) at this date was 122.51 pence.

¹ Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms on page 83.

I am pleased to present the annual results of Mobeus Income & Growth 4 VCT plc for the year ended 31 December 2020.

Introduction

This is my first Statement since succeeding Christopher Moore as Chairman on 1 October 2020 following my appointment as a Director of the Company in September 2020. On your behalf, I would like to thank Christopher for the excellent service he provided to Shareholders throughout a period of significant change and development in the VCT sector.

Overview

Overall this year has been a very good one for Shareholder returns, despite the significant and unprecedented challenges resulting from the outbreak of COVID-19. Your Company's NAV total return per share for the year was a very pleasing 22.2%.

At the start of the year, before the pandemic took hold, the Company completed a timely and successful fundraising ensuring that the Company remained well funded. The very solid performance achieved in 2019 initially continued with strong portfolio progress as well as two well timed and profitable realisations achieved in February.

Shortly before the March quarter end, the COVID-19 pandemic and the UK Government's lockdown measures created substantial uncertainty and instability. There was a significant decline in consumer and business confidence and public markets saw a sharp fall. The immediate impact for Shareholders was a fall in portfolio valuations at the end of March, the low point of the year. These adjustments were partly general market related, but mainly reflected the Investment Adviser's assessment of COVID-19's potential impact on specific market segments and investee companies.

As the year progressed, the environment for most of our investee companies proved less volatile and uncertain than initially assumed in March.

In addition, favourable trading conditions emerged for a number of technology-related companies in the portfolio including those companies operating with direct to consumer business models. The valuation of the portfolio not only recovered strongly during the second quarter but also showed further

improvement as the year progressed. Whilst the UK Government's roadmap to ease restrictions leaves a number of hurdles to be overcome, your Board is pleased with how well so many portfolio companies have been able to take advantage of the opportunities that have arisen and with the overall performance achieved.

The Company remained an active investor during the year despite the COVID-19 related restrictions adversely impacting previously planned timelines. Throughout the year, the Company made investments into four new portfolio companies and four existing portfolio companies. The Company also profitably realised its investments in six portfolio companies including the disposal of a residual interest in Auction Technology Group, an investment which, taken as a whole, has yielded one of the Company's most successful investment returns in its history.

Further information on investment activity, portfolio valuation movements as well as investment activity after the year-end is presented in the Investment Portfolio section of this Statement and detailed in the Investment Adviser's Review on pages 10 to 17.

Looking forward, the Investment Adviser continues to report a healthy pipeline of investment opportunities and strong trading performance in the majority of the portfolio companies.

Performance

The Company's NAV total return per share for the year was 22.2% (2019: 10.7%) being the closing NAV of 81.50 pence plus 10.00 pence of dividends paid in the year, divided by the opening NAV of 74.90 pence. The share price total return for the year was 12.9% (2019: 17.9%), compared to the NAV return of 22.2%. This difference arises principally due to the timing of NAV announcements which are usually made on a date following the date to which they relate. This is explained more fully in the Strategic Report on page 6 under Performance.

The positive NAV total return for the year was primarily due to:

- Substantial net unrealised gains in portfolio valuations;
- Significant realised gains on disposals; and
- A strong revenue return.

The Company's performance has demonstrated strong resilience during a volatile year. The valuations at the

year-end reflect that many of our investee companies became beneficiaries of accelerated changes in UK consumer and business behaviour, brought on by the pandemic and lockdown restrictions. Despite the continued uncertainty in respect of the pandemic's ultimate effect, both the Board and the Investment Adviser believe that many of these changes have become structural and will not reverse.

The Company's revenue return increased to £1.85 million during the year (2019: £1.13 million). This was mainly due to significant investment income received on the disposal of Auction Technology Group as well as higher dividend income, but partially offset by deferral of loan interest payments to support portfolio companies impacted by COVID-19.

At the year-end, your Company was ranked 14th out of 30 Generalist VCTs over ten years and 15th out of 41 Generalist VCTs over five years, in the Association of Investment Companies' analysis of NAV Cumulative Total Return Performance. Shareholders should note that these figures do not reflect the increased NAV per share in the fourth quarter, disclosed in this Report.

Investment portfolio

The portfolio performed strongly in the year. The overall value increased by £13.31 million (2019: £5.68 million), or 34.5% (2019: 16.3%) on a like-for-like basis, compared to the start of the year. This increase comprised a net unrealised uplift in portfolio valuations of £8.87 million and £4.44 million in net realised gains over the year.

As at the year-end, the portfolio was valued at £41.68 million after taking account of investments purchased and sold in the year, together with the net realised and unrealised gains referred to above (2019: £38.54 million).

COVID-19 has been the dominant influence on the portfolio and its valuations for the majority of the year. During this unprecedented time, the Board liaised closely with the Investment Adviser, to ensure that all practical steps were taken to enable each portfolio company to trade through the crisis and return to growth in value. All investee companies were alerted to, and most utilised, the available government support packages.

The Company initially provided loan interest payment holidays to some portfolio companies, generating vital cash headroom during the period.

During the year, £4.80 million was invested by the Company (2019: £4.48 million), comprising £1.96 million in four new investments and £2.84 million in four existing portfolio companies (analysed in the Investment Adviser's Review on pages 10 to 17 and explained within Note 8 to the Financial Statements).

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

The Company realised investments in Biosite, Auction Technology Group, Access IS, Blaze Signs, Vectair Holdings and Bourn Bioscience during the year. Combined with loan repayment and other capital receipts, including the partial realisation of Omega Diagnostics in several phases, total proceeds of £14.97 million were generated. The six realised investments, in aggregate, have generated total income and capital proceeds of £21.64 million and £13.99 million in realised gains over original cost which is equivalent to a combined 2.8x return over the life of these investments.

For the year under review, the portfolio generated a net realised gain of £4.44 million. Within this, the principal gains were from full exits by Access IS (£1.75 million), Auction Technology Group (£1.16 million), Bourn Bioscience (£0.80 million) and Blaze Signs (£0.04 million) offset by a decline of £(0.04) million on the realisation of Vectair, a strong profit over cost, but slightly below its holding value at the start of the year pre-COVID-19.

Further gains of £0.57 million arose from the partial realisation of Omega Diagnostics, as well as net gains of £0.16 million arising from loan repayments and other capital proceeds.

The portfolio also achieved a net increase in unrealised valuations of £8.87 million for the year on investments still held, with substantial increases from Virgin Wines, MPB Group and Wetsuit Outlet partially offset by modest valuation falls at Tapas Revolution, CGI Creative Graphics and Media Business Insight.

Further details on these portfolio movements are contained in the Investment Adviser's Review on pages 10 to 17.

I am also pleased to report that transactional activity remains strong after the year-end, and up to the date of this report. Since the year-end, the Company has made new and follow-on

Investments totalling £1.88 million comprising one new investment of £0.91 million and £0.97 million in four follow-on investments.

There have also been two events resulting in additional positive returns for Shareholders. Firstly, on 11 February 2021, the remaining holding in Omega Diagnostics was realised for £0.42 million. Over the life of this investment total proceeds of £1.17 million were received, which is a 5.9x multiple on original cost.

Secondly, as Shareholders may have seen in the financial press, the flotation of Virgin Wines on the AIM market took place on 2 March 2021, at a Placing Price per share that increased the value of the Company's investment in Virgin Wines by £4.64 million. This increase reflects a premium generated by the strong support received from investors in the public offer. In isolation, this has resulted in a 5.53 pence uplift in NAV per share compared to the 31 December 2020 NAV per share contained within this Annual Report. As part of this transaction, the Company received repayment of its remaining loan stock, leaving Virgin Wines ungeared. The Board and Investment Adviser remain strong supporters of Virgin Wines and the Company has retained its entire equity holding.

The flotation on the AIM market of another portfolio company, Parsley Box, is expected to take place on 31 March 2021. Subject to Admission to trading, the Placement Price of £2.00 per share will increase the year-end value of the Company's investment by £1.70 million. In isolation, this will result in a further 2.02 pence uplift in NAV per share compared to the 31 December 2020 NAV per share contained within this Annual Report.

Dividends

Your Board declared and paid an interim dividend in respect of the year ended 31 December 2020 of 6.00 pence on 7 May 2020. No further dividends are proposed in respect of the year.

The interim dividend paid in respect of the year ended 31 December 2020 of 6.00 pence per share (2019: 19.00 pence) has increased cumulative dividends paid since inception to 134.20 pence (2019: 128.20 pence) per share.

The Company's target of paying a dividend of at least 4.00 pence per share in respect of each financial year has been achieved in each of the last ten years, and often exceeded. However, it should be noted that the

continued move of the portfolio to an increased proportion of younger growth capital investments may lead to increased volatility, which could affect the return in any one year.

A chart showing the dividends paid in respect of each of the last five years and cumulative dividends on the same basis is included in the Strategic Report on page 8.

A full dividend history is contained in the Fund Performance section of the Company's website: www.mig4vct.co.uk

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("DIS") was re-activated following the Annual General Meeting ("AGM") held in June 2020. Shareholders wishing to take advantage of this method of increasing their investment in the Company can elect to join the DIS at any time by instructing the Registrar, Link Group, whose details are contained on page 84 or by completing the mandate form available on the Company's website: www.mig4vct.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. As no dividend payment has been made since the DIS was reinstated, no shares were allotted under the DIS scheme during the year.

Share Buybacks

During the year, the Company bought back and cancelled 1,245,646 (2019: 1,483,865) of its own shares, representing 1.9% (2019: 2.2%) of the shares in issue at the beginning of the year, at a total cost of £0.73 million (2019: £1.07 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. Further details are included in the Strategic Report on page 35.

Shareholder Communications

May I remind you that the Company has its own website containing useful information for Shareholders: www.mig4vct.co.uk.

The annual Shareholder event was held on Tuesday, 4 February 2020 at the National Gallery in central London. Feedback from attendees was that this was a successful and informative event. Due to the uncertainty of when it may be possible to meet in a physical location

again and for the safety of all concerned, it is planned to hold a virtual Shareholder event later in 2021. Details will be notified to Shareholders once finalised and will be shown on the Company's website.

Environmental, Social and Governance (ESG)

Whilst the requirements under company law to detail ESG matters are not directly applicable to the Company, the Board is conscious of its potential impact on the environment as well as its social and corporate governance responsibilities. The Investment Adviser has presented its ESG strategy to the Board and has started to provide regular updates regarding the ESG responsibilities of its portfolio of investee companies.

Your Board would like to assure Shareholders that ESG matters form a key consideration in investment decisions. The future FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures commencing from 1 January 2021 do not currently apply to the Company however will be kept under review in light of any recommended changes.

In future, the Annual Report will address ESG matters in more detail. It is planned to provide additional reporting on these issues which are rightly viewed as integral to the investment process.

Shareholder Fraud Warnings

We are aware of a number of cases where Shareholders are being fraudulently contacted or are being subjected to attempts of identity fraud. Shareholders should remain vigilant of all potential financial scams or attempts for them to disclose personal data for fraudulent gains. The Board strongly recommends Shareholders take time to read the Company's Fraud Warning section, including details of who to contact, contained within the Information for Shareholders section on page 79.

Annual General Meeting

The next Annual General Meeting of the Company will be held at 11.30 am on Tuesday, 18 May 2021. Shareholders should note that you will not be permitted to attend the AGM in person as it is likely the Government restrictions

on physical meetings will still be in place at that time. The AGM will be held as a closed meeting with Shareholders able to join the meeting as attendees by electronic means.

A link to attend the meeting can be found in the Notice of Meeting at the rear of this Report, on pages 80 to 82 and on the Company's website at www.mig4vct.co.uk. 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 and the Board encourages you to submit your vote by proxy by completing and returning the form enclosed or by electronic submission via the Link Shareholder portal at: www.signalshares.com. Shareholders are also strongly advised to appoint the Chairman of the Meeting as their proxy as attendance by proxies other than the Board and quorum, will not be permitted. Votes must arrive at the Registrar by 11.30am on Friday, 14 May 2021 to be valid.

The Notice of the meeting is included on pages 80 to 82 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 36 to 38 of this Annual Report.

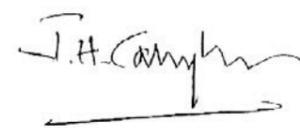
Shareholders can also submit any questions about the resolutions to be passed at the AGM using the agm@mobeus.co.uk email address up to 12 May 2021 and a response will be provided prior to the deadline for lodging proxy votes. You can also register any questions for the AGM by using the same email address or alternatively, use the question facility available during the meeting.

Outlook

The impact of COVID-19 was and will continue to be wide reaching. Nevertheless, your Board considers that your Company is well positioned to continue to respond and adapt in most likely scenarios that can presently be foreseen. The successful realisations and earlier fundraising have given the Company strong liquidity not only to support the existing portfolio, but also to capitalise on opportunities which may arise for new investment.

The Investment Adviser is seeing a good pipeline of new and interesting investment opportunities. COVID-19 uncertainties and economic instability may cause global markets and economies to be more volatile in the short-term and UK and European businesses will continue to operate in an uncertain trading environment for the near future as the new UK/EU trade agreement beds in. The companies in the portfolio have been well prepared for a considerable time for the impact of Brexit and those preparations appear to be bearing fruit and working well. Although the degree and frequency of any future restrictions as a result of the pandemic are unclear, both the Investment Adviser and portfolio companies are well equipped to respond. Consequently, we have cause to be cautiously optimistic about the future.

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



Jonathan Cartwright
Chairman

29 March 2021

Strategic Report

Company Objective and Business Model

Objective

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

Summary of Investment Policy

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

unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income, to generate capital gain upon sale and to reduce the risk of high exposure to equities. To spread the risk further, investments are made in a number of businesses across different industry sectors.

The Company's cash and liquid resources are held in a range of investments 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 legislation. A summary of this is set out below.

The full text of the Company's Investment Policy is available on page 5 of this Strategic Report.

The Company and its Business Model

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

Summary of VCT Legislation

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

- the Company must hold at least 80%, by VCT tax value¹, 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;
- 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 cannot be made, except for certain exemptions in managing the Company's short-term liquidity;

- VCTs are required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period; and
- the period for reinvestment of proceeds on disposal of qualifying investments is 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 annual limit is £10 million and the lifetime limit is £20 million), from VCTs and similar sources of State Aid funding; and
- 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 new 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is a genuine risk of loss of capital).

¹ VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 20 to 27.

Performance and Key Performance Indicators

The Board has identified six key performance indicators that are used in its own assessment of the Company's progress. 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 83. 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 31 December 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 in capital and income. To assess this, the Board monitors the growth in total returns per share, both on a NAV basis and a share price basis, adjusted for dividends paid in the year. NAV basis reflects the net assets of the Company and share price basis reflects the price at which a Shareholder could expect to sell their shares. These are the most widely used measures of performance in the VCT sector.

Total returns per share for the year

The Net Asset Value and share price total returns per share for the year ended 31 December 2020 were 22.2% and 12.9% respectively, as shown below:

	NAV basis (p)	Share price basis (p)	
Closing NAV per share	81.50	Closing share price	69.00
Plus: dividend paid in year (Note 1)	10.00	Plus: dividend paid in year (Note 1)	10.00
NAV Total return for year	91.50	Share price Total return for year	79.00
Less: opening NAV per share	(74.90)	Less: opening share price (Note 2)	(70.00)
Increase in NAV total return for year per share (Note 3)	+16.60	Increase in Share price total return for year per share	+9.00
% NAV Total return for year*	+22.2%	% Total Share price total return for year*	+12.9%

* The Share Price total return differs from the NAV total return because the share price at 31 December 2020 is by reference to the latest announced NAV per share, being 72.31 pence as at 30 September 2020. The NAV per share increased by 9.19 pence in the final quarter. This uplift will be reflected in the share price once the 31 December 2020 NAV is announced.

Note 1: Dividends paid in the year were an interim dividend in respect of the year ended 31 December 2019 of 4.00 pence per share paid on 10 January 2020 and an interim dividend in respect of the year ended 31 December 2020 of 6.00 pence paid on 7 May 2020.

Note 2: The opening share price has been adjusted for a dividend of 4.00 pence per share paid during the year on 10 January 2020, which was ex-div at 31 December 2019.

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

Year ended 31 December	2020 (p)	2019 (p)
Gross portfolio capital returns	15.84	8.50
Gross income returns	3.41	3.15
Costs (including tax charge)	(2.11)	(2.58)
Other movements	(0.54)	0.04
NAV Total Return for the year as above (2020 only)	16.60	9.11

The contributions from portfolio returns and income are shown before deducting attributable costs. They are explained below under review of financial performance for the year. Costs are referred to in section 6 on page 9.

Review of financial performance for the year

For the year ended 31 December	2020 £m	2019 £m
Capital return	12.55	4.92
Revenue return	1.85	1.13
Total return	14.40	6.05

The capital return for the year of £12.55 million (14.94 pence of NAV return for the year per share, net of costs charged to capital) is due to a net increase in the unrealised valuation of portfolio companies as well as realised gains, principally from Access IS, Auction Technology Group and Bourn Bioscience. The increase in capital return from £4.92 million to £12.55 million is principally due to both higher net unrealised gains in 2020 as well as higher realised gains on disposals in 2020 compared to 2019.

The revenue return for the year of £1.85 million (2.20 pence of NAV return for the year per share, net of costs charged to revenue) is derived from income, primarily loan interest, outweighing revenue expenses. The reason for the increase over the year is due to a rise in dividends received and loan interest, the latter principally due to a large interest receipt from the realisation of Auction Technology Group.

Cumulative total returns per share for the year

	NAV basis (p)	Share price basis (p)	
Closing NAV per share	81.50	Closing share price	69.00
Plus: cumulative dividends paid to date	134.20	Plus: cumulative dividends paid to date	134.20
Closing cumulative total return	215.70	Closing cumulative total return	203.20
Less: opening cumulative total return	(199.10)	Less: opening cumulative total return	(194.20)
Increase in cumulative total return for year	+16.60	Increase in cumulative total return for year	+9.00

Taking into account initial income tax relief, founder Shareholders who invested in 1999 have now seen, as at 31 December 2020, an overall gain on net investment cost of 34.8% (2019: 24.4%) since the launch of the Company. This is calculated as closing cumulative total return per share of 215.70 pence, as a percentage of net investment cost of 160.00 pence per share after initial income tax relief of 40.00 pence per share (both figures restated for the 2 for 1 share consolidation in 2006). Original Shareholders who also took advantage of the enhanced buyback offer made in 2013 have now seen an overall gain over net investment cost on this basis of 74.2%.

The Company does not consider it appropriate to set a specific annual and cumulative return per share target for the year. However, Shareholders should note that the Board assesses these returns against the Company's ability to meet its current annual dividend target of 4.00 pence per share.

Both NAV and share price returns for the year are considered to be commendable by the Board reflecting the benefit of strong investment realisations and an uplift in unrealised valuations.

Internal rate of return ("IRR")

	Original investment cost (pence per share)	Income tax relief	Cost net of income tax (p)	Internal Rate of Return
With benefit of Income Tax Relief				
2006/7 Shareholders	120.9	30%	84.6	8.7%
1999 Shareholders	200.0	20%	160.0	1.6%
Without benefit of Income Tax Relief				
2006/7 Shareholders	120.9	n/a	n/a	5.0%
1999 Shareholders	200.0	n/a	n/a	0.4%

The table above shows the Internal rate of return of Shareholders' investment for those founder Shareholders who invested in 1999 beneath those Shareholders who invested in 2006/7, shortly after the date at which Mobeus took over as sole Investment Adviser.

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

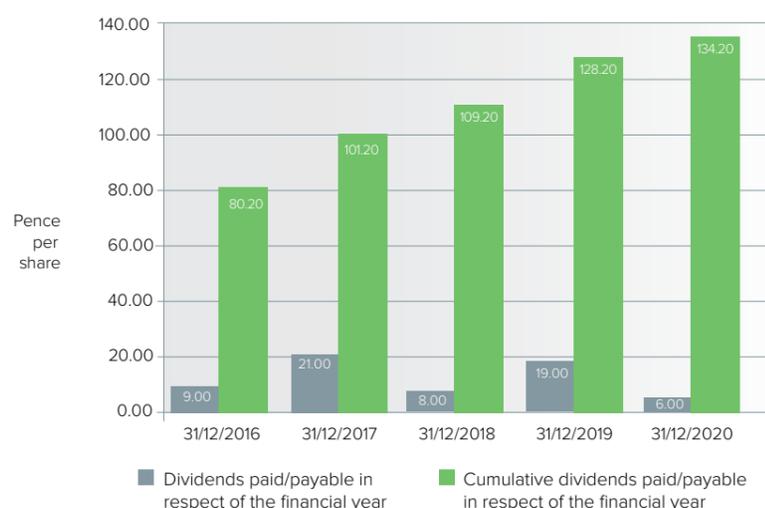
The Board places emphasis on the Company's performance against a peer group of VCTs and has a target of being ranked in the top half of Generalist VCTs. Using the benchmark of NAV total return (assuming dividends are reinvested) on an investment of £100, the Company is ranked 4th out of 46 (2019: 12th out of 45) over three years, and 8th out of 41 (2019: 20th out of 38) over five years amongst generalist VCTs by the AIC (based on statistics prepared by Morningstar) at 31 December 2020. The Board is pleased with the recent improvement in relative performance and strives to improve it further.

3. Dividends paid compared with the dividend target

The Company has an annual target dividend of paying not less than 4.00 pence per share in respect of each financial year. It has met or exceeded this target in respect of its last ten financial years. However, the Board continues to review the sustainability of this target following the 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 available cash and reserves. While the Board still believes in the attainment of the dividend target, the gradual move of the portfolio to growth capital investments is likely to result in annual ordinary dividend payments being more volatile and, at least over the medium-term, may be lower than have been paid in the recent past.

During the year, the Company paid an interim dividend of 4.00 pence in respect of the year ended 31 December 2019, and an interim dividend of 6.00 pence in respect of the year ended 31 December 2020. At the year-end, cumulative dividends paid to Shareholders since launch total 134.20 pence per share.

For details on the capital and revenue breakdown of these dividends for the year, please see Note 7 on page 63.



A dividend of 6.00 pence per share was paid in respect of the year ended 31 December 2020. Cumulative dividends paid since launch are 134.20 pence.

4. Compliance with VCT legislation

In making their investment in a VCT, Shareholders become eligible for several 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 tax legislation. The principal tests are summarised in the panel entitled 'Summary of VCT Legislation' on page 5. In respect of the year ended 31 December 2020, the Company continued to meet these tests.

5. Management of share price 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 latest published 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 managing the discount to the latest published NAV per share.

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. It has succeeded in carrying out this objective in the year.

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.

Shareholders granted the Directors authority to buyback up to 12.8 million of the Company's shares, representing 14.99% of the shares in issue at the date of the notice of the meeting, at the AGM held on 2 June 2020. Shares bought back under this authority are cancelled and 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. A resolution to renew this authority will be proposed at the forthcoming AGM in May 2021. The resolution will grant authority for the Company to buyback up to 12.6 million of the Company's own shares, representing 14.99% of the shares in issue, and will normally expire at the AGM to be held in 2022.

During the year ended 31 December 2020, Shareholders holding 1,245,646 shares expressed their desire to sell their holdings. The Company instructed its brokers, Panmure Gordon, to purchase these shares at prices representing discounts of approximately 5% to the previously announced NAV per share. The Company subsequently purchased these shares at prices of between 54.25 and 68.69 pence per share and cancelled them.

The discount for the Company's shares at 31 December 2020 was 4.6% (2019: 3.9%) based on the share price shown in the table on page 6 and the NAV at 30 September 2020 of 72.31 pence.

In total, the Company bought back 1.9% of the issued share capital of the Company, at the beginning of the year, as calculated by reference to the issued share capital on 1 January 2020.

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 3.4%, the Board monitors its costs carefully and seeks to maintain an Ongoing Charges Ratio well below 3.4%.

The Board monitors costs using the Ongoing Charges Ratio¹, which is as follows:

	2020	2019
Ongoing charges	2.67%	2.87%
Performance fee	0.00%	0.00%
Ongoing charges plus accrued performance fee	2.67%	2.87%

¹ The Ongoing Charges Ratio has been calculated, using the AIC recommended methodology.

The Ongoing Charges Ratio replaces the Total Expense Ratio reported previously. The Total Expense Ratio still forms the basis of any expense cap that may be borne by the Investment Adviser. For the purpose of calculating this ratio, actual running costs are capped at 3.4% of closing net assets but exclude any irrecoverable VAT and exceptional costs. There was no breach of the expense cap for the year ended 31 December 2020 (31 December 2019: £nil).

The Ongoing Charges Ratio for the year has decreased from last year primarily due to an increase in average net assets over the year combined with lower other expenses as explained below.

Investment Adviser fees and other expenses

Investment Adviser fees charged to both revenue and capital have remained at a similar level compared to 2019 being a total of £1.24 million. Other expenses (all charged to revenue) have decreased by £0.02 million to £0.43 million. This fall was a combination of a reduction in professional costs combined with the impact of recruitment fees incurred in the previous year. These falls were partially offset by a rise in director costs resulting from the appointment of a new Director part way through the previous year. Further details of these expenses are contained in the Financial Statements on pages 39 to 40 of this Annual Report.

Investment Adviser's Review

Overview

2020 has been an unprecedented year in terms of initial value decline and subsequent recovery. The Company's year started well with a strong portfolio performance and two highly successful realisations. In March, the UK Government then 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 demand, restrictions on working practices and disruption to their supply chains. Global markets also fell significantly. The valuations of the portfolio companies reflected this and experienced a significant decline at the end of the March quarter.

Once the immediate impact of lockdown subsided, the pandemic's continuing influence on business generally and portfolio companies specifically, was far clearer. It is pleasing that this impact has been far less negative than was initially feared with markets recovering and business activity levels quickly returning to pre COVID-19 levels in most cases. There have been a few portfolio companies which have experienced significant disruption but a significant proportion have actually benefited from a structural change in consumer purchasing habits and are now trading at or above their pre COVID-19 levels. General Retail now comprises over 50% of the portfolio and all these companies have significant direct to consumer channels – a business model that has performed well. The majority of the portfolio has therefore demonstrated a high degree of resilience with over 85% of companies by number showing

revenue and/or earnings progression over the previous year. Software and other technology enabled businesses have also performed strongly and the portfolio has limited exposure to more challenging sectors such as hospitality and travel.

Strong trading activity levels created investment opportunities for the Company as portfolio companies sought to consolidate their positions by building capability in light of demand. A number of further growth capital investments were therefore made into the portfolio over the year. Mobeus continues to review the opportunities for follow-on investments and is in a good position to capitalise on opportunities due to the Company's strong liquidity. M&A sentiment also remained buoyant with a continuing stream of attractive realisations throughout the year. The outlook for both follow-on investment and realisations continues to be positive.

Although quoted markets have rallied since March, it is noteworthy that the principal driver of the rise in valuations over the recent months was strong underlying trading performance. A small number of companies have clearly struggled, but they are in the minority and their impact on overall shareholder return is minimal. Substantial value has arisen from the increase in revenues and earnings achieved across the majority of the portfolio. A significant example of this has been the flotation of Virgin Wines on the AIM market on 2 March 2021, at a price per share that further materially increases the value of the Company's investment. This increase reflects a premium generated by the strong support received from investors in the public offer.

The social and economic consequences of COVID-19 will be with us for some time to come and the practical impact of Brexit is still emerging. However, the portfolio is well prepared, in robust shape and well placed to respond to the challenges and opportunities that arise going forward.

Overall, the portfolio has demonstrated great resilience and potential. Nevertheless, we remain mindful of the macro-economic uncertainties and market volatility. We are cautiously optimistic, based upon the recent evidence of improved trading performance at many constituents of the portfolio. Mobeus believes much of this uplift will become permanent in many cases and should underpin further potential growth within the portfolio.

New and further Investments

The Company made new and follow-on investments totalling £4.80 million (2019: £4.48 million), comprising £1.96 million (2019: £4.03 million) into four new investments and £2.84 million (2019: £0.45 million) into four existing investments. This level of new and follow-on investment is pleasing given that there was effectively a temporary pause in new investment going into the summer months as entrepreneurs temporarily deferred fundraising but a healthy pipeline of suitable opportunities has been seen more recently. The level of follow-on investment into the portfolio has increased as anticipated, which indicates there are opportunities to further back growing portfolio companies that are achieving a strong performance.

New Investments during the year

A total of £1.96 million was invested into four new investments during the year, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Bella & Duke	Premium frozen raw dog food provider	February 2020	0.62
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 be used to optimise its production and supply facilities, expand and enhance its team and broaden its product range. The company has grown revenues over 700% between 2018 and 2020.				
ANDERSEN	Andersen EV	Electric vehicle chargers	June 2020	0.19
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 OEMs such as Porsche, 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. Given the current strong political and social emphasis on decarbonisation and air quality, Andersen is well positioned and has already generated significant growth in sales over 350% for its most recent financial year.				
	Northern Bloc	Vegan and dairy-free ice cream producer	December 2020	0.30
Northern Bloc Ice Cream is an established food brand in the emerging and rapidly growing vegan market. By focusing on chef quality and natural ingredients, Northern Bloc has carved out an early mover position in the vegan ice cream sector. The company's focus on plant-based alternatives has strong environmental credentials as well as it being the first ice cream brand to move wholly into sustainable packaging. The investment is aimed at capitalising on the company's market position and accelerating growth. It has obtained key listings across several large supermarkets and is well placed to benefit from the food service recovery as it continues to secure menu placings. Northern Bloc has doubled its retail store facings in 2020 and saw a 60% increase in retail sales over the year. Current facings now stand at 1,800 across the UK.				
	Connect Childcare	Nursery management software provider	December 2020	0.85
Connect Childcare is a fully integrated nursery management system for childcare providers in the UK. Its market leading Core Connect product provides nurseries and preschools with an enterprise software solution enabling more efficient administrative processes. The investment will be used to drive product marketing, commercialise their new SaaS product, Foundations, as well as support the roll out of a payment facility to its underlying customer base. Supplying 14 of the top 25 largest nursery groups in the UK, the company has strong recurring revenues which have grown 20% for each of the last three years.				

Further Investments during the year

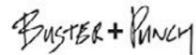
A total of £2.84 million was invested into four existing portfolio companies during the year, as detailed below:

	Company	Business	Date of investment	Amount of further investment (£m)
	RotaGeek	Workforce management software	May 2020	0.44

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 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 with 2020 revenues holding up well despite COVID-19 lockdowns.

	MyTutor	Digital marketplace connecting school pupils to a tutor	May 2020	0.71
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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 190% over the last 12 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	1.12
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Buster & Punch is a 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, with revenues growing in excess of 65%, and reaching nearly £10 million in 2020. Buster & 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	0.57
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Preservica is a SaaS software business with blue chip customers and strong recurring revenues. It 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.

Portfolio Valuation Movements

The portfolio generated net unrealised gains of £8.87 million during the year. The scale of the valuation increases in the last nine months of the 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 necessitated by COVID-19. Mobeus believes that this has accelerated an existing trend and in many cases the shift in behaviour will prove permanent. Over this period, some older style MBO portfolio companies with similar business practices have also benefited. A few companies have struggled in this environment, and 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.

Total valuation increases were £12.94 million. The main valuation increases include:

Virgin Wines	£3.84 million
MPB Group	£1.43 million
Wetsuit Outlet	£1.32 million
Parsley Box	£1.23 million

Virgin Wines, MPB and Parsley Box have generated record earnings and revenues over the lockdown periods 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 counterparts. Wetsuit Outlet has seen a marked turnaround in the last year and its performance is likely to further benefit from stronger brand relationships and increased usage by customers of its online channel.

Within total valuation decreases of £(4.07) million, the main reductions were:

Tapas Revolution	£(1.13) million
CGI Creative Graphics International	£(0.95) million
Media Business Insight (MBI)	£(0.88) million
RotaGeek	£(0.53) million

These companies saw the most significant impact of a sudden decline in demand for their products or services as a result of COVID-19. However, as restrictions are eventually eased, a recovery is anticipated in due course.

The majority of the increase in portfolio value lies in the top 10 companies which

represent over 70% of the portfolio by value. Year-on-year growth by either revenues or earnings has been seen in all of the top ten companies and it is pleasing to note that nine of these are from the younger, growth portfolio.

The year also saw portfolio companies, Jablite, Oakheath (formerly Super Carers)

and CB entering voluntary liquidation and recognised as a realised loss. These companies were struggling before the impact of COVID-19. Valuation reductions for these companies had already been made. As a result, there has been little impact on shareholder value from these administration processes.

Portfolio Realisations

The Company realised its investments in Biosite, Auction Technology Group, Access IS, Blaze Signs, Vectair Holdings and Bourn Bioscience during the year, receiving a total of £13.71 million in proceeds, contributing to total proceeds of £14.97 million during the year, as detailed below and on the next page. In summary, aggregate proceeds generated over the life of these investments were £21.64 million representing a gain over original cost of £13.99 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Biosite	Workforce management and security services	November 2016 to February 2020	£2.07 million 1.5 x cost

The Company sold its investment in Pattern Analytics Limited (trading as Biosite) to ASSA ABLOY AB for £1.98 million. Since investment in 2016, the investment has generated proceeds of £2.07 million compared to an original investment cost of £1.34 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 £1.08 million loan interest due on completion) (realised gain in the year: £1.16 million). This investment generated proceeds of £9.04 million over the life of the investment (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. Over the 11 ½ years this investment was held, these returns generated 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	£6.24 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 proceeds of £5.32 million (realised gain in the year: £1.75 million). Since investment in 2015, the investment has generated cash proceeds of £6.24 million compared to an original investment cost of £2.47 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	£1.61 million 2.6 x cost
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The Company sold its investment in Blaze Signs Holdings Limited via a secondary buy out backed by Elaghmore Advisor LLP and has received cash proceeds of £0.61 million (including £0.22 million of dividends and £0.06 million proceeds received after the year-end) (realised gain in the year: £0.04 million). Over the 14 years this investment was held, cash proceeds of £1.55 million have been received compared to original cost of £0.61 million, which is a **multiple of cost of 2.6x and an IRR of 13.4%**.

	Vectair	Designer and distributor of washroom products	January 2006 to November 2020	£0.83 million 8.3 x cost
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The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received proceeds of £0.48 million (realised loss in the year: £(0.04) million). This investment generated proceeds over the life of the investment of £0.83 million compared to original cost of £0.10 million, which is a **multiple of cost is 8.3x and an IRR of 22.2%**.

	Bourn Bioscience	In vitro fertilisation clinics	January 2014 to December 2020	£1.85 million 1.6 x cost
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The Company sold its investment in Bourn Bioscience Limited to Canadian acquirer Triangle Capital, and has received cash proceeds of £1.40 million (realised gain in the year: £0.80 million). This investment generated proceeds over the life of the investment of £1.85 million compared to original cost of £1.13 million, which is a **multiple of cost is 1.6x and an IRR of 8.5%**.

Loan stock repayments and other gains/(losses)

During the year and following a significant increase in the share price, the Company received £0.75 million from the partial realisations of its holding in AIM listed Omega Diagnostics Group plc, generating realised gains of £0.57 million. Based upon the valuation at the year-end, this holding has achieved an

attractive return to date of 5.1x multiple on cost, an IRR of 18.2%. This investment was subsequently fully realised after the year-end (see realisations after the year-end for further details).

Proceeds of £0.37 million were received via loan repayments from BookingTek, Vian Marketing (trading as Red Paddle) and End Ordinary Group (trading as Buster & Punch), generating a realised

gain of £0.06 million.

Finally, consideration and a realised gain of £0.14 million was received in respect of Redline Worldwide, an investment realised in a previous year and a realised loss of £(0.04) million from Jablite Holdings was recognised as this company entered liquidation, with some recovery still anticipated.

Portfolio income and yield

During the year under review, the Company received the following amounts in interest and dividend income:

Investment Portfolio Yield	2020 £m	2019 £m
Interest received in the year	2.13	1.72
Dividends received in the year	0.66	0.24
Total portfolio income in the year¹	2.79	1.96
Portfolio value at 31 December	41.68	38.54
Portfolio Income Yield (Income as a % of Portfolio value at 31 December)	6.7 %	5.1 %

¹ Total portfolio income in the year is generated solely from investee companies within the portfolio. See Note 3 to the Financial Statements for all income receivable by the Company. The increase in income was mainly due to interest of £1.08 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.

Portfolio review

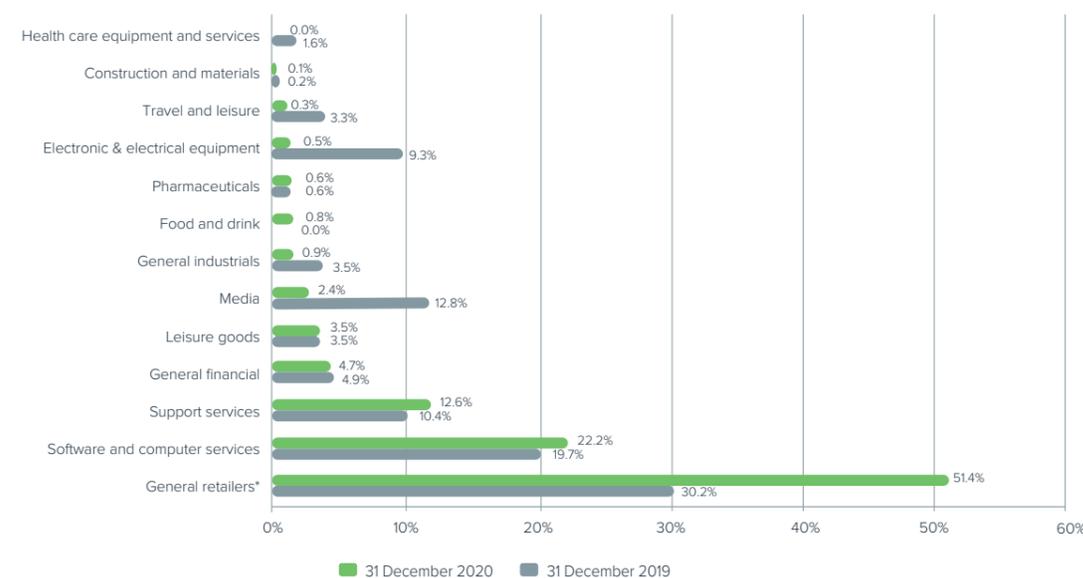
The portfolio's movements and valuation changes in the year are summarised as follows:

	2020 £m	2019 £m
Opening portfolio value	38.54	36.53
New and further investments	4.80	4.48
Disposal proceeds	(14.97)	(8.14)
Net realised gains	4.44	2.31
Valuation movements	8.87	3.36
Portfolio value at 31 December	41.68	38.54

Investment Portfolio Capital Movement	2020 £m	2019 £m
Increase in the value of unrealised investments	12.94	5.30
Decrease in the value of unrealised investments	(4.07)	(1.94)
Net increase in the value of unrealised investments	8.87	3.36
Realised gains	4.52	2.31
Realised losses	(0.08)	-
Net realised gains in the year	4.44	2.31
Net investment portfolio capital movement in the year	13.31	5.67

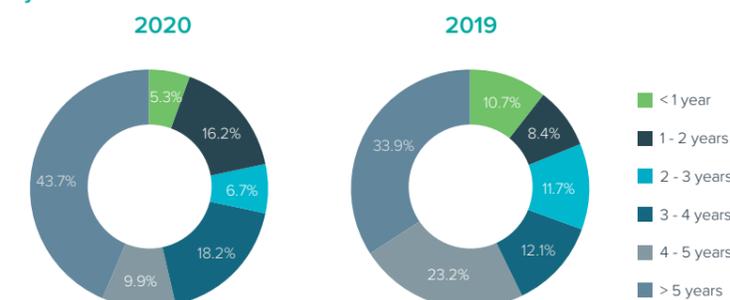
Investments by market sector

Investments by value remain spread across a number of sectors, primarily in general retailers, software and computer services and support services. Although the portfolio appears concentrated on three main sectors, the range of companies contained within these sectors is considered to be very diverse and the Investment Adviser continues to target further investments to complement these sectors.

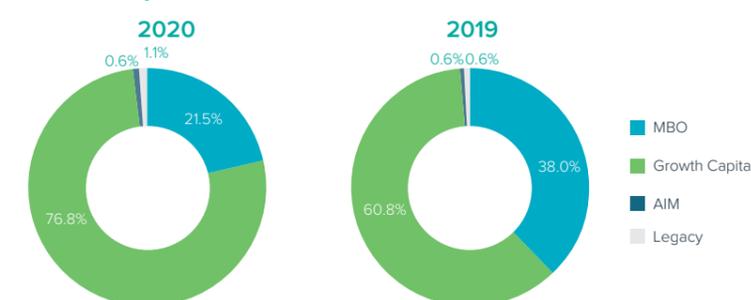


* - All of the General retail investments have branded online direct to consumer businesses with no physical high street retail presence, being Bella & Duke, Bleach London, Buster & Punch, EOTH (trading as RAB and Lowe Alpine), MPB Group, Parsley Box, Wetsuit Outlet, and Virgin Wines.

Age of the portfolio by value



Type of investment transaction by value



Growth Capital contains all investments made after the 2015 rule change which are young businesses using the Company's investment for growth and development purposes (as defined under VCT legislation). This category also contains a small number of growth capital style investments made before the 2015 rule change under the Investment Adviser's MBO strategy.

MBO contains MBO type investments made under the Investment Adviser's previous MBO strategy. This typically includes companies which are more mature compared to those invested under the growth capital strategy.

New and further investments and Realisations after the year-end

£0.91 million was invested into one new investment after the year-end, as detailed below:-

	Company	Business	Date of investment	Amount of new investment (£m)
	Vivacity	Artificial intelligence & urban traffic control system	February 2021	0.91

Vivacity (www.vivacitylabs.com) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage its road infrastructure more effectively enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection methods. The growth capital funding will allow the management team to achieve deeper penetration of the UK transport management sector, explore opportunities internationally and commercialise its new Smart Junction offering. Revenues have grown 350% over the last three years and have exceeded its most recent year's budget despite the onset of the COVID-19 pandemic.

Further Investments after the year-end

A total of £0.97 million was invested into four existing portfolio companies after the year-end, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Parsley Box	Ambient ready meals targeting the over 60s	January 2021	0.26

Parsley Box is a UK direct to consumer supplier of home delivered, ambient ready meals for the over 60s. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and aim to contribute to a more independent and healthier lifestyle. The incidence of the COVID 19 pandemic has encouraged consumers to order ready meals online, and the company's revenues have grown to eight times that at the time of the original VCT investment. This further investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. This company has announced an intention to admit its shares to trading on AIM on 31 March 2021.

	Bleach	Hair colourants brand	February 2021	0.11
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Bleach London Holdings ("Bleach") is an established branded, fast growing business which manufactures a range of haircare and colouring products. Bleach has made sound commercial progress since the VCTs invested in 2019 with its direct to consumer channels benefiting greatly from the COVID-19 pandemic. Revenues have grown over 90% ahead of the previous year. This further investment, along with strong support from existing investors, will be used to invest in marketing and infrastructure to enable the business to accelerate its direct to consumer channel.

	Arkk Consulting	Regulatory and reporting requirement service provider	February 2021	0.48
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Arkk Consulting (trading as Arkk Solutions) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. This further investment is to enable continued development of its software in order to capitalise on HMRC's 'Making Tax Digital' campaign. Recurring revenues are now over 50% higher than at the point of the original investment in May 2019.

	Tapas Revolution	Spanish restaurant chain	March 2021	0.12
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Tapas Revolution is a leading Spanish restaurant chain in the casual dining sector. At initial investment in January 2017, it was operating five sites and, subsequent to a further investment round in March 2018, had grown to 12 sites. Tapas was trading well and had a strong outlook up until the onset of COVID-19 which mandated the closure of much of its estate during the course of 2020 in response to the varying patterns of government restrictions. Costs have been controlled well under the circumstances and this further investment is to provide financial headroom through the remaining lockdown period and to capitalise on new site acquisition opportunities once the lockdown period has ended.

Realisations after the year-end

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Omega Diagnostics	In Vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	December 2010 to February 2021	£1.17 million to 5.9 x cost

Following a further significant increase in the share price, the Company sold its remaining investment in Omega Diagnostics Group plc for £0.42 million. Combined with partial realisations during the year under review, total proceeds received over the eleven year life of the investment were £1.17 million compared to an original investment cost of £0.20 million, which is **a multiple on cost of 5.9x and an IRR of 19.9%**.

Admission to AIM of Virgin Wines

Mobeus is also pleased to report that on 2 March 2021, Virgin Wines UK plc ("Virgin Wines"), an existing portfolio company, was admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange, alongside a placing of new and existing shares. The Placing Price of these shares was £1.97 per share, valuing Virgin Wines at a market capitalisation of £110m. Mobeus has been proud to partner the management of Virgin Wines in growing this business. We continue to support Virgin Wines and its future development and are pleased to be retaining the Company's entire equity holding.

At the date of the admission, and based upon the Placing Price of £1.97 per share, the Company's beneficial equity investment in Virgin Wines was valued at £9.12 million. This represented a significant uplift in valuation of £4.64 million, compared to that included in the Company's audited Net Asset Value ("NAV") per share at 31 December 2020 as shown as part of this Annual Report. As part of this transaction, the Company received net proceeds of £1.86 million (net of transaction costs) to repay its loan stock and interest, leaving Virgin Wines unencumbered at that point. At the date of this Report, Virgin's share price has remained above its placing price.

Funds available for investment

Cash and other liquid investments available for investment amounted to £26.69 million at the year-end. Of this amount, £4.05 million is held as cash in bank accounts, and the balance is placed in AAA rated money market funds. The returns on these funds are low, but the Board retains its policy of seeking to minimise the loss of capital in respect of uninvested funds.

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, and it will continue to be an important consideration in both the Investment Adviser's and the Board's assessment of new investment opportunities.

The statutory environmental disclosures are included in the Directors' Report on page 35.

Outlook

The portfolio is in a healthy position with many companies trading well throughout the lockdowns, and several at record levels. It continues to evolve offering a balance of fast-growing and more stable investments at various stages of maturity and scale across a range of diverse market sectors. There is a significant

exposure to the direct to consumer business model which has underpinned performance during the year. This also gives confidence about the future performance of the portfolio and its ability to cope with other uncertainties, challenges and opportunities associated with Brexit, the macro-economic outlook and the latest and potentially ongoing national lockdowns. The new investment pipeline is recovering to levels seen pre-COVID-19 and capital deployment should continue at an encouraging rate in line with forecast. The Investment Adviser, although cautious in its approach, is confident that the portfolio is in a robust shape to be able to cope with whatever the short to medium-term holds.

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Investment Adviser
29 March 2021

Principal investments in the portfolio at 31 December 2020 by valuation

Virgin Wines Holding Company Limited	MPB Group Limited	Preservica Limited	End Ordinary Group Limited (trading as Buster and Punch)	My Tutorweb Limited	EOTH Limited (trading as Rab and Lowe Alpine)
					
www.virginwines.co.uk	www.mpb.com	www.preservica.com	www.busterandpunch.com	www.mytutor.co.uk	www.equipuk.com
Cost £1,931,000	Cost £1,481,000	Cost £2,152,000	Cost £1,497,000	Cost £2,023,000	Cost £951,000
Valuation £6,313,000	Valuation £4,127,000	Valuation £3,611,000	Valuation £2,646,000	Valuation £2,477,000	Valuation £2,401,000
Basis of valuation Earnings multiple	Basis of valuation Revenue multiple	Basis of valuation Revenue multiple	Basis of valuation Earnings multiple	Basis of valuation Revenue multiple	Basis of valuation Earnings multiple
Equity % held 9.7%	Equity % held 5.3%	Equity % held 10.9%	Equity % held 7.8%	Equity % held 8.2%	Equity % held 1.7%
Income receivable in year £352,268	Income receivable in year £26,926	Income receivable in year £43,111	Income receivable in year £9,465	Income receivable in year Nil	Income receivable in year £238,800
Business Online wine retailer	Business Online marketplace for photographic and video equipment	Business Seller of proprietary digital archiving software	Business Industrial inspired lighting and interiors retailer	Business Digital marketplace connecting school pupils seeking one-to-one tutoring with tutors	Business Branded outdoor equipment and clothing (Rab and Lowe Alpine)
Location Norwich	Location Brighton	Location Abingdon, Oxfordshire	Location Stamford	Location London	Location Alfreton, Derbyshire
Original transaction Management buyout	Original transaction Growth capital	Original transaction Growth capital	Original transaction Growth capital	Original transaction Growth capital	Original transaction Growth capital
Audited financial information	Audited financial information	Audited financial information	Audited financial information	Financial information (unaudited)	Audited financial information
Year ended 30 June 2019 Turnover £42,456,000 Operating profit £2,289,000 Net assets £2,763,000	Year ended 31 March 2020 Turnover £44,179,000 Operating loss £(311,000) Net assets £9,753,000	Year ended 31 March 2020 Turnover £4,701,000 Operating loss £(2,633,000) Net liabilities £(1,394,000)	Year ended 31 March 2020 Turnover Not disclosed Operating profit Not disclosed Net assets £1,679,000	Year ended 31 December 2019 Turnover Not disclosed Operating profit Not disclosed Net assets £1,739,000	Year ended 31 January 2020 Turnover £65,230,000 Operating profit £8,665,000 Net assets £31,084,000
Year ended 30 June 2018 Turnover £39,888,000 Operating profit £1,548,000 Net assets £2,569,000	Year ended 31 March 2019 Turnover £31,909,000 Operating loss £(1,511,000) Net assets £2,320,000	Year ended 31 March 2019 Turnover £3,583,000 Operating loss £(2,178,000) Net assets £978,000	Year ended 31 March 2019 Turnover Not disclosed Operating profit Not disclosed Net assets £1,679,000	Year ended 31 December 2018 Turnover Not disclosed Operating profit Not disclosed Net assets £4,706,000	Year ended 31 January 2019 Turnover £60,584,000 Operating profit £14,713,000 Net assets £26,302,000
Movements during the year None.	Movements during the year None.	Movements during the year Follow-on investment in September 2020.	Movements during the year Follow-on investment and loan repayment in September 2020.	Movements during the year Follow-on investment in May 2020.	Movements during the year None.

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

Operating profit is stated before charging depreciation and amortisation where appropriate for all investee companies.

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

Operating profit is stated before charging depreciation and amortisation where appropriate for all investee companies.

Principal investments in the portfolio at 31 December 2020 by valuation



Manufacturing Services Investment Limited (trading as Wetsuit Outlet)

www.wetsuitoutlet.co.uk

Cost £2,333,000

Valuation £2,331,000

Basis of valuation

Earnings multiple

Equity % held

6.4%

Income receivable in year

£116,655

Business

Online retailer in the water sports market

Location

Southend on Sea, Essex

Original transaction

Growth capital

Audited financial information

Year ended	31 March 2020
Turnover	£16,531,000
Operating loss	£(138,000)
Net assets	£8,803,000

Year ended	31 March 2019
Turnover	£14,671,000
Operating loss	£(540,000)
Net assets	£10,585,000

Movements during the year

None.



Data Discovery Solutions Limited (trading as Active Navigation)

www.activenavigation.com

Cost £1,101,000

Valuation £2,201,000

Basis of valuation

Revenue multiple

Equity % held

6.3%

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

None.



Parsley Box Limited

www.parsleybox.com

Cost £668,000

Valuation £1,938,000

Basis of valuation

Revenue multiple

Equity % held

4.9%

Income receivable in year

Nil

Business

Supplier of home delivered ambient ready meals targeted at the over 60s

Location

Edinburgh

Original transaction

Growth capital

Financial information (unaudited)

Period ended	31 December 2019
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	£1,982,000

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

Movements during the year

None.



Proactive Group Holdings Inc

www.proactiveinvestors.co.uk

Cost £755,000

Valuation £1,900,000

Basis of valuation

Revenue multiple

Equity % held

2.6%

Income receivable in year

£14,624

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 2020
Turnover	Not disclosed
Operating profit	Not disclosed
Net assets	Not disclosed

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

Movements during the year

None.

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

Operating profit is stated before charging depreciation and amortisation where appropriate for all investee companies.

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

Operating profit is stated before charging depreciation and amortisation where appropriate for all investee companies.

Investment Portfolio Summary

as at 31 December 2020

	Ordinary shares		Other investments ¹ (loan stock/preference shares)		Total cost at 31 December 2020 £
	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	
Mobeus Equity Partners Portfolio					
Virgin Wines Holding Company Limited² Online wine retailer	45,915	4,427,991	1,884,898	1,884,898	1,930,813
MPB Group Limited Online marketplace for used photographic equipment	1,256,605	3,790,370	224,388	336,582	1,480,993
Preservica Limited Seller of proprietary digital archiving software	1,132,695	2,584,797	1,019,347	1,026,347	2,152,042
End Ordinary Group Limited (trading as Buster and Punch) Industrial inspired lighting and interiors retailer	1,496,785	2,646,272	-	-	1,496,785
My Tutorweb Limited Digital marketplace connecting school pupils seeking one-to-one online tutoring	2,023,042	2,476,581	-	-	2,023,042
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing (Rab and Lowe Alpine)	95,147	1,468,404	856,324	932,228	951,471
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	1,166,551	1,164,559	1,166,551	1,166,551	2,333,102
Data Discovery Solutions Limited (trading as Active Navigation) Provider of global market leading file analysis software for information governance, security and compliance	1,100,500	2,201,000	-	-	1,100,500
Parsley Box Limited Supplier of home delivered, ambient ready meals targeting the over 60s	668,400	1,937,571	-	-	668,400
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	572,540	1,717,621	182,800	182,800	755,340
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	271,683	726,272	517,323	739,032	789,006
Arkk Consulting Limited Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	671,090	671,090	447,400	507,053	1,118,490
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopgate and Aussie Man & Van) A specialist logistics, storage and removals business	348,641	1,044,971	-	-	348,641
Tharstern Group Limited MIS & Commercial print software solutions	338,861	34,627	753,025	1,002,763	1,091,886
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	1,089,103	-	1,633,657	1,013,748	2,722,760
Connect Childcare Group Limited Nursery management software provider	423,007	423,007	423,000	423,000	846,007
Bella & Duke Limited A premium frozen raw dog food provider	617,400	836,042	-	-	617,400
Bleach London Holdings Limited Hair colourants brand	519,672	832,878	-	-	519,672

Green Growth focused portfolio

Blue MBO focused portfolio

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

² After the year-end, this company was admitted to AIM. For further details see Post Balance Sheet Events on page 77.

Total valuation at 31 December 2019 £	Total additional investments £	Total valuation at 31 December 2020 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
2,475,731	-	6,312,889	3,837,158	-	-	9.7%	15.1%
2,701,332	-	4,126,952	1,425,620	-	-	5.3%	10.2%
2,043,873	566,269	3,611,144	1,001,002	-	-	10.9%	8.7%
925,639	1,123,712	2,646,272	754,240	-	157,319	7.8%	6.3%
1,307,644	715,398	2,476,581	453,539	-	-	8.2%	5.9%
2,148,792	-	2,400,632	251,840	-	-	1.7%	5.8%
1,015,878	-	2,331,110	1,315,232	-	-	6.4%	5.6%
1,100,500	-	2,201,000	1,100,500	-	-	6.3%	5.3%
704,359	-	1,937,571	1,233,212	-	-	4.9%	4.6%
1,900,421	-	1,900,421	-	-	-	2.6%	4.6%
1,337,175	-	1,465,304	285,370	-	157,241	10.9%	3.5%
1,142,351	-	1,178,143	35,792	-	-	7.5%	2.8%
785,346	-	1,044,971	259,625	-	-	6.6%	2.5%
1,106,429	-	1,037,390	(69,039)	-	-	12.2%	2.5%
1,893,907	-	1,013,748	(880,159)	-	-	15.7%	2.4%
-	846,007	846,007	-	-	-	3.0%	2.0%
-	617,400	836,042	218,642	-	-	4.3%	2.0%
519,672	-	832,878	313,206	-	-	3.1%	2.0%

Investment Portfolio Summary

as at 31 December 2020

	Ordinary shares		Other investments ¹ (loan stock/preference shares)		Total cost at 31 December 2020 £
	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	
Mobius Equity Partners Portfolio					
Rota Geek Limited Workforce management software	874,000	726,667	-	-	874,000
IPV Limited Provider of media asset software	619,487	619,487	-	-	619,487
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	476,612	-	973,134	390,849	1,449,746
Northern Bloc Ice Cream Limited Dairy-free ice cream producer	30,405	30,405	273,645	273,645	304,050
Omega Diagnostics Group plc² In-vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	50,011	266,680	-	-	50,011
Muller EV Limited (trading as Andersen EV) Provider of premium electric vehicle (EV) chargers	19,520	42,224	175,680	175,680	195,200
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	328,950	152,488	-	-	328,950
RDL Corporation Limited Recruitment consultants for the pharmaceutical and IT industries	173,932	-	826,068	151,247	1,000,000
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution) Spanish restaurant chain	348,269	-	696,600	139,317	1,044,869
Jablite Holdings Limited Manufacturer of expanded polystyrene products	339,974	-	36,109	49,597	376,083
BG Training Limited City-based provider of specialist technical training	-	-	10,625	7,969	10,625
Veritek Global Holdings Limited Maintenance of imaging equipment	43,527	-	1,576,559	-	1,620,086
BookingTek Limited Software for hotel groups	582,300	-	-	-	582,300
Oakheath Limited (formerly Super Carers) (in members' voluntary liquidation) Online platform that connects people seeking care home from experienced independent carers	485,730	-	-	-	485,730
Racoon International Group Limited Supplier of hair extensions, hair care products and training	419,959	-	64,388	-	484,347
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home décor products	175,000	-	-	-	175,000
Disposals in year					
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	-	-	-	-	-
Turner Topco Limited (trading as Auction Technology Group) SaaS based online auction marketplace platform	-	-	-	-	-

Green Growth focused portfolio

Blue MBO focused portfolio

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

² Quoted on AIM.

Total valuation at 31 December 2019 £	Total additional investments £	Total valuation at 31 December 2020 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
816,619	437,000	726,667	(526,952)	-	-	4.4%	1.7%
619,487	-	619,487	-	-	-	5.5%	1.5%
1,344,908	-	390,849	(954,059)	-	-	6.3%	0.9%
-	304,050	304,050	-	-	-	0.7%	0.7%
233,345	-	266,680	208,355	573,500	748,520	0.2%	0.6%
-	195,200	217,904	22,704	-	-	0.5%	0.5%
515,372	-	152,488	(362,884)	-	-	3.2%	0.4%
293,708	-	151,247	(142,461)	-	-	9.1%	0.4%
1,274,306	-	139,317	(1,134,989)	-	-	5.8%	0.3%
94,021	-	49,597	-	(44,424)	-	9.1%	0.1%
5,313	-	7,969	2,656	-	-	0.0%	0.0%
-	-	-	-	-	-	15.4%	0.0%
-	-	-	-	55,535	55,535	3.5%	0.0%
-	-	-	-	-	-	4.3%	0.0%
-	-	-	-	-	-	8.0%	0.0%
-	-	-	-	-	-	5.8%	0.0%
3,571,056	-	-	-	1,752,861	5,323,917	-	-
3,029,777	-	-	-	1,160,717	4,190,494	-	-

Investment Portfolio Summary

as at 31 December 2020

	Ordinary shares		Other investments ¹ (loan stock/preference shares)		Total cost at 31 December 2020 £
	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	Cost at 31 December 2020 £	Valuation at 31 December 2020 £	
Mobeus Equity Partners Portfolio					
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	-	-	-	-	-
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	-	-	-	-	-
Vectair Holdings Limited Designer and distributor of washroom products	-	-	-	-	-
Blaze Signs Holdings Limited Manufacturer and installer of signs	-	-	-	-	-
Proceeds from companies realised in previous years ²	-	-	-	-	-
Total	18,805,313	30,822,004	13,741,521	10,403,306	32,546,834
Former Elderstreet Private Equity Portfolio					
Cashfac Limited Provider of virtual banking application software solutions to corporate customers	260,101	451,386	-	-	260,101
Sift Group Limited Developer of business-to-business internet communities	135,391	-	-	-	135,391
Total	395,492	451,386	-	-	395,492
Total Investment Portfolio	19,200,805	31,273,390	13,741,521	10,403,306	32,942,326
Total Investment Portfolio split by type					
Growth focused portfolio ³	16,097,922	26,810,772	5,983,058	5,902,235	22,080,980
MBO focused portfolio ³	3,102,883	4,462,618	7,758,463	4,501,071	10,861,346
Investment Adviser's Total	19,200,805	31,273,390	13,741,521	10,403,306	32,942,326

Green Growth focused portfolio

Blue MBO focused portfolio

Notes

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

² £141,326 was received in respect of Redline Worldwide Limited, a company realised in 2019 and £2,044 was received as final liquidation proceeds from H Realisations (2018) Limited (formerly Hemmels Limited).

³ The growth focused portfolio contains all investments made after the change in the VCT regulations in 2015 plus some investments that are growth in nature made before this date. The MBO focused portfolio contains investments made prior to 2015 as part of the previous MBO strategy.

Total valuation at 31 December 2019 £	Total additional investments £	Total valuation at 31 December 2020 £	Unrealised gains/(losses) in year £	Net realised gains/(losses) in year £	Net proceeds in year £	% of equity held	% of portfolio by value
1,978,710	-	-	-	-	1,978,710	-	-
606,708	-	-	-	796,121	1,402,829	-	-
522,139	-	-	-	(40,172)	481,967	-	-
291,039	-	-	-	43,365	334,403	-	-
-	-	-	-	143,370	143,370	-	-
38,305,557	4,805,036	41,225,310	8,648,150	4,440,873	14,974,305		98.9%
232,724	-	451,386	218,661	-	-	2.9%	1.1%
-	-	-	-	-	-	1.3%	0.0%
232,724	-	451,386	218,661	-	-		1.1%
38,538,281	4,805,036	41,676,696	8,866,811	4,440,873	14,974,305		100.0%
23,910,253	4,805,036	32,713,007	7,072,715	1,568,526	4,643,524		78.5%
14,628,028	-	8,963,689	1,794,096	2,872,347	10,330,781		21.5%
38,538,281	4,805,036	41,676,696	8,866,811	4,440,873	14,974,305		100.0%

Key policies

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

Investment policy

The Investment Policy is designed to meet the Company's Objective:

Investments

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

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

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

Liquidity

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

Borrowing

The Company's Articles of Association permit borrowings of amounts up to 10% 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.

Diversity

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

Other policies

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

- Environmental and social responsibility;
- Human rights;
- Anti-bribery;
- Global greenhouse gas emissions;
- Whistleblowing;
- Financial risk management; and
- Anti-Tax Evasion;

further details of which are set out in the Directors' Report on page 6.

Stakeholder Engagement and Directors' Duties

The Board has discussed the discharge of their Director's duties under Section 172 of the Companies Act 2006 having regard to the factors set out under Provision 5 of the Association of Investment Companies (AIC) Code and in line with the UK Corporate Governance Code. The views of and the impact of the Company's activities on the key stakeholders are an important consideration for the Board 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.

The table below sets out the interests of key stakeholders that have been considered throughout the year during the Board's discussions and in decision making.

Stakeholders	Engagement type	Outcome
Shareholders	<p>The key mechanisms of Shareholder engagement include:</p> <ul style="list-style-type: none"> ● Annual General Meeting (AGM) ● Annual, Half-year Reports and Interim Management Statements ● Annual Investor Events ● RNS Announcements ● Website 	<p><i>Continued Shareholder support and access to capital is of vital importance to the long-term success of the Company's business. Whilst Shareholders would normally attend the AGM and engage with the Board and Investment Adviser, this has not been possible under the COVID-19 restrictions for the 2020 AGM and the forthcoming AGM. The Board wished to continue Shareholders' involvement in the AGM and their ability to communicate with the Board, ask questions and view the Investment Adviser's presentation. A teleconference facility and now a visual link via MS Teams have been made available for the AGMs so Shareholders are not disenfranchised and retain the ability to interact with the Board and Investment Adviser. Shareholders are also encouraged to exercise their right to vote on the resolutions proposed at the AGM.</i></p> <p><i>Shareholders are provided with Annual and Half-Year Reports in hard or soft copy according to their choice, which are also available on the Company's website. Voluntary Interim Management Statements are released in the quarters between reports to ensure Shareholders are kept up to date with events. This has been particularly important during the pandemic and the resultant uncertainty. The website is an important source of information for Shareholders and announcements are also regularly made through the London Stock Exchange.</i></p> <p><i>The Share buyback programme has continued to be offered throughout the year. This provides Shareholders with liquidity if they wish to sell their shares, at a price close to the latest announced NAV per share, the Board having considered the interests of remaining Shareholders. Further details are contained in the Chairman's Statement on page 3 and in the Director's Report on page 35.</i></p> <p><i>Shareholders are welcome to contact the Chairman or the Investment Adviser by email as advised on page 79 of this Report. Responses are provided to Shareholder's comments and queries throughout the year.</i></p> <p><i>The Annual Investor Event will be held as a virtual meeting in 2021 and details will be sent to all Shareholders once finalised.</i></p> <p><i>The Company seeks to create value for Shareholders by generating good returns which are eventually distributed to Shareholders as dividends. The importance of tax-free dividends to Shareholders is recognised by the Board and considered at each quarterly meeting and the decision made to declare an interim dividend of 6.00 pence for payment during the year. The Company's dividend target has consistently been achieved or exceeded as outlined in the Chairman's Statement on page 3 and in the Strategic Report. It should be noted that the increased proportion of younger growth capital investments in the portfolio may lead to increased volatility, which could affect the return in any one year.</i></p> <p><i>The Board are keen to increase Shareholder engagement by offering the Dividend Investment Scheme which enables Shareholders to purchase additional shares by reinvesting their cash dividend in a cost efficient manner. This also allows the Company to retain the funds for new or further investment. Further details of how to join the scheme are in the Chairman's Statement on page 3.</i></p> <p><i>The liquidity level of the Company has remained strong and is managed with the primary aim of preserving capital, as discussed at each Board meeting. Liquidity levels are managed after considering, inter alia, applicable annual dividend commitments as well as the provision of the buyback facility.</i></p>

Stakeholders	Engagement type	Outcome
Suppliers	Including: Registrar, Broker, Auditor, Lawyer, Sponsor, Banker and the VCT Status Adviser	<i>The Investment Adviser regularly communicates with each of the professional advisers and secures an annual confirmation of the policies they have in place. The Board review the performance of each provider on an annual basis.</i>
Government & Regulators	The Board is committed to conducting business in line with the appropriate laws and regulation. Mobeus Income & Growth 4 VCT plc does not provide financial contributions to political parties or lobby groups.	<i>As a UK listed company the Board and Investment Adviser comply with the Companies Act, the UKLA, HMRC, UK Accounting Standards and FCA regulatory requirements in addition to the Alternative Investment Fund Managers Directive, to ensure the Company can continue to trade. Non-compliance with the VCT regulations in particular is viewed as a principal risk for the Company. The Company continued to comply with these regulations throughout the year and to the date of this Report.</i>
Investee Companies	The Board has delegated authority for the day-to-day management of the Company to the Investment Adviser and engages with the Investment Adviser in setting, approving and overseeing the execution of the business strategy and related policies.	<p><i>The Board aims to have a diverse mix of companies across a range of different sectors and regularly reviews the composition of the portfolio.</i></p> <p><i>The Investment Adviser reports at the Company's quarterly Board meetings on each of the portfolio companies. Members of the Investment Adviser sit on the majority of the portfolio companies' boards. This is to provide input on key matters such as advancing the shareholder value agenda, ensuring class leading corporate governance and encouraging best practice in areas such as ESG.</i></p> <p><i>Considerable support has been provided to the investee companies during the year particularly at the start of the pandemic with regular communication undertaken outside of scheduled meetings. Amongst many portfolio initiatives during the lockdown, all investee companies were alerted to, and provided with, guidance and knowledge of relevant government support packages. The Company also provided loan interest payment holidays to some portfolio companies, generating vital cash headroom for the portfolio when required. Mobeus organises, when permitted and in recent cases virtually, seminars and events that involve portfolio companies and alumni to benefit from the Mobeus network.</i></p>
Investment Adviser	The Investment Adviser's performance is vital for the Company to deliver its investment strategy, meeting its objectives and generating investment returns for Shareholders, and is a crucial relationship for the Board.	<i>The Investment Adviser meets with the Board at each quarterly meeting and is in frequent contact throughout the periods in between meetings e.g. to approve investment transactions. All key strategic and operational topics are discussed in detail and a close dialogue is maintained with the Board. The Board take an active interest in the challenges faced by the portfolio companies. The Board considers each potential disposal based on the company's performance, market conditions and the offer(s) in its decision to sell the Company's holding. The Investment Adviser's performance is evaluated annually and its re-appointment is dependent on the outcome of that evaluation.</i>

Principal and Emerging risks, management and regulatory environment

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant and emerging risks faced by the Company. This includes a key risk management review and robust assessment of the risks, which takes place at each quarterly board meeting. Further details of these are contained in the corporate governance section of the Directors' Report on pages 39 to 41. The principal risks and a new emerging risk identified by the Board are set out below:

Risk	Possible consequence	How the Board manages risk
Loss of approval as a Venture Capital Trust	The Company must comply with section 274 of the Income Tax Act 2007 ("ITA") which allows it to be exempt from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a Venture Capital Trust, qualifying Shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.	<ul style="list-style-type: none"> The Company's VCT qualifying status is continually reviewed by the Investment Adviser. The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the Company's ongoing compliance with the VCT Rules.
Economic and Political	Events such as the COVID-19 pandemic and resultant 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.	<ul style="list-style-type: none"> The Board monitors the portfolio as a whole to (1) ensure that the Company invests in a diversified portfolio of companies; (2) ensure that developments in the macro-economic environment such as movements in interest rates are monitored and (3) With regard 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 the net assets of the Company, further to the successful realisations and the fund-raise earlier 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.
Investment	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, may not be profitable at the point of investment and may be dependent for their management on a smaller number of key individuals. This may lead to variable investment returns and the use of more subjective valuation methodologies.	<ul style="list-style-type: none"> The Board regularly reviews the Company's investment strategy. Careful selection and review of the investment portfolio on a regular basis. The Investment Adviser has provided a growing pipeline of compliant investment opportunities and continues to strengthen its investment team. The valuation of the investment portfolio and valuation methodologies are reviewed by the Board each quarter.
Regulatory	The Company is required to comply with the Companies Act, the Listing Rules of the UK Listing Authority and United Kingdom Accounting Standards. Changes to and breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the 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"> Regulatory and legislative developments are kept under review by the Company's solicitors and the Board.
Financial and operating	Failure of the systems (including breaches of cyber security) at any of the third-party service providers that the Company has contracted with, could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets. 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"> The Board carries out an annual review of the internal controls in place and reviews the risks facing the Company at each quarterly Board meeting, receiving control reports by exception. It reviews the performance of the service providers annually and has obtained assurance that such providers have controls in place to reduce the risk of breaches of their cyber security.

Risk	Possible consequence	How the Board manages risk
Market	Movements in the valuations of the Company's investments will, inter alia, be connected to movements in UK Stock Market indices as well as affecting the Company's own share price and its discount to net asset value.	<ul style="list-style-type: none"> • <i>The Board receives quarterly valuation reports from the Investment Adviser.</i> • <i>The Investment Adviser alerts the Board about any adverse movements.</i>
Asset liquidity	The Company's investments may be difficult to realise.	<ul style="list-style-type: none"> • <i>The Board receives reports from the Investment Adviser and reviews the portfolio at each quarterly Board meeting. It carefully monitors investments where a particular risk has been identified.</i>
Environmental, Social and Governance Emerging Risk	Non-compliance with current and future reporting requirements could lead to a fall in demand from investors. That may affect the level of capital the Company has available to meet its investment objectives.	<ul style="list-style-type: none"> • <i>ESG is also taken into account when considering new investment proposals. The Investment Adviser monitors the potential impact on investee companies of any proposed new legislation regarding environmental, social and governance matters and advises and adapts accordingly.</i> • <i>The Board recognises that climate change is an important emerging risk that the Company is taking into account in their strategic planning although the Company itself has little direct impact on environmental issues. Measures have been introduced to decrease the amount of travel undertaken and to reduce the cost and environmental impact of providing paper copies of Shareholder correspondence, as mentioned elsewhere in the Annual Report.</i>

The risk profile of the Company changed as a result of changes to VCT legislation 2015. As the Company is required to focus its new investment activity on growth capital investments in younger companies it is anticipated that investment returns will be more volatile and have a higher risk profile. The Board also discusses emerging risks as and when they arise, such as the COVID-19 pandemic, and puts in place mitigating actions to manage the risk. In an environment of ultra-low interest rates, returns on liquidity may impact overall performance. This factor is monitored by the Board with the objective of optimising returns on liquid funds whilst minimising capital risk.

Going concern and viability of the Company

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in this Strategic Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified, the impact of COVID-19 and Brexit may still impose demands on the liquidity 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 page 76. 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 comprising the emerging risks, such as ESG and Climate Change as shown on page 32 and principal risks, facing the Company and the disclosure of the principal and emerging risks are listed on pages 31 and 32 and above. Subsequent to this review they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors believe that 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. A period greater than three years is considered to be too uncertain for it to be meaningful. 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 and emerging risks and how these are managed, as described on page 31 above. The Board is mindful of these risks 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 "providing investors with a regular income stream by way of tax-free dividends and to generate capital growth through portfolio realisations" remains valid. The Board has focused upon the range of future investments that the Company will be permitted to fund under the 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 four more new investments in compliance with the VCT rules introduced in 2015 and its revised Investment Policy, and the Investment Adviser continues to build a

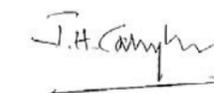
healthy pipeline of such investment opportunities. The Board will continue to monitor this assumption on a regular basis and is encouraged, in the current circumstances, by the returns generated from some of these investments to date.

The Board will continue to monitor returns from growth capital investments on a regular basis and the prospective returns thereon over the next three years. The Board considers that the Company has sufficient liquidity to maintain its present investment rate in the short to medium-term.

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 April 2020 (under the Offer for Subscription), this factor has not affected the Board's assumptions for the next three years.

Future Prospects

For a discussion of the Company's future prospects (both short and medium-term), please see the Chairman's Statement on page 2 and the Investment Adviser's Review on page 10.



Jonathan Cartwright
Chairman

29 March 2021

Board of Directors

Jonathan Cartwright Independent, Non-Executive Chairman

Date of appointment: 7 September 2020

Experience: Jonathan is a qualified Chartered Accountant with significant experience of the VCT and investment trust sectors. He joined Caledonia Investments plc in 1989, serving as finance director from 1991 to 2009. Currently he is a Non-Executive Director and Chairman of the Audit Committee of British Smaller Companies VCT plc, Chairman of BMO Capital and Income Investment Trust plc and a Non-Executive Director of Tennants Consolidated Limited where he also chairs the Audit Committee.

Jonathan is a former Chairman of BlackRock Income and Growth Investment Trust plc and Aberforth Split Level Income Trust plc. He has also served as a Non-Executive Director of The Income & Growth VCT plc between 2010 and 2020, where he was Chairman of the Audit Committee followed by an interim appointment as Chairman of the Board.

Christopher Burke Independent, Non-Executive Director

Date of appointment: 26 November 2019

Experience: Christopher has spent over 35 years in the Telecommunications, IT and Technology industries in a very International career. Christopher has held both Senior Technical and General Management responsibilities in a Telecoms Equipment Manufacture (Nortel), Fixed Line Carrier (Energis), Wireless Service Provider company (Vodafone), and a User Equipment Manufacturer (RIM). After graduating from university in 1982 with a Bachelor of Computer Science, Christopher spent 15 years with Bell Northern Research (R&D for Northern Telecom) and Nortel holding a variety of roles in software development, operations and ultimately Sales, working across North America, Europe and Asia. From 1997 to 2000 Christopher was CTO at Energis

Helen Sinclair Independent, Non-Executive Director

Date of appointment: 1 February 2003

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

Communications, forming part of the executive team that led Energis through IPO and into the FTSE 40. From 2001 to 2005, Christopher worked at Vodafone, where he was Vodafone's first Chief Technology Officer (CTO) responsible for Vodafone UK's technology, product architecture, design, procurement, development, support and operations. Christopher's last position in a public company was as Managing Director for Research in Motion (RIM) in Europe, Middle East and Africa (EMEA), departing in 2009. Since 2009, Christopher has spent most of his time co-founding Companies and developing his own Investment Fund/Advisory Business.

Graham Paterson Independent, Non-Executive Director

Date of appointment: 10 May 2019

Experience: Graham is an investment and financial services professional with over 20 years' experience in the private equity industry. A chartered accountant, Graham was one of the founding partners of SL Capital Partners LLP, (formerly Standard Life Investments (Private Equity) Ltd) where he was a Partner and Board Member until 2010. During his 13 years at SL Capital, he was one of the managers of Standard Life Private Equity Trust plc and was a member of the advisory boards to a number of leading private equity fund managers. In 2013, Graham co-founded TopQ Software Ltd, a technology company which develops software for the private equity industry. TopQ Software was acquired by eVestment Inc (now part of NASDAQ Inc) in 2015, where until early 2018, Graham was a Director of their private markets data and analytics business. Graham was Chairman of Octopus VCT 4 plc until 2018 and is currently a Non-Executive Director of Baillie Gifford US Growth Trust plc, Invesco Perpetual UK Smaller Companies Investment Trust plc and Chairman of Datactics Ltd.

For details of the share interest and remuneration of the Directors please see pages 46 to 47 of the Directors' Remuneration Report. Details of the attendance record of the Directors is also reported in the Directors' Remuneration Report on pages 46 to 47.

Directors' Report

The Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2020.

The Corporate Governance Statement on pages 39 to 41, including the Report of the Audit Committee on pages 42 to 43, 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 performance, business model and strategy.

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

The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 ("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 28 July 2008. The Company does not intend to re-apply for such status.

Share capital

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

The issued share capital of the Company as at 31 December 2020 was £840,040 (2019: £667,991) and the number of shares in issue at this date was 84,004,018 (2019: 66,799,129).

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 to Net Asset Value at which the Company's shares may trade.

At the Annual General Meeting of the Company held on 2 June 2020,

Shareholders granted the Company authority, pursuant to section 701 of the Companies Act 2006, to make market purchases of up to 12.8 million of its own shares, representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place through the year under review.

During the year under review, the Company bought back 1,245,646 (2019: 1,483,865) of its own shares at a total cost of £728,216 (2019: £1,071,321) including expenses. These shares represented 1.9% of the issued share capital at the beginning of the year (2019: 2.2%). All shares bought back by the Company were subsequently cancelled.

Substantial interests

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

Dividends

Shareholders received an interim dividend in respect of 2020, of 6.00 pence per share on 7 May 2020. Cumulative dividends paid since inception in 1999 are 134.20 pence per share.

Directors

The names, dates of appointment and brief biographical details of each of the Directors are given on the previous page of this Annual Report.

Disclosure of Information to the Auditor

So far as each of the Directors in office at 31 December 2020 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.

Director's indemnity and officers' liability insurance

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.

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

Environmental and social responsibility policies

The Board recognises its obligations under Company law to provide information in this respect about environmental matters (including the impact of the Company's business on the environment), human rights and social and community issues, including information about any policies the Company has in relation to these matters and the effectiveness of these policies. The Board has recognised Climate Change as an emerging risk, as referenced on page 32, and takes full consideration of relevant factors within the overall assessment of potential investee companies. It is considered alongside investment assessments of potential investee companies.

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 Company invests. The Board seeks to avoid investing in certain areas which it considers to be unethical and does not invest in companies which do not operate within relevant ethical, environmental and social legislation or otherwise fail to comply with appropriate industry standards. Environmental, social and governance issues are identified by the Investment Adviser prior to each investment and are drawn to the attention of the Board where appropriate.

The Company does not have any employees or officers and the Board therefore believes that there is limited scope for developing environmental, social or community policies. The Company has however adopted electronic communications for Shareholders as a means of reducing the volume of paper that the Company uses to produce its reports. It uses mixed source paper from well-managed forests as endorsed by the Forest Stewardship Council for the printing of its circulars and annual and Half-Year

Directors' Report

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). The Company does not fall within the scope of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 effective as of 1 April 2019 which implements the Government's policy on Streamlined Energy and Carbon Reporting, replacing the Carbon Reduction Commitment Scheme. The 2018 Regulations require companies that have consumed over 40,000 kilowatt-hours of energy to include energy and carbon information in their Directors' Report. This does not apply to the Company as it qualifies as a low energy user.

Human rights policy

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

Anti-bribery policy

The Company 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 expects and requires each of its service providers to have policies in place which reflect

the key principles of this policy and procedures and which demonstrate that they have adopted procedures of an equivalent standard to those instituted by the Company.

Whistleblowing policy

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

Anti-Tax Evasion

The Company has adopted a zero-tolerance approach towards the criminal facilitation of tax evasion and the corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion in compliance with the Criminal Finances Act 2017. 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 risk.

Financial risk management

The main risks arising from the Company's financial instruments are due to fluctuations in market prices, investment risk, liquidity risk, interest rates and credit risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Financial Statements on pages 69 to 76 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2020, please see Note 18 to the Accounts on page 77.

Articles of Association

The Company may amend its Articles of Association ("the Articles") by special resolution in accordance with section 21 of the Companies Act 2006. It is not the Company's intention to change its Articles at the forthcoming AGM.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held at 11.30 am on Tuesday, 18 May 2021 by way of a closed meeting in accordance with the Government's current guidance is set out on pages 80 to 82 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. Shareholders may also request a hard copy proxy form by contacting the Company's Registrar Link Group using their details as stated on page 84. 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 meeting which **Shareholders will not be able to attend in person. Shareholders will, however, be able to attend electronically using the following link: www.mobeusvctagm.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 by 12 May 2021 and a response will be provided prior to the deadline for lodging your proxy vote. Shareholders will also be able to submit questions electronically during the meeting. Voting on the resolutions will be conducted by way of a poll by the quorum of members present.

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

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

Resolution 1 – To receive the Annual Report and Financial Statements

The Directors are required to present the Financial Statements, Directors' report and Auditor's report for the financial year ended 31 December 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 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 44 to 47 of this Annual Report and Financial Statements. Resolution 2 is an advisory vote only.

Full details of Directors' remuneration can be found in the Directors' Remuneration Report on page 47 of this Annual Report.

Resolutions 3 to 6 – To elect and re-elect the Directors

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

The Board has previously agreed that each Director will retire and offer themselves for re-election annually after serving on the Board for more than nine years. However, following the publication of the revised UK Corporate Governance Code in July 2018, which applied to the Company from 1 January 2019 onwards, the Board has agreed to follow the recommendation of provision 18, namely that all directors be subject to annual re-election.

Jonathan Cartwright

Independent non-executive chairman

Following an evaluation of Jonathan Cartwright's performance, the remaining Directors agree that Jonathan carries out his duties effectively and that he is independent. His substantial experience significantly enhances the effectiveness of the Board and the Directors have no hesitation in recommending his election to Shareholders.

Helen Sinclair

Non-independent non-executive director

Helen Sinclair is considered to be a non-independent Director by virtue of being a director of both the Company and The Income & Growth 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 recommend her re-election to Shareholders.

Graham Paterson

Independent non-executive director

Following a review of his performance, the remaining Directors agree that Graham carries out his duties effectively and makes a substantial contribution to the Company's long-term sustainable success in his role of chairman of the Audit Committee. The remaining Directors are confident that he is a strong and effective director and have no hesitation in recommending his re-election to Shareholders.

Chris Burke

Independent non-executive director

Following a review of Chris's performance, the Directors agree that he continues to carry out his duties effectively and makes a substantial contribution to the Company's long-term sustainable success. The Directors are also confident that he is a strong and effective director and have no hesitation in recommending his re-election to Shareholders.

The Directors believe that the Board comprises an appropriate balance of skills, experience and knowledge. Brief biographical details of the Directors are given on page 34 of this Annual Report.

Resolution 7 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next 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 42 and 43.

Resolution 8 – Authorities for the Directors to allot shares in the Company and Resolution 9 – to

disapply the pre-emption rights of members

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

Resolution 8 will enable the Directors to allot new shares up to an aggregate nominal value of £280,014, representing one-third of the existing issued share capital of the Company as at the publication date of the Notice convening the Annual General Meeting.

Under section 561(f) 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. It is proposed by Resolution 9 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

- with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company; and
- otherwise than pursuant to (i) above, with an aggregate nominal value of up to 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 will only allot shares at or above NAV per share, which includes in relation to the Dividend Investment Scheme. The Directors thus seek to manage any potential dilution of existing shareholdings as a result of the disapplication of Shareholders' pre-emption rights proposed in resolution 9.

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

Both of these authorities, unless previously renewed, varied or revoked, will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the Annual General Meeting of the Company to be held in 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 generally renew previous authorities approved at the Annual General Meeting of the Company held on 2 June 2020, albeit that the Directors have decided not to seek authority to disapply pre-emption

Directors' Report

rights in connection with offer(s) for subscription (used to raise funds for further investment) in order to ensure the authorities remain within the limits set out by The Pre-emption Group. If, in the opinion of the Directors, the Company is required to raise funds before its next Annual General Meeting in 2022, the Directors will convene a separate general meeting to seek the appropriate authorities from Shareholders.

Resolution 10 – Authority to purchase the Company's own shares

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 12,592,202 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 UK Listing Authority for the five business days preceding the date such shares are contracted to be purchased and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation. The minimum price that may be paid for a share is 1.00 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.

Recommendation

The Board recommends that Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 103,722 shares (representing 0.12% of the issued share capital as at the date of publication).

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 fixed for holding the meeting.

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

By order of the Board

Mobius Equity Partners LLP

Mobius Equity Partners LLP
Company Secretary

29 March 2021

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 31 December 2020. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The AIC Code was endorsed by the Financial Reporting Council (FRC) in February 2019. In adopting the AIC Code, the Company will therefore 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 at www.theaic.co.uk

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 relevant provisions of the UK Code throughout the year under review, except as explained in the following paragraphs. 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.mig4vct.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, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the

Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the rate of the chief executive and executive directors' remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

Internal control

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

The Company's internal control system aims to ensure the maintenance of proper accounting records, the reliability of the finance 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 also provides authorisation of the Investment Policy and regular reviews of the financial results and investment performance.

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

The Board has delegated, contractually to third parties, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and the registration services. 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 controls from a risk perspective and receives reports from the Registrar and Investment Adviser and Administrator when appropriate.

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

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

The system of internal control and the procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this Report. The Audit Committee and the Board carried out an assessment of the effectiveness of internal controls in managing risk which was conducted on the basis of reports from the relevant service providers. The last review took place on 12 March 2021. The Board has identified no significant problems with the Company's internal control mechanisms.

Investment Adviser fees

The fees paid to the Investment Adviser are set out in Note 4 to the Financial Statements on page 60.

In addition, the Investment Adviser received fees totalling £341,957 (2019: £327,776) during the year ended 31 December 2020, being £126,452 (2019: £111,884) for arrangement fees, and £215,405 (2019: £215,892) for acting as non-executive directors on a number of

Corporate Governance Statement

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 members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 18 May 2021.

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

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, in compliance with the AIC Code of Corporate Governance guidance.

Helen Sinclair has served on the Board for more than nine years and in accordance with the recommendation of the AIC Code of Corporate Governance and the Company's Policy on tenure, has agreed to stand for re-election annually. Graham Paterson was appointed by the Board on 10 May 2019 and Chris Burke was appointed by the Board on 26 November 2019. They will be seeking re-election at the upcoming Annual General Meeting on 18 May 2021. Jonathan Cartwright was appointed by the Board on 7 September 2020. Jonathan will seek election at the forthcoming AGM.

The Board is of the view that a term of service in excess of nine years is not in itself prejudicial to a director's ability to carry out their duties effectively and from an independent perspective; the nature of the Company's business is such that an individual director's experience and continuity of non-executive board membership can significantly enhance the effectiveness of the Board as a whole.

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

Copies of the directors' letters of appointment are, under normal circumstances, available for inspection at the place of the Annual General 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.

Board Committees

The Board has established three Committees, the Nomination and Remuneration Committee, the Investment Committee and the Audit Committee, each with responsibilities for specific areas of its activity. Each of the Committees have written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or by downloading these documents from the Company's website: www.miq4vct.co.uk.

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

Audit Committee

The Audit Committee is chaired by Graham Paterson and comprises himself, Jonathan Cartwright and Helen Sinclair. A full description of the work of the Audit Committee is set out in the Report of the Audit Committee on pages 42 and 43 of this Annual Report. Christopher Moore was a Committee member until his resignation at the end of September 2020.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Graham Paterson and comprises himself, Jonathan Cartwright and Helen Sinclair. Christopher Moore was a member until his resignation.

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. During the year under review, the Board appointed Jonathan Cartwright as a director and Chairman. The Board considered diversity, including gender when conducting the recruitment process for the appointment, and remains committed to doing so for all future appointments.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on pages 44 to 47.

Investment Committee

The Investment Committee is chaired by Helen Sinclair and comprises all four 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 guidance has been issued to the Investment

Adviser and the Committee ensures that this guidance is adhered to. New investments and divestments are approved by the Committee following discussions between Committee members and are subsequently ratified by the Board. Investment matters are discussed at each Board meeting. During the year, the Committee formally approved all investments, divestments and variation decisions meeting informally on numerous occasions.

The Committee considers and agrees, on the advice of the Investment Adviser for recommendation to the Board, all unquoted investment valuations.

Investments are valued in accordance with the International Private Equity and Venture Capital (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.

Financial risk management

The main risks arising from the Company's financial instruments are due to investment risk, liquidity risk, credit risk, fluctuations in market prices (market price risk), cash flow interest rate risk and currency risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 15 to the Accounts on pages 69 to 76 of this Annual Report.

Section 172 Director Duties

The Directors continue to have regard to the interests of the Company's Shareholders and other stakeholders, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Directors, acting fairly and in good faith, consider what is most likely to promote the success of the Company for its members and stakeholders in the long-term.

Investment management and service providers

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

The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Adviser. The annual review of the Investment Adviser forms part of

the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Board considers the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on page 7. The Board concluded that the Investment Adviser has performed consistently well over the medium-term and has returned a solid performance in respect of the year under review. The Company's investment portfolio has performed very well and the Investment Adviser has been proactive in responding to the changes in VCT regulation - and to the challenges brought by the pandemic.

The Board places significant emphasis on the Company's performance against its peers and further information on this has been included in the Strategic Report on page 8. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the annual Shareholder event as well as the successful Mobeus fundraisings which have taken place between 2010 and 2020, particularly the most recent fundraising launched on 25 October 2019, which became fully subscribed by 8 January 2020.

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 12 March 2021.

The principal terms of the Company's Investment Management Agreement dated 12 November 2010 (as amended and restated on 10 November 2016) and the previous contractual arrangements prior to this date are set out in Note 4 to the Accounts on page 60 of this Annual

Report. The Board seeks to ensure that the terms of these Agreements represent an appropriate balance between cost and incentivisation of the Investment Adviser.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary

29 March 2021

Report of the Audit Committee

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

The Audit Committee is chaired by Graham Paterson and comprises himself, Jonathan Cartwright and Helen Sinclair. Due to there only being four directors appointed to the Company, it is appropriate that the Chairman should be a member of the Audit Committee.

The duties of the Committee are set out in the Terms of Reference which can be found on the website in the Corporate Governance section at: www.mig4vct.co.uk

A summary of the Audit Committee's principal activities for the year to 31 December 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 has monitored the system of internal of controls throughout the year under review as described in more detail in this Report on page 39. It receives a report 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 12 March 2021.

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

The key accounting and reporting issues considered by the Committee in addition to those described above during the year included:

Going concern and long term viability

The Committee monitors 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 three years and beyond. Consideration is given to the cash balances and holdings in money market funds, together with the ability of the Company to realise its investments. See page 33 of the Strategic Report for further details.

Recognition of impairment and realised losses

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

Compliance with the VCT tests

The Company engages the services of a VCT Status Adviser (Philip Hare & Associates LLP) 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 Finance Act (No 2) 2018.

As an essential part of this work, the Committee has held ongoing discussions with the Company's VCT Status Adviser throughout the year.

Tax Compliance Services

Philip Hare & Associates LLP were appointed during the year ended 31 December 2018 and continued to provide such services during the year under review.

Income from investee companies

The Committee notes that revenue from loan stock and dividends may be

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

Key risks faced by the Company

The Board has identified the key risks faced by the Company and established appropriate controls (as disclosed in the Strategic Report on page 31). The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal controls (page 39).

Cyber Security

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

Anti-tax evasion policy

In compliance with the Criminal Finance Act 2017 the Company adopted a zero tolerance towards the criminal facilitation of tax evasion. A summary of the policy is available on page 36 of the Annual Report.

Relationship with the external auditor and re-appointment

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

The Committee undertook an audit tender process in 2016 in compliance with the requirements on audit firm rotation under the European Audit Regulation Directive. As a consequence

of that process, BDO were reappointed. BDO has been the independent auditor to the Company since 2008.

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

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

This review constituted the Audit Committee's annual assessment of the effectiveness of the external audit process. The Audit Committee concluded that the re-appointment of BDO LLP is in the best interests of the Company and Shareholders and the Board recommends their re-appointment by Shareholders at the forthcoming Annual General Meeting.

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 in respect 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 contained in the Directors' Report on page 35.

By order of the Board



Graham Paterson
Chairman of the Audit Committee
29 March 2021

Directors' Remuneration Report

Introduction

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

The Company's independent auditor is required to give its opinion on the information provided on Directors' emoluments and Director's interests on page 46 of this Annual Report and this is explained further in the Auditor's report to Shareholders on pages 49 to 53.

The resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2019 was approved by Shareholders at the Annual General Meeting of the Company held on 2 June 2020. Full details of the Remuneration Policy can be found within this report in the adjacent column and on page 46.

The resolution to approve the Directors' Annual Remuneration Report, as set out in the Annual Report for the year ended 31 December 2019, was approved by Shareholders at the Annual General Meeting of the Company held on 2 June 2020. An ordinary resolution will be proposed at the forthcoming Annual General Meeting of the Company to be held on 18 May 2021 for the approval of the Annual Remuneration Report as set out below.

Remuneration statement by the Chairman of the Nomination and Remuneration Committee

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

As set out in the 2017 Directors' Remuneration Report, the Committee recommended an increase in Director's fees and the supplement for members of the Audit Committee with effect from 1 July 2018; the first increase in Directors' remuneration since 2013. The Committee has reviewed the fees paid in the year ended 31 December 2020 and decided no further change to the

level of fees paid is necessary. As part of this review, the Committee considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector.



Graham Paterson
Chairman of the Nomination and Remuneration Committee

29 March 2021

Directors' Remuneration Policy

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

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

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

In addition to the £21,000 per annum paid to Directors (£27,000 per annum to Christopher Moore and Jonathan Cartwright as Chairmen, pro-rated from 1 January to 30 September 2020 and 1 October to 31 December 2020 respectively) supplements are paid to the Directors in respect of their

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

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

Performance-related remuneration

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

Pensions

All the Directors are non-executive and the Company does not provide pension benefits to any of the Directors.

Additional benefits

The Company does not have any schedules in place to pay bonuses or benefits to the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. 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 and encourages an open discussion at general meetings of the Company. It takes Shareholders' views into account, where appropriate, when formulating its remuneration policy.

Directors' terms of appointment

Helen Sinclair, Graham Paterson and Chris Burke have all agreed to offer themselves for re-election annually, whilst Jonathan Cartwright, having been appointed by the Board during the year in review, will be seeking election from Shareholders at the Company's Annual General Meeting on 18 May 2021.

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

All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and responsibilities and the fees pertaining to their appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. New Directors are asked to undertake that they have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment.

Shareholder approval of the Company's remuneration policy

This policy applied throughout the financial year ended 31 December 2020 and will continue to apply to the current financial year ending 31 December 2021.

A resolution to approve the Directors' Remuneration Policy, as set out in the Annual Report for the year ended 31 December 2019, was approved by Shareholders at the Annual General Meeting held on 2 June 2020. The Company received proxy votes in favour of the resolution representing 83.12% (including those who appointed the Chairman to vote at his discretion) of the votes received (against 16.88%).

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 2023.

Future Policy

The table below illustrates how the Company's Objective is supported by its Remuneration Policy. It sets out details of each component of the pay package and the maximum amount receivable per annum by each Director. The Nomination and Remuneration Committee and the Board review the fees paid to Directors annually in accordance with the Remuneration Policy set out below and may decide that an increase in fees is appropriate in respect of subsequent years.

Director Role	Components of Pay Package			Maximum payment for the forthcoming year ¹	Performance conditions
	Director's fees (p.a.)	Annual supplements payable to:			
		Audit Committee Members	Investment Committee Members		
Jonathan Cartwright Chairman (appointed 7 September 2020)	£27,000	£5,000	£6,000	£38,000	None
Christopher Burke	£21,000	n/a	£6,000	£27,000	None
Graham Paterson Chairman, Audit and Nomination & Remuneration Committees	£21,000	£5,000	£6,000	£32,000	None
Helen Sinclair Chairman, Investment Committee	£21,000	£5,000	£6,000	£32,000	None
Total fees	£90,000	£15,000	£24,000	£129,000	

¹ The total maximum payment excludes payment to any new director to be appointed.

Directors' Remuneration Report

Company Objective

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

Remuneration Policy

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

Annual Remuneration Report

The Directors' Remuneration Policy as set out above applied throughout the year ended 31 December 2020 and will continue to apply to the current year ending 31 December 2021.

A resolution to approve the Annual Remuneration Report was approved at the Annual General Meeting held on 2 June 2020. The Company received proxy votes in favour and against the resolution as set out on the previous page.

Nomination and Remuneration Committee

The Committee is chaired by Graham Paterson with Jonathan Cartwright and Helen Sinclair as its other members. All members of the Committee are considered to be independent of the Investment Adviser, with the exception of Helen Sinclair, under the AIC Code (see page 37 for further details). The

Committee meets at least once a year and is responsible for making recommendations to the Board on remuneration policy and reviewing the policy's ongoing appropriateness and relevance. It carries out an annual review of the remuneration of the 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 payments in respect of additional work undertaken on behalf of the Company. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. The Committee met twice during the year under review with full attendance from all its members. The Committee's duties in respect of Nominations to the Board are outlined on page 45 of the Annual Report.

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

	Year ended	
	31 December 2020	31 December 2019
	£	£
Jonathan Cartwright ¹	11,715	n/a
Christopher Moore ²	28,500	38,000
Christopher Burke ³	27,000	2,665
Graham Paterson ⁴	32,000	20,636
Helen Sinclair	32,000	32,000
Total	131,215	93,301

¹ Jonathan Cartwright was appointed on 7 September 2020 and was appointed Chairman on 1 October 2020.

² Christopher Moore retired as a Director on 30 September 2020. £24,187 (2019: £32,250) of his fee was paid to his consultancy business The Moore Corporation.

³ Christopher Burke was appointed as a Director of the Company on 26 November 2019.

⁴ Graham Paterson was appointed as a Director of the Company on 10 May 2019.

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

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

The Directors, however, believe that it is in the best interests of the Company and its Shareholders for each Director to maintain an interest in the Company. The Directors who held office throughout the year under review and their interests as at 31 December 2020 were:

Director	31 December 2020		31 December 2019	
	Shares held	Percentage of issued share capital	Shares held	Percentage of issued share capital
Jonathan Cartwright	31,977	0.04	17,445	0.03
Christopher Moore	52,529	0.06	52,529	0.08
Christopher Burke	36,331	0.04	36,331	0.05
Graham Paterson ¹	15,000	0.02	0	0
Helen Sinclair	14,862	0.02	14,862	0.02

¹ Graham Paterson holds his shares in a nominee account.

There have been no further changes to the Directors' share interests between the year-end and the date of this Annual Report. The remuneration of the Directors is fixed and contains no performance related variable element. As the Company has no employees, the directors do not consider it relevant to compare director fees against employee pay.

Relative importance of spend on Directors' fees

	Year to 31 December 2020	Year to 31 December 2019	Percentage Increase/ (decrease) %
	£	£	%
Total directors' fees	131,215	104,953	25.0%
Dividends paid/payable in respect of the year	5,114,980	12,775,136	(60.0)%
Share Buybacks	728,216	1,071,326	(32.0)%

Directors' attendance at Board and Committee meetings in 2020

The table below sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2020. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings (4)		Audit Committee Meetings (2)		Nomination & Remuneration Committee Meetings (2)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Jonathan Cartwright	2	2	1	1	1	1
Christopher Moore	3	3	2	2	2	2
Christopher Burke	4	4	0	0	3	3
Graham Paterson	4	4	2	2	3	3
Helen Sinclair	4	4	2	2	3	3

Company performance

The graph below charts the total shareholder return of the Company's shares on a share price basis (assuming all dividends are re-invested and excluding the tax relief available to Shareholders) over the past 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 each been rebased to 100 pence at 31 January 2011.



— Mobeus Income & Growth 4 VCT plc Share Price Total Return
 — AIC All VCTs Share Price Total Return
 — AIC Generalist VCTs Share Price Total Return

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.

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 6 to 9 and in the Investment Adviser's Review and Investment Portfolio Summary on pages 21 to 27.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
 Company Secretary

29 March 2021

Statement of Directors' Responsibilities

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

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

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

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

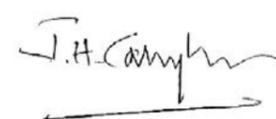
- (b) The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

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

The names and functions of the Directors are stated on page 34.

For and on behalf of the Board



Jonathan Cartwright
Chairman

29 March 2021

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

We have audited the financial statements of Mobeus Income & Growth 4 VCT plc ("the Company") for the year ended 31 December 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 30 September 2004 and subsequent financial periods. The period of total uninterrupted engagement including re-tenders and re-appointments is 17

years, covering the periods ended 30 September 2004 to 31 December 2020. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing Management's forecasted cash flows and other available information that support the directors' assessment of going concern
- Assessing whether the assumptions made by Management in the forecasts and other available information were appropriate by understanding the basis of assumptions with reference to contractual obligations
- Challenging management's assumptions and judgements made with regards to forecasts; and
- Calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the

financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

	2020	2019	
Key audit matters	Valuation of unquoted investments	✓	✓

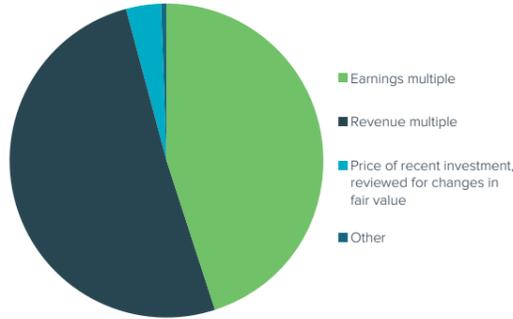
Materiality £830,000 (2019: £770,000) based on 2% (2019: 2%) of total investments.

An overview of the scope of our audit

Our Company audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. All audit work was performed by BDO LLP.

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.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><i>Valuation of unquoted investments</i> (Note 8)</p> <p>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.</p> <p>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.</p>	<p>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.</p>  <p>For all Investments in our sample we:</p> <ul style="list-style-type: none"> 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; <p>For a sample of investments valued using less subjective valuation techniques (price of recent investment reviewed for changes in fair value) we:</p> <ul style="list-style-type: none"> 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. <p>For a sample of investments that were valued using more subjective techniques (earnings and revenue multiples) we:</p> <ul style="list-style-type: none"> Challenged and agreed the inputs to the valuation with reference to management information of investee companies and market data including the impact of coronavirus pandemic on the valuations and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; 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;

Key audit matter	How the scope of our audit addressed the key audit matter
	<ul style="list-style-type: none"> 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. <p>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.</p> <p>We also considered the completeness and clarity of disclosures regarding the valuation of investments in the financial statements.</p> <p>Key observations:</p> <p>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.</p>

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 influence the economic decisions of reasonable 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 these levels 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Company financial statements	2020 £'000	2019 £'000
Materiality	830	770
Basis for determining materiality	2% of investments	
Basis for determining materiality	As a Venture Capital Trust, the value of investments is the key measure of performance	
Performance materiality	620	575
Basis for determining performance materiality	75% of materiality on the basis of our risk assessment, together with our assessment of the entity's overall control environment.	

We have set a specific materiality for testing those items impacting revenue return of £198,000 (2019: £134,000) which was based on 10% (2019: 10%) of draft revenue return before tax. The performance materiality was £148,000 (2019: £100,000) which was based on 75% of materiality on the basis of our risk assessment, together with our assessment of the entity's overall control environment. The specific materiality

based on the final figures would have been higher but we decided not to adjust.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of 9,000 (2019: £9,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and
- The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate.

Other Code provisions

- Directors' statement on fair, balanced and understandable; and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report

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.

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.

Directors' remuneration

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

Matters on which we are required to report by exception

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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 Chapter 3 Part 6 of the Income Tax Act 2007, the 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 FRS102. We 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 also considered the risk that the valuation of the investment portfolio was subject to bias from the Investment Manager, as described in the Key Audit Matter section above.

Our audit procedures were designed to respond to 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.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

Our audit planning identified fraud risks in relation to:

- Investments - valuation - has been assessed as a Key Audit Matter above;
- Revenue recognition – completeness, existence and accuracy
- Management override.

Our procedures in response to the above included, but were not limited to:

- recalculating expected income from loan stock investments in line with the underlying agreements/ confirmations from investee companies;
- reviewing accrued fixed rate income and considering the recoverability of loan stock interest with reference to post year end receipts;
- reviewing the accuracy of the accounting for redemption premiums, considering whether they have been classified as capital or revenue items appropriately;
- tracing a sample of dividend income through from the nominal ledger to bank. To test for completeness of dividend income, we compared the income recognised to that announced by the companies in their latest financial statements or other through obtaining direct confirmation from investee companies;
- agreeing the financial statement disclosures to underlying supporting documentation;
- making enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls
- reviewing minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement

team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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, UK
29 March 2021

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

Financial Statements

Income Statement for the year ended 31 December 2020

	Notes	Year ended 31 December 2020			Year ended 31 December 2019		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net investment portfolio gains	8	-	13,307,684	13,307,684	-	5,675,164	5,675,164
Income	3	2,868,103	-	2,868,103	2,107,357	-	2,107,357
Investment Adviser's fees	4a	(309,827)	(929,481)	(1,239,308)	(309,641)	(928,923)	(1,238,564)
Other expenses	4d	(426,422)	-	(426,422)	(451,261)	-	(451,261)
Profit on ordinary activities before taxation		2,131,854	12,378,203	14,510,057	1,346,455	4,746,241	6,092,696
Taxation on profit on ordinary activities	5	(280,053)	176,602	(103,451)	(211,879)	176,496	(35,383)
Profit for the year and total comprehensive income		1,851,801	12,554,805	14,406,606	1,134,576	4,922,737	6,057,313
Basic and diluted earnings per ordinary share	6	2.22p	15.05p	17.27p	1.67p	7.28p	8.95p

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, 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 59 to 77 form part of these Financial Statements.

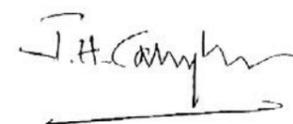
Balance Sheet as at 31 December 2020

Company No. 03707697

	Notes	31 December 2020 £	31 December 2019 £
Fixed assets			
Investments at fair value	8	41,676,696	38,538,281
Current assets			
Debtors and prepayments	10	403,568	183,175
Current investments	11	22,634,956	8,928,456
Cash at bank	11	4,053,536	2,627,511
		27,092,060	11,739,142
Creditors: amounts falling due within one year	12	(307,561)	(242,109)
Net current assets		26,784,499	11,497,033
Net assets		68,461,195	50,035,314
Capital and reserves			
Called up share capital	13	840,040	667,991
Share premium reserve		12,495,262	-
Capital redemption reserve		20,512	8,056
Revaluation reserve		10,205,933	3,713,586
Special distributable reserve		26,563,547	35,514,889
Realised capital reserve		16,738,215	8,935,662
Revenue reserve		1,597,686	1,195,130
Equity Shareholders' funds		68,461,195	50,035,314
Basic and diluted net asset value per ordinary share	14	81.50p	74.90p

The notes on pages 59 to 77 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 March 2021 and were signed on its behalf by:



Jonathan Cartwright
Chairman

Statement of Changes in Equity for the year ended 31 December 2020

	Notes	Non-distributable reserves			Distributable reserves			Total £	
		Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve (Note a) £	Realised capital reserve (Note b) £		Revenue reserve (Note b) £
At 1 January 2020		667,991	-	8,056	3,713,586	35,514,889	8,935,662	1,195,130	50,035,314
Comprehensive income for the year									
Profit for the year		-	-	-	8,866,811	-	3,687,994	1,851,801	14,406,606
Total comprehensive income for the year		-	-	-	8,866,811	-	3,687,994	1,851,801	14,406,606
Contributions by and distributions to owners									
Shares issued via Offer for Subscription (Note c)	13	184,505	12,815,495	-	-	-	-	-	13,000,000
Issue costs and facilitation fees on Offer for Subscription	13	-	(320,233)	-	-	(145,330)	-	-	(465,563)
Shares bought back (Note d)	13	(12,456)	-	12,456	-	(728,216)	-	-	(728,216)
Dividends paid	7	-	-	-	-	(6,337,701)	-	(1,449,245)	(7,786,946)
Total contributions by and distributions to owners		172,049	12,495,262	12,456	-	(7,211,247)	-	(1,449,245)	4,019,275
Other movements									
Realised losses transferred to special reserve (Note a)		-	-	-	-	(1,740,095)	1,740,095	-	-
Realisation of previously unrealised appreciation		-	-	-	(2,374,464)	-	2,374,464	-	-
Total other movements		-	-	-	(2,374,464)	(1,740,095)	4,114,559	-	-
At 31 December 2020		840,040	12,495,262	20,512	10,205,933	26,563,547	16,738,215	1,597,686	68,461,195

Note a: The Special distributable reserve also provides the Company with a reserve to absorb any existing and future realised losses and, when considered by the Board to be in the interests of Shareholders, to fund share buybacks and for other corporate purposes. The transfer of £1,740,095 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year. As at 31 December 2020, the Company has a special reserve of £26,563,547, £8,396,941 of which arises from shares issued more than three years ago. Reserves originating from share issues are not distributable under VCT rules if they arise from share issues that are within three years of the end of an accounting period in which shares were issued.

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

Note c: Under the Company's Offer for Subscription launched on 25 October 2019, 18,450,535 Ordinary Shares were allotted between 8 January 2020 and 2 April 2020, raising net funds of £12,534,437 for the Company. This figure is net of issue costs of £320,233 and facilitation fees of £145,330.

Note d: During the year, the Company purchased 1,245,646 of its own shares at the prevailing market price for a total cost of £728,216, which were subsequently cancelled.

Statement of Changes in Equity for the year ended 31 December 2019

	Notes	Non-distributable reserves			Distributable reserves			Total £	
		Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Realised capital reserve £		Revenue reserve £
At 1 January 2019		682,830	31,474,977	26,257	1,848,472	14,784,518	6,815,730	2,263,000	57,895,784
Comprehensive income for the year									
Profit for the year		-	-	-	3,362,520	-	1,560,217	1,134,576	6,057,313
Total comprehensive income for the year		-	-	-	3,362,520	-	1,560,217	1,134,576	6,057,313
Contributions by and distributions to owners									
Shares bought back		(14,839)	-	14,839	-	(1,071,326)	-	-	(1,071,326)
Dividends paid		-	-	-	-	(8,953,893)	(1,690,118)	(2,202,446)	(12,846,457)
Total contributions by and distributions to owners		(14,839)	-	14,839	-	(10,025,219)	(1,690,118)	(2,202,446)	(13,917,783)
Other movements									
Cancellation of Share Premium Reserve		-	(31,474,977)	(33,040)	-	31,508,017	-	-	-
Realised losses transferred to special reserve		-	-	-	-	(752,427)	752,427	-	-
Realisation of previously unrealised appreciation		-	-	-	(1,497,406)	-	1,497,406	-	-
Total other movements		-	(31,474,977)	(33,040)	(1,497,406)	30,755,590	2,249,833	-	-
At 31 December 2019		667,991	-	8,056	3,713,586	35,514,889	8,935,662	1,195,130	50,035,314

The composition of each of these reserves is explained below:

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

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

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

Revaluation reserve - Increases and decreases in the valuation of investments held at the year end are accounted for in this reserve, except to the extent that the diminution is deemed permanent. In accordance with stating all investments at fair value through profit and loss (as recorded in Note 8), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

Special distributable reserve - 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 and any realised losses on the sale or impairment of investments (excluding transaction costs) are charged to this reserve. 75% of the Investment Adviser fee expense, and the related tax effect, that are charged to the realised capital reserve are transferred to this reserve. This reserve will also be charged any IFA facilitation payments to financial advisers, which arose as part of the Offer for Subscription.

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

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of the Investment Adviser fee expense and 100% of any performance incentive 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 59 to 77 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flows from operating activities			
Profit for the financial year		14,406,606	6,057,313
Adjustments for:			
Net investment portfolio gains		(13,307,684)	(5,675,164)
Tax charge for the current year		103,451	35,383
(Increase)/decrease in debtors		(220,393)	120,121
(Decrease)/increase in creditors		(2,616)	33,245
Net cash inflow from operations		979,364	570,898
Corporation tax paid		(35,383)	(66,529)
Net cash inflow from operating activities		943,981	504,369
Cash flows from investing activities			
Sale of investments	8	14,974,305	8,136,792
Purchase of investments	8	(4,805,036)	(4,475,355)
Net cash inflow from investing activities		10,169,269	3,661,437
Cash flows from financing activities			
Share issued as part of Offer for Subscription	13	13,000,000	-
Issue costs and facilitation fees as part of Offer for subscription	13	(465,563)	-
Equity dividends paid	7	(7,786,946)	(12,846,457)
Purchase of own shares		(728,216)	(1,134,829)
Net cash inflow/(outflow) from financing activities		4,019,275	(13,981,286)
Net increase/(decrease) in cash and cash equivalents		15,132,525	(9,815,480)
Cash and cash equivalents at start of year		9,555,967	19,371,447
Cash and cash equivalents at end of year		24,688,492	9,555,967
Cash and cash equivalents comprise:			
Cash at bank and in hand	11	4,053,536	2,627,511
Cash equivalents	11	20,634,956	6,928,456

The Notes on pages 59 to 77 form part of these Financial Statements.

Notes to the Accounts for the year ended 31 December 2020

1 Company Information

Mobeus Income & Growth 4 VCT plc is a public limited company incorporated in England, registration number 03707697. The registered office is 30 Haymarket, London, SW1Y 4EX.

2 Basis of preparation

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

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ("FRS102"), with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (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 15.

After performing the necessary enquiries, the Directors have undertaken an assessment of the Company's ability to meet its liabilities as they fall due. The Company has significant cash and liquid resources and no external debt or capital commitments. The Company's cash flow forecasts, which consider levels of anticipated new and follow on investment, as well as investment income and annual running cost projections, are discussed at each quarterly Board meeting and, in particular, have been considered in light of the ongoing impact of the COVID-19 pandemic. The Directors have also received assurances that the Company's key suppliers' ability to continue to service the Company has not been materially impacted by the COVID-19 pandemic. Following this assessment, the Directors have a reasonable expectation that the Company will have adequate resources to continue to meet its liabilities for at least 12 months from the date of these Financial Statements. The Directors therefore consider the preparation of these financial statements on a going concern basis, to be appropriate.

3 Income

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

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

When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return, the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 31 December 2020 has been classified as capital and has been included within gains on investments.

	2020 £	2019 £
Income from bank deposits	29,451	40,298
Income from investments		
– from equities	657,891	243,975
– from overseas based OEICs	42,612	106,151
– from loan stock	2,113,964	1,714,938
– from interest on preference share dividend arrears	17,770	1,995
	2,832,237	2,067,059
Other income	6,415	-
Total income	2,868,103	2,107,357
Total income comprises		
Dividends	700,503	350,126
Interest	2,161,185	1,757,231
Other income	6,415	-
	2,868,103	2,107,357

Total loan stock interest due but not recognised in the year was £777,919 (2019: £422,063) due to uncertainty over its recoverability. This increase is due to a number of investee company provisions in light of COVID-19, partially offset by the realisations of two investee companies whose interest was only recognised on exit.

Notes to the Accounts for the year ended 31 December 2020

4 Investment Adviser's fees and other expenses

All expenses are accounted for on an accruals basis.

a) Investment Adviser's fees

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

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

	Revenue 2020 £	Capital 2020 £	Total 2020 £	Revenue 2019 £	Capital 2019 £	Total 2019 £
Mobeus Equity Partners LLP	309,827	929,481	1,239,308	309,641	928,923	1,238,564

Under the terms of a revised investment management agreement dated 12 November 2010 (as amended and restated on 10 November 2016), Mobeus Equity Partners LLP provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2% per annum of closing net assets, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fixed fee of £115,440 per annum, the latter being subject to indexation, if applicable. In 2013, Mobeus agreed to waive such further increases due to indexation, until otherwise agreed with the Board.

The Investment Adviser fee includes provision for a cap on expenses excluding irrecoverable VAT and exceptional items set at 3.4% of closing net assets at the year-end. In accordance with the investment management agreement, any excess expenses are borne by the Investment Adviser. The excess expenses during the year amounted to £nil (2019: £nil).

With effect from 1 July 2020, the Investment Adviser's fee upon the net funds raised from use of the over-allotment facility of £5 million under the 2019/20 offer was reduced from 2% to 1% per annum for one year. Between 1 April 2018 and 31 March 2019, the Investment Adviser's fee upon the net funds raised from use of the over-allotment facility of £5 million under the 2017/18 offer was reduced from 2% to 1% per annum for one year.

The Company is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses") subject to the cap on total annual expenses referred to above. No such costs have been incurred in the current or previous year.

In line with common practice, Mobeus Equity Partners LLP retains the right to charge arrangement and syndication fees and Directors' or monitoring fees to companies in which the Company invests. The Investment Adviser received fees totalling £341,947 (2019: £327,776) during the year ended 31 December 2020, being £126,542 (2019: £111,884) for arrangement fees, and £215,405 (2019: £215,892) for acting as non-executive directors on a number of investee company boards. These fees attributable to the Company are based upon the investment allocation to the Company which applied at the time of each investment. These figures are not part of these financial statements.

b) Incentive fee agreement

Under the terms of a separate agreement dated 1 November 2006, from the end of the accounting period ending on 31 January 2009 and in each subsequent accounting period throughout the life of the Company, the Investment Adviser will be entitled to receive a performance related incentive fee of 20% of the dividends paid in excess of a "Target Rate" comprising firstly, an annual dividend target of 6% of the net asset value per share at 5 April 2007 (indexed each year for RPI) and secondly a requirement that any cumulative shortfalls below the 6% hurdle must be made up in later years, while any excess is not carried forward, whether a fee is payable for that year or not. Payment of a fee is also conditional upon the average Net Asset Value per share for each such year equalling or exceeding the average Base NAV per share for the same year. The performance fee will be payable annually. No incentive fee is payable to date.

c) Offer for Subscription fees

	2020 £m	2019 £m
Funds raised by the Company	12.53	-
Offer costs payable to Mobeus at 3.00% of funds raised by the Company	0.39	-

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.

d) Other expenses

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

	2020 £	2019 £
Directors' remuneration (including NIC of £10,309 (2019: £9,733) - Note i)	141,524	114,686
IFA trail commission	78,825	60,201
Broker's fees	9,000	12,000
Auditor's fees – Audit of Company (excluding VAT)	26,650	27,932
– audit related assurance services (excluding VAT) - Note ii)	5,919	5,638
– tax compliance services (excluding VAT) - Note ii)	-	1,845
Registrar's fees	54,145	47,668
Printing	42,113	48,530
Legal & professional fees	11,544	24,831
VCT monitoring fees	9,600	9,600
Directors' insurance	7,573	7,921
Listing and regulatory fees	28,700	29,230
Sundry	8,333	61,179
Running Costs	423,926	451,261
Provision against loan interest receivable (see Note iii)	2,496	-
Other expenses	426,422	451,261

Note i): See analysis in Directors' Remuneration table on page 46, which excludes the NIC above. The key management personnel are the four non-executive directors. The Company has no employees.

Note ii): The audit-related assurance services are in relation to agreed certain procedures in relation to 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.

Note iii): Provision against loan interest receivable above relates to an amount of £2,496 (2019: £nil), being a provision made against loan stock interest regarded as collectable in previous years.

5 Taxation on profit on ordinary activities

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

Any tax relief obtained in respect of 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.

Notes to the Accounts for the year ended 31 December 2020

	2020 Revenue £	2020 Capital £	2020 Total £	2019 Revenue £	2019 Capital £	2019 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	280,053	(176,602)	103,451	211,879	(176,496)	35,383
Total current tax charge	280,053	(176,602)	103,451	211,879	(176,496)	35,383
Corporation tax is based on a rate of 19% (2019: 19%)						
b) Profit on ordinary activities before tax	2,131,854	12,378,203	14,510,057	1,346,455	4,746,241	6,092,696
Profit on ordinary activities multiplied by company rate of corporation tax in the UK of 19% (2019: 19%)	405,052	2,351,859	2,756,911	255,826	901,786	1,157,612
Effect of:						
UK dividends not taxable	(124,999)	-	(124,999)	(46,355)	-	(46,355)
Net investment portfolio gains not taxable	-	(2,528,461)	(2,528,461)	-	(1,078,282)	(1,078,282)
Expenditure not allowable for tax purposes	-	-	-	2,408	-	2,408
Actual tax charge	280,053	(176,602)	103,451	211,879	(176,496)	35,383

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 no unrecognised deferred tax asset in 2020 (2019: £nil).

6 Basic and diluted earnings per share

	2020 £	2019 £
Total earnings after taxation:	14,406,606	6,057,313
Basic and diluted earnings per share (Note a)	17.27p	8.95p
Net revenue from ordinary activities after taxation	1,851,801	1,134,576
Basic and diluted revenue return per share (Note b)	2.22p	1.67p
Net investment portfolio gains	13,307,684	5,675,164
Capital expenses (net of taxation)	(752,879)	(752,427)
Total capital return	12,554,805	4,922,737
Basic and diluted capital return per share (Note c)	15.05p	7.28p
Weighted average number of shares in issue in the year	83,426,755	67,649,790

Notes:

- Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
- Basic revenue earnings per share is the revenue return after taxation divided by the weighted average number of shares in issue.
- Basic capital earnings per share is the total capital return after taxation divided by the weighted average number of shares in issue.
- There are no instruments that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

7 Dividends paid and payable

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

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

Amounts recognised as distributions to equity Shareholders in the year:

Dividend	Type	For year ended 31 December	Pence per share	Date Paid	2020 £	2019 £
Final	Income	2018	1.75p	28/05/2019	-	1,188,375
Final	Capital*	2018	2.25p	28/05/2019	-	1,527,911
Interim	Income	2019	1.50p	20/09/2019	-	1,014,071
Interim	Capital	2019	2.50p	20/09/2019	-	1,690,118
Interim	Capital*	2019	9.00p	20/09/2019	-	6,084,426
Interim	Capital*	2019	2.00p	30/12/2019	-	1,341,556
Interim	Capital*	2019	4.00p	10/01/2020	2,671,965	-
Interim	Income	2020	1.70p**	07/05/2020	1,449,245	-
Interim	Capital*	2020	4.30p**	07/05/2020	3,665,736	-
					7,786,946	12,846,457

* - Paid out of the Company's special distributable reserve.

** - The split of the current year's dividend has increased the amounts allocated to income and reduced the amount to capital by 0.2p, from those provisionally allocated in the unaudited Half-Year Report.

Distributions to equity holders after the year-end:

	Type	For year ended 31 December	Pence per share	Date Payable	2020 £	2019 £
Interim	Capital*	2019	4.00p	10/01/2020	-	2,671,965
					-	2,671,965

* - Paid out of the Company's special distributable reserve.

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

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

Recognised income distributions in the Financial Statements for the year

Dividend	Type	For year ended 31 December	Pence per share	Date payable	2020 £	2019 £
Revenue available for distribution by way of dividends for the year					1,851,801	1,134,576
Interim	Income	2019	1.50p	20/09/2019	-	1,014,071
Interim	Income	2020	1.70p	07/05/2020	1,449,245	-
Total income dividends for the year					1,449,245	1,014,071

Notes to the Accounts for the year ended 31 December 2020

8 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 the price of a new investment 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 the price of recent investment, 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.

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 31 December 2019	200,028	18,299,196	12,871	16,820,197	35,332,292
Unrealised gains/(losses) at 31 December 2019	33,317	3,923,697	(2,142)	(241,286)	3,713,586
Permanent impairment in value of investments as at 31 December 2019	-	(419,959)	-	(87,638)	(507,597)
Valuation at 31 December 2019	233,345	21,802,934	10,729	16,491,273	38,538,281
Purchases at cost	-	3,366,442	453,000	985,594	4,805,036
Sale proceeds (Note a)	(748,520)	(8,357,183)	(8,156)	(5,860,446)	(14,974,305)
Reclassification at value	-	(471,261)	471,261	-	-
Net realised gains/(losses) on investments (Note a)	573,500	3,593,483	(227)	274,117	4,440,873
Net unrealised gains/(losses) on investments (Note b)	208,355	11,072,295	42,792	(2,456,631)	8,866,811
Valuation at 31 December 2020	266,680	31,006,710	969,399	9,433,907	41,676,696
Cost at 31 December 2020	50,011	19,150,794	905,332	12,836,189	32,942,326
Unrealised gains/(losses) at 31 December 2020	216,669	13,262,864	64,294	(3,337,894)	10,205,933
Permanent impairment in value of investments at 31 December 2020 (Note c)	-	(1,406,948)	(227)	(64,388)	(1,471,563)
Valuation at 31 December 2020	266,680	31,006,710	969,399	9,433,907	41,676,696

Details of investment transactions such as disposal proceeds, valuation movements, cost and carrying value at the end of previous year are contained in the Investment Portfolio Summary on pages 20 to 27.

Net realised gains/(losses) in the year of £4,440,873 and unrealised gains/(losses) in the year of £8,866,811 equal net investment portfolio gains of £13,307,684 as shown on the Income Statement.

Notes to the Accounts for the year ended 31 December 2020

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

Company	Type	Investment cost £	Disposal proceeds £	Valuation at 31 December 2019 £	Realised gain in year £
Tovey Management Limited (trading as Access IS)	Realisation	2,469,013	5,323,917	3,571,056	1,752,861
Turner Topco Limited (trading as Auction Technology Group)	Realisation	1,529,075	4,190,494	3,029,777	1,160,717
Bourn Bioscience Limited	Realisation	1,132,521	1,402,829	606,708	796,121
Omega Diagnostics Group plc	Part Realisation	150,017	748,520	175,020	573,500
Redline Worldwide Limited	Contingent consideration	-	141,326	-	141,326
BookingTek Limited	Loan repayment	69,837	55,535	-	55,535
Blaze Signs Holdings Limited	Realisation	190,631	334,404	291,039	43,365
H Realisations (2018) Limited (formerly Hemmels)	Realisation	23,250	2,044	-	2,044
Pattern Analytics Limited (trading as Biosite)	Realisation	1,338,539	1,978,710	1,978,710	-
End Ordinary Group Limited (trading as Buster & Punch)	Loan repayment	157,319	157,319	157,319	-
Vian Marketing Limited (trading as Red Paddle Co)	Part loan repayment	110,068	157,240	157,240	-
Vectair Holdings Limited	Realisation	24,732	481,967	522,139	(40,172)
Jablite Holdings Limited	Permanent impairment	-	-	-	(44,424)
		7,195,002	14,974,305	10,489,008	4,440,873

Note b) The major components of the net increase in unrealised valuations of £8,866,811 in the year were increases of £3,837,158 in Virgin Wines Holding Company Limited, £1,425,620 in MPB Group Limited, £1,315,232 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet), £1,233,212 in Parsley Box Limited, and £1,100,500 in Data Discovery Solutions Limited (trading as Active Navigation). These increases were partly offset by the falls of £1,134,989 in Spanish Restaurant Group Limited (trading as Tapas Revolution), £954,059 in CGI Creative Graphics International Limited, £880,159 in Media Business Insight Holdings Limited, £526,952 in Rota Geek Limited, and £362,884 in Kudos Innovations Limited.

Note c) During the year, permanent impairments of the cost of investments have increased from £507,597 to £1,471,563 due to the impairment of three portfolio companies, partially offset by the disposal of one company.

9 Significant interests

At 31 December 2020 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (Ordinary shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity	% of equity held by all funds advised by Mobeus ^{1,2}
Media Business Insight Holdings Limited ³	1,089,103	1,633,657	2,722,760	15.7%	67.5%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	1,166,551	1,166,551	2,333,102	6.4%	27.5%
Preservica Limited	1,132,695	1,019,347	2,152,042	10.9%	47.9%
My Tutorweb Limited	2,023,042	-	2,023,042	8.2%	35.1%
Virgin Wines Holding Company Limited	45,915	1,884,898	1,930,813	9.7%	42.0%
Veritek Global Holdings Limited	43,527	1,576,559	1,620,086	15.4%	65.6%
End Ordinary Group Limited (trading as Buster & Punch)	1,496,785	-	1,496,785	7.8%	34.6%
MPB Group Limited	1,256,605	224,388	1,480,993	5.3%	23.6%
CGI Creative Graphics International Limited	476,612	973,134	1,449,746	6.3%	26.9%
Arkk Consulting Limited	671,090	447,400	1,118,490	7.5%	33.6%
Data Discovery Solutions Limited (trading as Active Navigation)	1,100,500	-	1,100,500	6.3%	28.5%
Tharstern Group Limited	338,861	753,025	1,091,886	12.2%	52.5%
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution)	348,269	696,600	1,044,869	5.8%	25.0%
RDL Corporation Limited	173,932	826,068	1,000,000	9.1%	45.2%
Rota Geek Limited	874,000	-	874,000	4.4%	20.3%
Connect Childcare Group Limited	423,007	423,000	846,007	3.0%	14.4%
Vian Marketing Limited (trading as Red Paddle Co)	271,683	517,322	789,005	10.9%	48.5%
Proactive Group Holdings Inc	572,540	182,800	755,340	2.6%	11.4%
Parsley Box Limited	668,400	-	668,400	4.9%	22.0%
IPV Limited	619,487	-	619,487	5.5%	26.6%
Bella & Duke Limited	617,400	-	617,400	4.3%	20.7%
BookingTek Limited	582,300	-	582,300	3.5%	14.9%
Bleach London Holdings Limited	519,672	-	519,672	3.1%	14.1%
Oakheath Limited (formerly Super Carers) (in members' voluntary liquidation)	485,730	-	485,730	4.3%	18.7%
Jablite Holdings Limited (in members' voluntary liquidation)	339,974	36,109	376,083	9.1%	40.1%
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	348,641	-	348,641	6.6%	28.1%
Kudos Innovations Limited	328,950	-	328,950	3.2%	14.6%
CB Imports Group Limited	175,000	-	175,000	5.8%	23.2%

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

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

³ – Includes a loan of £674,755 to Media Business Insight Limited.

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

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

Notes to the Accounts for the year ended 31 December 2020

10 Debtors

	2020 £	2019 £
Amounts due within one year:		
Accrued income	386,968	169,461
Prepayments	12,370	13,714
Other debtors	4,230	-
	403,568	183,175

11 Cash at bank and Current Investments

Cash equivalents, for the purposes of the Statement of Cash Flows, comprises 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 three months' 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	20,634,956	6,928,456
Cash equivalents per Statement of Cash Flows	20,634,956	6,928,456
Bank deposits that mature after three months	2,000,000	2,000,000
Current asset investments	22,634,956	8,928,456
Cash at bank	4,053,536	2,627,511

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	20,225	44,061
Other creditors	18,261	13,120
Corporation tax	103,451	35,383
Accruals	165,624	149,545
	307,561	242,109

13 Called up share capital

	2020 £	2019 £
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 84,004,018 (2019: 66,799,129)	840,040	667,991

Under the 2019/20 Offer, 18,450,535 (2019: Nil) new Ordinary shares were allotted at an average effective offer price of 70.46 pence per share, raising net funds of £12,534,437 (2019: £Nil) for the Company.

During the year, the Company purchased 1,245,646 (2019: 1,483,865) of its own Ordinary shares for cash (representing 1.9% (2019: 2.2%) of the ordinary shares in issue at the start of the year) at the prevailing market price for a total cost of £728,216 (2019: £1,071,326). These shares were subsequently cancelled by the Company.

14 Basic and diluted net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the year, and on 84,004,018 (2019: 66,799,129) Ordinary shares, being the number of Ordinary shares in issue on that date.

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

15 Financial instruments

The Company's financial instruments 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 8 to the Financial Statements. The composition of investments held is shown below and in Note 8.

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

Classification of financial instruments

The Company held the following categories of financial instruments at 31 December 2020:

	2020 £	2019 £
Assets at fair value through profit and loss:		
Investment portfolio	41,676,696	38,538,281
Loans and receivables held at amortised cost		
Accrued income	386,968	169,461
Cash at bank	4,053,536	2,627,511
Current asset investments	22,634,956	8,928,456
Other debtors	4,230	-
Liabilities at amortised cost or equivalent		
Other creditors	(204,110)	(206,726)
Total for financial instruments	68,552,276	50,056,983
Non-financial instruments	(91,081)	(21,669)
Total net assets	68,461,195	50,035,314

There are no differences between book value and fair value disclosed above.

The investment portfolio principally consists of unquoted investments 99.4% (2019: 99.4%). The investment portfolio has a 100% (2019: 100%) concentration of risk towards small UK based, sterling denominated companies, and represents 60.9% (2019: 77.0%) of net assets at the year-end.

Current asset investments are money market funds, and bank deposits which, along with cash are discussed under credit risk below, which represent 39.0% (2019: 23.1%) of net assets at the year-end.

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

Notes to the Accounts for the year ended 31 December 2020

Investment risk

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

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds and bank deposits of £22,634,956 (2019: £8,928,456), which are all accessible at varying points over the next 12 months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

The table below shows a maturity analysis of financial liabilities:

Financial liabilities	<3 months	3-6 months	6-12 months	over 12 months	2020
	£	£	£	£	Total £
Other creditors	117,035	87,075	-	-	204,110

Financial liabilities	<3 months	3-6 months	6-12 months	over 12 months	2019
	£	£	£	£	Total £
Other creditors	144,182	62,544	-	-	206,726

The Company does not have any derivative financial liabilities.

Credit risk

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

The Company's maximum exposure to credit risk is:

	2020 £	2019 £
Loan stock investments	9,433,907	16,491,273
Current asset investments	22,634,956	8,928,456
Cash at bank	4,053,536	2,627,511
Accrued income	386,968	169,461
Other debtors	4,230	-
	36,513,597	28,216,701

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The loan stock is typically 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 Company receives regular updates on each company at each quarter end.

The accrued income shown above of £386,968 was all due within six months of the year-end.

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

Repayable within	2020 £	2019 £
0 to 1 year	2,278,928	4,665,062
1 to 2 years	1,670,191	4,615,096
2 to 3 years	3,194,882	5,164,967
3 to 4 years	1,153,065	2,046,148
4 to 5 years	985,594	-
> 5 years	151,247	-
Total	9,433,907	16,491,273

Included within loan stock investments above are loans to seven investee companies with a carrying value of £6,112,419 which are past their repayment date but have been renegotiated. Loans to one other company with a value of £49,597 is now past its repayment date but has not yet been renegotiated. The loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk below.

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

	0-6 months £	6-12 months £	over 12 months £	2020 Total £
Loans to investee companies past due	139,317	542,096	1,063,345	1,744,758

	0-6 months £	6-12 months £	over 12 months £	2019 Total £
Loans to investee companies past due	1,684,309	-	2,187,615	3,871,924

Notes to the Accounts for the year ended 31 December 2020

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. The five OEIC money market funds holding £20,634,956 are all triple A rated funds and, along with bank deposits of £4,168,975 at six 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 £1,884,561 is held with NatWest Bank plc, so the risk of default is considered to be low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of the unquoted portfolio held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies (Investment risk), as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £41,676,696 at the year-end, representing the fair value of the investment portfolio.

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

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

Market price risk sensitivity

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

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to changes in 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 £40.11 million (2019: £35.68 million) of the total investment portfolio of £41.68 million (2019: £38.54 million). The remainder of the portfolio is valued at either price of recent investment, bid price or net asset value, as shown overleaf.

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 rose/fell by 20% (2019: 20%), with all other variables held constant – increase/(decrease)	4,865,829 / (4,824,319)	4,195,660 / (4,618,583)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	5.79p / (5.74)p	6.28p / (6.91p)

Cash flow interest rate risk

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

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

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

The interest rate profile of the Company's financial net assets at 31 December 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	31,273,390	-	-	31,273,390	-	4.0
Preference shares	-	969,399	-	969,399	-	4.0
Loan stocks	-	9,433,907	-	9,433,907	8.4	2.2
Current investments	-	-	22,634,956	22,634,956	0.1	
Cash	-	-	4,053,536	4,053,536	0.1	
Debtors	391,198	-	-	391,198		
Creditors	(204,110)	-	-	(204,110)		
Total for financial instruments	31,460,478	10,403,306	26,688,492	68,552,276		
Non-financial instruments	(91,081)	-	-	(91,081)		
Total net assets	31,369,397	10,403,306	26,688,492	68,461,195		

Notes to the Accounts for the year ended 31 December 2020

The interest rate profile of the Company's financial net assets at 31 December 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	22,036,279	-	-	22,036,279		
Preference shares	-	10,729	-	10,729	-	0.9
Loan stocks	-	16,491,273	-	16,491,273	8.7	1.8
Current investments	-	-	8,928,456	8,928,456	0.8	
Cash	-	-	2,627,511	2,627,511	0.5	
Debtors	169,461	-	-	169,461		
Creditors	(206,726)	-	-	(206,726)		
Total for financial instruments	21,999,014	16,502,002	11,555,967	50,056,983		
Non-financial instruments	(21,669)	-	-	(21,669)		
Total net assets	21,977,345	16,502,002	11,555,967	50,035,314		

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 have been excluded from the interest rate risk profile as they do not yield interest and have no maturity date. Their inclusion would distort the weighted average period information above.

Cash flow interest rate sensitivity

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

	2020 Profit and net assets £	2019 Profit and net assets £
If interest rates rose/fell by 1%, with all other variables held constant – increase/(decrease)	216,177 / (216,177)	93,603 / (93,603)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.26p / (0.26)p	0.14p / (0.14)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 overleaf sets out fair value measurements using FRS102 s11.27 fair value hierarchy. The Company has one class of financial assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss At 31 December 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	266,680	-	31,006,710	31,273,390
Preference shares	-	-	969,399	969,399
Loan stock investments	-	-	9,433,907	9,433,907
Total	266,680	-	41,410,016	41,676,696

Financial assets at fair value through profit and loss At 31 December 2019	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	233,345	-	21,802,934	22,036,279
Preference shares	-	-	10,729	10,729
Loan stock investments	-	-	16,491,273	16,491,273
Total	233,345	-	38,304,936	38,538,281

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 8 to these Financial Statements.

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

	Equity investments £	Preference shares £	Loan stock investments £	Total £
Opening balance at 1 January 2020	21,802,934	10,729	16,491,273	38,304,936
Purchases	3,366,442	453,000	985,594	4,805,036
Sales	(8,357,183)	(8,156)	(5,860,446)	(14,225,785)
Reclassification at Value	(471,261)	471,261	-	-
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				
- on assets sold or impaired	3,593,483	(227)	274,117	3,867,373
- on assets held at the year-end	11,072,295	42,792	(2,456,631)	8,658,456
Closing balance at 31 December 2020	31,006,710	969,399	9,433,907	41,410,016

As detailed in the accounting policy for Note 8, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a price-earnings ratio taken from a comparable sector on the quoted market which is then appropriately adjusted for points of difference. Thus any change in share prices can have a significant effect on the value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

Notes to the Accounts for the year ended 31 December 2020

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

	2020 £	2019 £
Valuation methodology		
Multiple of earnings, revenues or gross margin, as appropriate	39,839,162	35,359,235
Recent investment price	1,150,057	2,239,659
Net asset value	363,231	606,708
Estimated realisation proceeds	57,566	5,313
Recent investment price (reviewed for impairment)	-	94,021
	41,410,016	38,304,936

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2019 and 31 December 2020:

Change in valuation methodology	Carrying value as at 31 December 2020 £	Explanatory note
Recent investment price to multiple basis	3,653,365	Sufficient time has elapsed since investment to move to a more appropriate basis for determining value
Recent investment price (reviewed for impairment) to estimated realisation proceeds basis	49,597	Estimated realisation proceeds is a more appropriate basis for determining fair value.
Multiple basis to weighted multiple/net asset basis	1,555,844	Weighting between multiple basis and net asset value is a more appropriate basis for determining fair value.
Multiple basis to net asset basis	139,317	Net asset value 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 Directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 December 2020.

16 Management of capital

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

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

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

17 Segmental analysis

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

18 Post balance sheet events

On 7 January 2021, a follow-on investment of £0.26 million was made into Parsley Box Limited, a supplier of home delivered ambient ready meals targeting the over 60s.

On 26 January 2021, the Company received a loan repayment of £0.01 million from BG Training Limited.

On 27 January 2021, further proceeds of £0.06 million were received by the Company in relation to the sale of Blaze Signs Holdings Limited which occurred in September 2020.

On 5 February 2021, a follow-on investment of £0.11 million was made into Bleach London Holdings Limited, a hair colourants brand.

On 11 February 2021, the entire remaining holding of Omega Diagnostics plc was realised for proceeds of £0.42 million.

On 12 February 2021, a follow-on investment of £0.48 million was made into Arkk Consulting Limited, a regulatory and reporting requirement service provider.

On 18 February 2021, a new investment of £0.91 million was made into Vivacity Labs Limited, an artificial intelligence & urban traffic control system.

Ahead of the Admission to AIM of Virgin Wines on 2 March 2021, the Company's equity investment in Virgin Wines Holding Company Ltd ("VWHCL") had been exchanged for an equity investment in Rapunzel Newco Limited ("RNL"), a company owned by the four Mobeus advised VCTs pro rata to each VCT's share of its investment in Virgin Wines. Immediately prior to Admission, RNL exchanged its equity investment in VWHCL for an equity investment in Virgin Wines UK plc ("VWUK"). The Company is beneficially interested in 4,627,424 shares in VWUK, through its holding in RNL. RNL is the legal owner of the shares in VWUK, but each VCT is the beneficial holder.

At the Placing Price of £1.97 per share upon Admission, the Company's beneficial holding in VWUK had a value of £9.12 million, an increase of £4.64 million over the value of the equity at the year-end, and represented 8.29% of the enlarged equity of VWUK.

Alongside the Admission, VWUK also raised new funds from other investors in a Placing of new shares. These funds have been applied partly to repay the Company's loan stock investment and accrued interest in Virgin Wines via RNL. The Company has received net proceeds to date of £1.86 million, after the deduction of transaction costs of £0.06 million.

On 12 March 2021, the Company made a £0.12 million follow-on investment into Spanish Restaurant Group Limited (trading as Tapas Revolution), a leading Spanish restaurant chain.

On 25 March 2021, a new investment of £0.14 million was made into Caledonian Leisure Limited, a travel & leisure company specialising in providing UK based, value short breaks and holidays.

On 26 March 2021, the portfolio company, Parsley Box, announced an intention to float on the AIM market on 31 March 2021. Subject to Admission to trading on that date, the Placement Price of £2.00 per share will increase the year-end value of the Company's investment by £1.70 million.

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 virtual attendance at the May Annual General Meeting via the link below, to give you the opportunity to see 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.mig4vct.co.uk. The website includes up-to-date details on fund performance and dividends as well as publicly available information on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at: www.londonstockexchange.com where Shareholders can obtain details of the share price and latest NAV announcements, etc.

Financial calendar

29 March 2021	Announcement of Annual Results and circulation of Annual Report & Financial Statements for the year ended 31 December 2020 to Shareholders
18 May 2021	Annual General Meeting
TBC 2021	Virtual Shareholder Event
September 2021	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 30 June 2021 to Shareholders
31 December 2021	Year-end

Mobeus website

Shareholders can check the performance of the VCT by visiting the Investment Adviser's website at www.mobeus.co.uk. This is regularly updated with information on your investment including case studies of portfolio companies.

The website includes relevant Shareholder literature, including previous Annual and Half-Year Reports and the Company's Key Information Document ("KID") - Investors should note that the process for compiling the KID are prescribed by EU law and the Company has no discretion over the format or content of the document. The illustrated performance returns in the KID cannot be guaranteed and may not reflect figures for the Company derived using other methods. Accordingly, the Board recommends that investors also take account of information from other sources, including the Annual Reports.

Annual General Meeting

The Company's next Annual General Meeting will be held on **Tuesday, 18 May 2021 at 11.30am at the office of the Investment Adviser, Mobeus Equity Partners LLP, 30 Haymarket, London, SW1Y 4EX. Shareholders should note that physical attendance at the AGM is not permitted for the safety of all concerned.** The AGM will be held as a closed meeting with Shareholders able to join the meeting as attendees by electronic means, meaning you will be able to see the Board members and Investment Adviser on your screen. A copy of the Notice of the Meeting is included on pages 80-82. Shareholders are welcome to attend the Meeting virtually using the link: www.mobeusvctagm.co.uk which will also be available by conference call for those Shareholders without the appropriate device or WiFi connection. You do not need to download or have an electronic account to access the event and the conference call details are available in the red bubble on the Company's website. Shareholders will not be able to vote at the meeting which will be conducted by a poll of the members present and therefore you are encouraged to complete and return your proxy form, which is included with Shareholders' copies of this Annual Report, or cast your vote on-line at www.signalshares.com. You are strongly recommended to appoint the Chairman of the meeting as your proxy to ensure your vote counts as other appointed proxies, except for the Board and quorum, will not be able to attend the meeting. Shareholders may send any questions on the resolutions proposed to the following email address: agm@mobeus.co.uk before 12 May 2021. 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. Votes must arrive at the Registrar by 11.30am on Friday, 14 May 2021 to be valid.

Dividends

Shareholders who wish to have dividends paid directly into their bank account, rather than sent by cheque to their registered address, can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrar, Link Group, at the address given on page 84.

Shareholders are encouraged to ensure that the Registrar maintains up-to-date details for their account and to check whether they have received all dividend payments. This is particularly important if a Shareholder has recently changed address or changed their bank. We are aware that a number of dividends remain unclaimed by Shareholders and whilst we will endeavour to contact them if this is the case, we cannot guarantee that we will be able to do so if the Registrar does not have an up-to-date postal or email address.

Dividend Investment Scheme ("DIS")

Those Shareholders who wish to participate, or to amend their existing participation, in the DIS, can do so by visiting www.mig4vct.co.uk and click the Dividends tab or by contacting the Registrar directly using the details on page 84. 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 Company has bought in shares.

Panmure can be contacted as follows:

Chris Lloyd - 0207 886 2716 chris.lloyd@panmure.com
Paul Nolan - 0207 886 2717 paul.nolan@panmure.com

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

Tax legislation was introduced with effect from 1st 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 information to HMRC on certain investors who purchase 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, entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC's policy on FATCA now means that, as a result of the restricted secondary market in VCT shares, the Company's shares are not considered to be "regularly traded". The Company is therefore also an affected entity for the purposes of this legislation and so has to provide information annually to HMRC relating to Shareholders who are resident for tax purposes in the United States.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

Managing your shareholding online

For details on your individual shareholding and to manage your account online, Shareholders may log into or register with the Link Group Shareholder Portal at: www.signalshares.com. You can use the Shareholder Portal to change and update your preferences including changing your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive communications from the Company.

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 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 and secondly, in a link to the FCA's ScamSmart site: 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 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 LLP. To contact the Chairman or any member of the Board, please contact the Company Secretary, also Mobeus Equity Partners LLP, in the first instance at vcts@mobeus.co.uk.

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

Full contact details for each of Mobeus and Link Group are included under Corporate Information on page 84 of this Annual Report.

Notice of the Annual General Meeting

IMPORTANT NOTE: Due to the ongoing COVID-19 pandemic and current government advice on social distancing (as published at the date of this Notice) and which are expected to still be in place as at the date of the Annual General Meeting, the Annual General Meeting will be held by way of a closed meeting and Shareholders will not be able to attend the Annual General Meeting in person. Shareholders will, however, be able to attend virtually using the following link: www.mobeusvctagm.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 by 12 May 2021 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 proxy (either through the submission of a proxy form or casting their vote on-line) appointing the Chairman.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mobeus Income & Growth 4 VCT plc ("the Company") will be held at **11.30am on Tuesday, 18 May 2021** by way of a closed meeting ("Meeting") for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions. An explanation of the main business to be proposed is included in the Directors' Report on pages 36 to 38 of this document:

- To receive and adopt the annual report and financial statements of the Company for the year ended 31 December 2020 ("Annual Report"), together with the auditor's report thereon.
- To approve the directors' annual remuneration report as set out in the Annual Report.
- To elect Jonathan Cartwright as a director of the Company.
- To re-elect Helen Sinclair as a director of the Company.
- To re-elect Graham Paterson as a director of the Company.
- To re-elect Christopher Burke as a director of the Company.
- To re-appoint BDO LLP of 55 Baker Street, London W1U 7EU, London, EC1A 4AB as auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.
- 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 1.00 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 £280,014, 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.
- That, subject to the passing of resolution 8 set out in this notice and in substitution for any existing authorities, the Directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 8 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:
 - with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital from time to time pursuant to any dividend investment scheme operated by the Company; and
 - otherwise than pursuant to sub-paragraph (i) above, with an aggregate nominal value of up to 5% of the issued share capital 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 power conferred by this resolution had not expired.
- 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:

- the aggregate number of Shares which may be purchased shall not exceed 12,592,202 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;
- the minimum price which may be paid for a Share is 1.00 penny (the nominal value thereof);
- 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 amount stipulated in Article 5(6) of the Market Abuse Regulation (596/2014/EU);
- 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
- the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own Shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary
Dated: 29 March 2021

Registered Office
30 Haymarket
London
SW1Y 4EX

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.

- 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.
- 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 14 May 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.
- In light of the COVID-19 'social distancing' measures in England and in order to hold the Meeting safely, the Meeting will be held as a closed meeting with shareholders able to join virtually (but will not be able to vote on the resolutions at the Meeting).
- 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 11:30 am (UK time) on 18 May 2021.
- 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.
- 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).
- 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 Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or on 0371 664 0324. 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.
- 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.
- You can also vote either:
 - by logging on to www.signalshares.com and following the instructions;
 - if you need help with voting online, please contact our Registrar, Link Group, on 0371 664 0324 if calling from the UK, or +44 (0) 371 664 0324 if calling from outside of the UK, or email link at vcts@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.

Notice of the Annual General Meeting

In order for a proxy appointment to be valid it must be received by Link Group, PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL by **11:30 am on 14 May 2021**.

We strongly recommend voting electronically at 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.

- 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.
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 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 **11:30 am on 14 May 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.
- 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.
- 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.
- As at 25 March 2021 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 84,004,018 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 25 March 2021 are 84,004,018.
- 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.
- 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 by 17 May 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.
- 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.
- 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.
- 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.mig4vct.co.uk

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.mig4vct.co.uk. Dividends paid in the year and dividends paid in respect of the year are shown in Note 7.

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 launch in 1999.

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 Company'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 Company.

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 Company in the future. This is calculated by dividing the Investment Adviser's fees of £1,239,308 and running costs of £423,926 (per Notes 4a and 4d on pages 60 and 61), the latter being reduced by IFA trail commission and one-off professional fees, by the average net assets throughout the year of £58,905,055.

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 (source: Panmure Gordon & Co) is used in place of NAV. This measure more reflects the actual return a Shareholder will have earned, were they to sell their shares at the year/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 value 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

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Christopher Burke
Graham Paterson
Helen Sinclair

Secretary

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