Mobeus Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Annual Report & Financial Statements

for the year ended 31 December 2015

mobeus
EQUITY PARTNERS

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

Company Objective

The Objective of the Company is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing at all times to qualify as a VCT.

Contents

WARNING TO SHAREHOLDERS

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

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

Further information on boiler room scams and who to contact, should you believe that you have been approached in such a manner, is included in the reply to the FAQ, "What should I do if I receive an unsolicited offer for my shares?", in the VCT Investor area of the Company's website. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Financial Highlights

Results for the year ended 31 December 2015

- Net asset value ("NAV") total return per share for the year was 8.1% while the share price total return per share for the year was 12.2%.
- Shareholders received an interim dividend of 3.00 pence per share in September 2015 and are being asked to approve a final dividend of 7.00 pence per share. This dividend, to be paid on 31 May 2016, will bring total dividends paid per share in respect of the year to 10.00 pence. Cumulative dividends paid per share from the inception of the Company will increase to 81.30 pence.
- The Company invested a total of £10.72 million into a broad range of companies during the year, comprising four new investments into Media Business Insight, Jablite, Tushingham and Access IS and two further investments into existing portfolio companies.
- A total of £6.92 million was received as net cash proceeds from two major realisations, compared with a total cost of £1.53 million.
- A successful fundraising in 2015 raised £15.00 million (before costs) for the Company.

Performance Summary

The net asset value per share of the Company at 31 December 2015 was 97.54 pence.

The table below shows the recent past performance of the original fundraising launched in October 2004. Performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT shareholders are shown in the tables on pages 68 - 69 of this Annual Report.

Reporting date as at	Net assets (£m)	NAV per share (p)	Share price (mid-market price)[1] (p)	Cumulative dividends paid per share (p)	Cumulative total return per share to shareholders[2] (NAV basis) (p)	(Share Price basis) (p)	Dividends per share in respect of the year (p)
31 December 2015	74.11	97.54	86.50	74.30	171.84	160.80	10.00[3]
31 December 2014	60.41	99.44	86.00	64.30	163.74	150.30	24.00
31 December 2013	54.27	102.18	87.50	44.05	146.23	131.55	7.25
31 December 2012	43.29	94.22	80.50	38.05	132.27	118.55	7.00
31 December 2011	40.73	95.59	78.75	26.80	122.39	105.55	6.75

[1] Source: London Stock Exchange.

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

[3] This figure of 10.00 pence includes the proposed final dividend of 7.00 pence per share referred to in the Financial Highlights above, payment of which will reduce the NAV per share from the 31 December 2015 figure of 97.54 pence by the amount of the dividend.

Discount of share price to NAV - The discount to NAV of the Company's share price at 31 December 2015 was 7.9%, as the share price was based on the NAV per share at 30 September 2015 of 93.90 pence, which was the latest published figure at that time.

Chairman's Statement

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

This has been another good year for the Company, due to profitable realisations, relatively strong portfolio performance and a high level of new investment.

The Finance (No 2) Act 2015, which became law last November, requires changes to the type of investments that the Company is now permitted to make. These changes will require the current Investment Policy to be amended which, in turn, will require shareholder approval. For further information please see "Industry developments" and "Changes to the Investment Policy" below and on the opposite page.

Performance

The NAV total return per share for the year ended 31 December 2015 was 8.1% (2014: 17.1%) (being the closing NAV plus dividends paid in the year, divided by opening NAV) while the share price total return was 12.2% (2014: 21.4%). As a result of this performance, the NAV cumulative total return per share (being the closing NAV plus total dividends paid to date since launch) rose during the year by 4.9% from 163.74 pence to 171.84 pence.

The positive NAV return for the year was generated by strong performances from a number of portfolio companies notably Entanet, Virgin Wines and Jablite and by substantial realised gains from the sales of Tessella and Westway. These two realisations produced overall returns on original cost of 2.8 times for Tessella and 6.7 times for Westway.

Dividends

Your Company paid an interim dividend of 3.00 pence per share to shareholders on 17 September 2015. The Directors are now proposing a final dividend in respect of 2015 of 7.00 pence per share, comprising 6.00 pence per share from capital and 1.00 penny per share from income. This dividend will be paid on 31 May 2016 to shareholders on the Register on 29 April 2016.

Once this payment has been made, total dividends in respect of the year will be 10.00 pence (2014: 24.00 pence) per share, bringing cumulative dividends paid since inception in 2004 to 81.30 pence (2014: 71.30 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 comfortably exceeded in each of the last six years. A full dividend history is contained in the Performance Data appendix on pages 68-69.

Investment portfolio

The VCT maintained a healthy rate of new investment, investing a total of £10.72 million (including £6.81 million which was previously held in five companies preparing to trade). £9.23 million related to investments into four new companies, namely Media Business Insight, Jablite, Tushingham Sails and Access IS. A further £1.49 million was invested into existing portfolio companies. Following the year-end, a new investment of £1.09 million was made into a business called Redline Securities Limited (trading as Redline Assured Security, "Redline").

Full details of all of these transactions are included in the Investment Adviser's Review on pages 5 - 7.

The Company received cash proceeds in the year of £10.28 million from fifteen companies which were either sold or repaid loans. Within this figure, the two full realisations (set out on page 7) realised proceeds of £6.92 million, which was £3.78 million greater than their aggregate value at the beginning of the year. Realised gains over the original cost of the two investments sold totalled £5.39 million. The Company's performance also benefitted from net unrealised valuation gains in the year, reflecting progress within the portfolio generally.

The investment portfolio was valued at £51.36 million (2014: £33.36 million) at the year-end, representing 102.6% (2014: 103.4%) of cost.

Review of longer term performance

Shareholders who invested in 2004 at the launch of the Company have seen a cumulative total NAV return of 171.84 pence per share compared with their initial investment cost of 100.00 pence per share, or a net cost (after initial income tax relief of 40.00 pence) of 60.00 pence per share. As part of this return, 74.30 pence per share in dividends has been paid to shareholders to date. This represents an average annual dividend yield on the initial 100.00 pence investment of 6.6% and 11.0% on the adjusted investment cost of 60.00 pence (net of 40.00 pence of initial income tax relief). The balance of the total return is the underlying NAV of 97.54 pence per share.

The Board also regularly reviews the Company's total (income and capital) return performance on both a NAV and Share Price basis compared to its peer group. Based on the latest statistics prepared by Morningstar at 31 March 2016, the Company was ranked fifth on a NAV total return basis and fifteenth on a Share Price total return basis out of 31 generalist (including planned exit) VCTs monitored by the Association of Investment Companies ("AIC") over the last ten years. The Board believes this to be a satisfactory performance.

Performance incentive arrangements

As reported in the Half-Year Report, a number of clarifications to the existing Performance Incentive Agreement ("the Agreement") were agreed last year between the Board and Mobeus, which have applied from the start of 2015. No incentive fee is payable in respect of 2015 under the Agreement.

Since the Half-Year Report was published, an ex-gratia Performance Bonus Payment of £250,000 to Mobeus was approved by shareholders at a general meeting on 3 September 2015 and has been included in these results. This payment was in recognition of shortcomings in the wording of the Agreement and the exceptional returns and profitable realisations achieved over the eighteen months to the end of 2014.

Industry developments

The Finance (No 2) Act 2015 became law on 18 November 2015. This has introduced rules designed to ensure that VCTs comply with new European Union ("EU") State Aid rules, while remaining able to provide finance to small and growing businesses ("new VCT Rules").

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

The new VCT Rules have introduced new criteria regarding:

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

Impact on the Company's Investment Policy

These new rules apply to all new investments. Accordingly, investments made to finance the purchase of existing business owners' shareholdings and the acquisition of businesses will no longer be permitted. Previous legislation had prevented such transactions by VCTs only if they used funds raised after 5 April 2012. The new VCT Rules have extended this restriction firstly, to apply to previously exempted monies raised prior to 5 April 2012 and secondly, to prevent such investment, even if it would be a non-qualifying holding. Therefore, the new rules will not only reduce the range and size of potential investments but will also prevent the Company's future participation in funding management buyout ("MBO") transactions. However, importantly, such investments that have already been made remain qualifying investments as part of our investment portfolio.

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

How could these changes affect returns?

In the Board's view, the change in focus to investment in younger, smaller companies requiring growth (and possibly, in the future, some replacement) capital carries not only a higher risk, but also the prospect of more variable returns. Generating the level of consistently high returns achieved over the last six years in particular is likely to be more challenging.

Shareholders should note that the nature of the more restrictive range and size of new potential investments is likely to reduce gradually the overall income yield on the portfolio as a whole, although there should be a commensurate increase in the level of capital returns albeit with a more volatile profile. However, shareholders should note that the existing portfolio is comprised almost exclusively of MBO investments whose full potential should be realised over the next five years or so and thus changes to the balance of the portfolio and therefore to the risk and reward metrics are likely to be gradual.

How is the Company responding?

In conjunction with the Investment Adviser, the Board has undertaken an in-depth evaluation of the likely size and nature of the potential investment opportunities available to the Company under the new VCT Rules, together with the returns that might be achieved, based on historical evidence. Along with the Investment Adviser, the Board has established that the market size and potential for sourcing investment opportunities under the new VCT Rules is sufficiently large. The Board is very pleased to note, also, that the Investment Adviser is recruiting additional investment personnel who have extensive experience in the provision of growth capital to younger, smaller companies. Based upon these discussions and developments to date, allied to the record of past returns achieved, the Board has concluded that the Investment Adviser should be well placed, over time, to apply its measured approach, taking account of the new VCT Rules, in order to continue to generate attractive returns in the future.

Changes to the Investment Policy

The new VCT legislation discussed above requires revisions to the Company's current Investment Policy (the "Policy") which, in turn, will require approval by shareholders of an ordinary resolution that will be proposed at the Annual General Meeting. Although the proposed changes to the Policy appear substantial the underlying principles are broadly similar with one main exception. Currently, the Policy makes particular reference to investing in MBO transactions which we propose to remove as VCTs are no longer permitted to fund them. In addition, the proposed Policy removes references to specific VCT legislation. This has been replaced with a commitment that every investment will meet the requirements of the prevailing VCT legislation. This change should obviate the need to amend the Policy each time VCT legislation changes which can be a time consuming and costly process. These amendments should ensure that your Company complies with the new EU State Aid Rules and thereby continues to retain its VCT qualifying status. The potential impact of these amendments on the VCT's portfolio and investment risk are set out in the previous sections under "Industry developments".

The Board is recommending that shareholders approve the new Policy.

Your Directors continue to work closely with Mobeus and our other professional advisers to understand the full implications of the new VCT Rules, so as to apply the revised Policy at a detailed, practical level. There remain many detailed points to be clarified in interpreting the new legislation. We are optimistic that this process will be partly assisted by HM Revenue & Customs' (HMRC) publication of its Guidelines on the interpretation of the new legislation, which is expected shortly. Practical experience in applying the Guidelines to particular transactions will also be needed.

Chairman's Statement

Board changes

The Board was pleased to appoint Clive Boothman as a non-executive Director of the Company with effect from 1 August 2015. Clive has had extensive and relevant experience of the retail investment market, as can be seen from his biography on page 23. Shareholders will have the opportunity to ratify his appointment at the forthcoming Annual General Meeting, to be held on 23 May 2016.

Tom Sooke has decided not to seek re-election at the forthcoming Annual General Meeting and will therefore be leaving the Board with effect from the close of the meeting. Tom provided strong and decisive leadership to the Audit Committee from the inception of the Company in October 2004 until he relinquished the chair last year. In recent years, Tom has served, also, as the Senior Independent Director. The Board has benefitted enormously from his wealth of experience and the extensive knowledge which he brought to its discussions and deliberations.

Catherine Wall succeeded Tom Sooke as Chairman of the Audit Committee with effect from 1 July 2015 and the Board has agreed that Bridget Guérin will assume the role of Senior Independent Director on Tom's retirement from the Board.

Buybacks of the Company's own shares

During the year ended 31 December 2015, the Company made one purchase of its shares, buying back 31,723 shares in June 2015. The buyback represented 0.1% of the issued share capital of the Company at the beginning of the year. Further details are included in the Directors' Report on page 24. The shares bought back were subsequently cancelled by the Company.

Fundraising

The Company participated, alongside the other three Mobeus advised VCTs, in a successful 2014/15 fundraising. The Company's Offer closed earlier than planned, on 10 March 2015, having raised the full amount offered for subscription by the Company of £15.00 million.

Annual fundraisings by the Company have provided it with a satisfactory level of liquidity sufficient to pursue its Objective and meet the Company's running costs. The level of cash or near cash resources held by the Company as at 31 December 2015, including the liquidity held by companies preparing to trade, was £35.38 million. Given that the unexpected changes in the VCT Rules are likely now to slow down the rate of new investment, in the short to medium term, the Board regards this level of liquidity as on the high side while noting that the proposed final dividend, if agreed, will reduce cash balances by £5.32 million. Accordingly, the Board is not anticipating that there will be further fundraising until existing levels of liquidity are reduced and the likely level of future deal flow under the new VCT Rules is clearer.

Annual General Meeting

The next Annual General Meeting of the Company will be held at 2.00 pm on Monday, 23 May 2016 at 33 St James's Square, London SW1Y 4JS. Both the Board and the Investment Adviser look forward to welcoming shareholders to the meeting which will include a presentation from the Investment Adviser on the investment portfolio. Shareholders are encouraged to attend and to ask questions of the Board and the Investment Adviser. The business to be considered at the meeting includes a resolution to amend the Company's Investment Policy as referred to on page 26. The Notice of the meeting is included on pages 64 - 67 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 25 - 26 of this Annual Report.

Industry awards for the Investment Adviser

We are delighted to report that the Investment Adviser was named VCT Manager of the Year for the fourth consecutive year at the ***unquote"*** British Private Equity Awards 2015 and also received the award for Exit of the Year for Focus Pharma. This was in addition to being awarded VCT Manager of the Year by Investor Allstars. These three awards recognise the continuing high level of consistency achieved by the Investment Adviser in maintaining high standards in all areas of its activity including deals, exits, portfolio management and fundraising.

Shareholder event

This year's annual shareholder event was held on Tuesday, 26 January 2016 at the Royal Institute of British Architects in Central London. The event included presentations on the Mobeus advised VCTs' investment activity and performance. There were separate day-time and evening sessions. We have received positive feedback from many of those who attended the event and were pleased to hear that the overall impression of attendees was that they found the day informative and worthwhile.

Future prospects

The global economy is facing a particularly uncertain future at this point in time as has been reflected in the recent turbulence in financial markets. Despite these headwinds and the added uncertainty generated by the forthcoming EU referendum, the outlook for the UK economy continues to look relatively resilient. If the Government's predicted growth rate of 2.0% for the UK economy in 2016 transpires, the existing portfolio should make further steady progress.

It would seem reasonable to expect a reduction in the level of new investment as the Investment Adviser identifies and evaluates opportunities that comply with the requirements of the new legislation. The Board is therefore pleased to note the completion of the first investment under the new VCT legislation since the year-end, in Redline.

The Board is confident that the Investment Adviser will be able to tailor its investment approach to comply with the new VCT Rules. Meanwhile, the existing portfolio continues to perform well and provide a good foundation for future performance.

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

Keith Niven
Chairman

14 April 2016

Investment Portfolio

Investment Adviser's Review

This has been another strong year for the investment portfolio. The market continued to provide a healthy pipeline of good investment opportunities and conditions have been favourable for both new investment and realisations. The portfolio is performing well as is demonstrated by the fact that its valuation has increased by 18.9% during the year on a like-for-like basis. Many of the companies in the portfolio are strongly cash generative and have made partial repayments of their loan stock during the year.

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

The new VCT Rules have required all VCTs to reconsider the type of investments that they can make in future. This process is not yet complete, and we anticipate a phase of familiarisation with the practical application of the rules to prospective opportunities. The new environment in which your Company is now operating is better defined than it was when first announced (but further clarity is needed) and this will support the Company in applying its Investment Policy at a detailed level to be consistent with the new VCT Rules. We have been able to make our first investment under the new rules in February 2016.

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

The Company made four new investments in the year and two excellent realisations were delivered towards the year-end. Tessella achieved an overall return of 2.8 times original cost over the three and a half year period that the investment was held whilst Westway achieved an overall return of 6.7 times original cost.

New investment

A total of £10.72 million was invested during the year under review. This comprised new investments into Media Business Insight ("MBI"), Jablite, Tushingham and Access IS, and two follow-on investments in Entanet and CGI Creative Graphics International.

Principal new investments in the year

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

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

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

	Company	Business	Date of investment	Amount of investment (£m)
Jablite INTELLIGENT INSULATION	Jablite	Expanded polystyrene products	April 2015	1.50*

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

* £1.50 million was invested into Duncary 16, a company preparing to trade, on 2 April 2015. This enabled Duncary 16 to acquire Synbra UK Limited (Jablite) on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

	Company	Business	Date of investment	Amount of investment (£m)
Tushingham WINDSURFING	Tushingham Sails	Supplier of watersports equipment	July 2015	1.19*

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

* £1.51 million was invested in Vian Marketing, a company preparing to trade, which acquired Tushingham Sails Limited. This resulted in a net repayment to the Company of £0.32 million.

Investment Portfolio

	Company	Business	Date of investment	Amount of investment (£m)
Access IS	Access IS	Data capture and scanning hardware	October 2015	3.26*

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

* Amounts invested in companies preparing to trade, Knighton Management (£1.47 million) and Tovey Management (£1.51 million), along with a further £0.28 million from the Company, were used for this investment.

The VCT also invested a further £10.55 million into new companies preparing to trade in March and April 2015.

Further investments into existing portfolio companies in the year

	Company	Business	Date of investment	Amount of further investment (£m)
entanet CONNECTING CONFIDENCE®	Entanet	Wholesale provider of internet connectivity solutions	February 2015	1.00

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

	Company	Business	Date of investment	Amount of further investment (£m)
cgi	CGI	Producer of adhesive decorative graphics for vehicles	June 2015	0.49

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

A further investment of £1.52 million was also made into an existing company preparing to trade, in July 2015.

New investment following the year-end

	Company	Business	Date of investment	Amount of investment (£m)
REDLINE® ASSURED SECURITY	Redline	Provision of security products	February 2016	1.09*

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

* £1.51 million invested in Pound FM, a company preparing to trade, was used for this investment. This resulted in a net repayment of £0.42 million.

Realisations

The VCT made two sizeable, profitable realisations during the year under review for cash proceeds of £6.92 million. Other realisations were £0.62 million, including post-sale receipts from investments realised in a previous period, referred to below. With the loan stock repayments of £2.74 million, total net cash proceeds for the year amounted to £10.28 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Tessella	Science powered technology and consulting services	July 2012 – December 2015	£4.73 million 2.8 times cost

The Company sold its investment in Tessella to the French engineering consultancy, Altran Group plc, for £3.89 million. Founded in 1980, Tessella is now a global business. In 2011, it received the prestigious Queen's Award for Enterprise in Innovation for its work on preserving the integrity of digital information over long periods of time, irrespective of numerous changes in technology. As part of the sale transaction, the Company has retained a small investment in this data archiving business, Preservica, which was previously held within Tessella. The sale returned an IRR of 42% and during the three and a half years of this investment, revenue increased by 43% from £18.5 million in 2012 to £26.5 million forecast for the current financial year. The Company realised a gain, over current cost, of £2.58 million, being 3.40 pence per share.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Westway	Air conditioning systems	June 2009 – December 2015	£4.05 million 6.7 times cost

The Company sold its investment in Westway to ABM Industries Inc, one of the largest facility management services providers in the US, for £3.03 million. During the period of the investment Westway, which is headquartered in Middlesex and founded in 2001, expanded its range of services from heating, ventilation and air conditioning and now offers other technical services including mechanical and electrical maintenance, energy services, communications, security systems and the servicing of electronic garment picking systems. The sale returned an IRR of 48%. The Company realised a gain over current cost of £2.81 million, being 3.70 pence per share.

In addition to the above, the Company received a further £0.62 million from investments realised in a previous period, principally being £0.25 million from Newquay Helicopters in August 2015 as an interim distribution resulting from the members' voluntary liquidation of that company and £0.14 million received as deferred consideration from Monsal Holdings.

Loan stock repayments

Loan stock repayments totalled £4.74 million for the year, including £2.00 million as part of the proceeds from the companies realised above. Positive cash flow at five other companies contributed to the balance of £2.74 million. These proceeds are summarised below:-

Company	Business	Month	Amount (£000's)
Jablite	Expanded polystyrene products	May – November	1,302
Motorclean	Vehicle cleaning and valeting services	February – October	491
Ward Thomas	Logistics, storage and removals business	May – December	406
Vian Marketing	Company preparing to trade	July	325
Tessella	Science powered technology and consultancy services	March – September	117
Tharstern	Software based management information systems	March	104
Total			**2,745**

Mobeus Equity Partners LLP
14 April 2016

Investment Portfolio

Principal investments in the portfolio by valuation

Entanet Holdings Limited

www.enta.net

Cost	£2,713,000
Valuation	£4,177,000

Basis of valuation
Earnings multiple

Equity % held
12.0%

Income receivable in year
£241,128

Business
Wholesale communications

Location
Telford, Shropshire

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2014[1]
Turnover	£29,824,000
Operating profit	£2,309,000
Net assets	£4,256,000
Period ended	31 December 2013[1]
Turnover	£29,415,000
Operating profit	£2,782,000
Net assets	£2,332,000

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

Movements during the year

Further investment of £1.00 million made in February 2015.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£2,439,000
Valuation	£3,518,000

Basis of valuation
Earnings multiple

Equity % held
12.2%

Income receivable in year
£232,892

Business
Online wine retailer

Location
Norwich

Original transaction
Management buyout

Audited financial information

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

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

Movements during the year

None.

ASL Technology Holdings Limited

www.asl-group.co.uk

Cost	£2,942,000
Valuation	£3,401,000

Basis of valuation
Earnings multiple

Equity % held
14.4%

Income receivable in year
£244,083

Business
Printer and photocopier services

Location
Cambridge

Original transaction
Management buyout

Audited financial information

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

Movements during the year

None.

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost	£3,264,000
Valuation	£3,264,000

Basis of valuation
Recent investment price

Equity % held
13.4%

Income receivable in year
£62,136

Business
Data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

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

[1] The financial information quoted above is for Access IS Limited prior to the VCT's investment which completed in October 2015.

Movements during the year

New investment made in October 2015.

Media Business Insight Holdings Limited

www.mb-insight.com

Cost	£3,282,000
Valuation	£2,752,000

Basis of valuation
Earnings multiple

Equity % held
19.0%

Income receivable in year
£262,869

Business
Publishing and events business

Location
London

Original transaction
Management buyout

Audited financial information

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

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

Movements during the year

New investment made in January 2015.

Veritek Global Holdings Limited

www.veritekglobal.com

Cost	£2,045,000
Valuation	£2,094,000

Basis of valuation
Earnings multiple

Equity % held
13.0%

Income receivable in year
£228,718

Business
Maintenance of imaging equipment

Location
Eastbourne, East Sussex

Original transaction
Management buyout

Audited financial information

Year ended	31 March 2015
Turnover	£22,501,000
Operating profit	£2,379,000
Net liabilities	£(72,000)
Year ended	31 March 2014[1]
Turnover	£14,443,000
Operating profit	£249,000
Net liabilities	£(804,000)

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

Movements during the year

None.

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

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

Investment Portfolio

Principal investments in the portfolio by valuation

Fullfield Limited (trading as Motorclean)

www.motorclean.net

Cost	£ 1,718,000
Valuation	£1,983,000

Basis of valuation
Earnings multiple

Equity % held
14.1%

Income receivable in year
£186,823

Business
Vehicle cleaning and valet services

Location
Laindon, Essex

Original transaction
Management buyout

Audited financial information

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

Movements during the year

Fullfield made loan repayments totalling £0.49 million during the year.

Tharstern Group Limited

www.tharstern.com

Cost	£1,377,000
Valuation	£1,915,000

Basis of valuation
Earnings multiple

Equity % held
15.3%

Income receivable in year
£113,973

Business
Software-based Management Information Systems to the print sector

Location
Colne, Lancashire

Original transaction
Management buyout

Audited financial information

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

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

Movements during the year

Tharstern made a loan stock repayment of £0.10 million including premium.

Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)

www.ward-thomas.co.uk

Cost	£1,619,000
Valuation	£1,784,000

Basis of valuation
Earnings multiple

Equity % held
5.4%

Income receivable in year
£82,050

Business
Logistics, removal and storage

Location
London

Original transaction
Corporate restructuring

Audited financial information

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

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

Movements during the year

Aussie Man & Van was acquired by Leap New Co in July 2015. Total loan repayments of £0.41 million were made during the year.

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost £1,808,000

Valuation £1,471,000

Basis of valuation
Earnings multiple

Equity % held
7.8%

Income receivable in year
£149,811

Business
Vinyl graphics to global automotive and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Financial information (unaudited)

Year ended	28 February 2015[1]
Turnover	£12,124,000
Operating profit	£1,682,000
Net assets	£2,521,000
Year ended	28 February 2014[1]
Turnover	£9,742,000
Operating profit	£1,737,000
Net assets	£5,849,000

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

Movements during the year

Further investment of £0.49 million made in June 2015.

Jablite Holdings Limited

www.jablite.co.uk

Cost £556,000

Valuation £1,464,000

Basis of valuation
Earnings multiple

Equity % held
12.1%

Income receivable in year
£44,975

Business
Expanded polystyrene products

Location
Belvedere, Kent

Original transaction
Management buyout

Financial information (unaudited)

Year ended	31 December 2015[1]
Turnover	£42,970,000
Operating profit	£3,547,000
Net assets	£2,675,000
Year ended	31 December 2014[1]
Turnover	£40,039,000
Operating profit	£2,053,000
Net assets	£23,000

[1] The financial information quoted above is based on proforma consolidated figures for the trading companies Jablite Limited and Styropack (UK) Limited.

Movements during the year

New investment made in April 2015. A total of £1.30 million (including premium) has been received in loan stock repayments.

Gro-Group Holdings Limited

www.gro.co.uk

Cost £1,975,000

Valuation £1,425,000

Basis of valuation
Earnings multiple

Equity % held
10.5%

Income receivable in year
£203,136

Business
Baby sleep products

Location
Ashburton, Devon

Original transaction
Management buyout

Audited financial information

Year ended	30 June 2014[1]
Turnover	£11,494,000
Operating profit	£1,703,000
Net assets	£2,178,000
Year ended	30 June 2013[1]
Turnover	£11,444,000
Operating profit	£775,000
Net assets	£1,178,000

[1] The financial information quoted above is for Gro-Group International Limited, the trading subsidiary of Gro-Group Holdings Limited.

Movements during the year

None

The remaining 23 investments in the portfolio (including eight companies preparing to trade) had a cost of £24.32 million and were valued at £22.11 million at 31 December 2015.

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

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

Investment Portfolio

Investment Portfolio Summary as at 31 December 2015

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
Qualifying investments							
Unquoted investments							
Entanet Holdings Limited Wholesale communications provider	Fixed line Telecommunications	Feb-14	2,713	4,177	8.7%	5.6%	42.0%
Virgin Wines Holding Company Limited Online Wine retailer	General retailers	Nov-13	2,439	3,518	37.0%	4.7%	42.0%
ASL Technology Holdings Limited Printer and photocopier services	Support services	Dec-10	2,942	3,401	1.9%	4.6%	47.5%
Tovey Management Limited (trading as Access IS)[3] Provider of data capture and scanning hardware	Software and computer services	Oct-15	2,979	2,979	New investment	4.0%	45.0%
Manufacturing Services Investment Limited Company seeking to carry on a business in the manufacturing sector	Company preparing to trade	Feb-14	2,666	2,666	-	3.6%	50.0%
Veritek Global Holdings Limited Maintenance of imaging equipment	Support services	Jul-13	2,045	2,094	1.8%	2.8%	44.0%
Media Business Insight Holdings Limited (formerly South West Services Investment Limited)[4] A publishing and events business focused on the creative production industries	Media	Jan-15	2,518	1,988	(16.1)%	2.7%	67.5%
Fullfield Limited (trading as Motorclean) Provider of vehicle cleaning and valet services	Support services	Jul-11	1,718	1,983	5.6%	2.7%	46.0%
Tharstern Group Limited Software based management information systems	Software and computer services	Jul-14	1,377	1,915	39.2%	2.6%	52.5%
Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)[5] A specialist logistics, storage and removals business	Support services	Dec-14	1,619	1,784	8.1%	2.4%	19.0%
Backhouse Management Limited Company seeking to carry on a business in the motor sector	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%

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

[2] The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 9 to the Financial Statements on page 53.

[3] £1,465,500 and £1,513,500 was invested into Knighton Management on 31 March 2015 and Tovey Management on 1 April 2015 respectively, both companies preparing to trade. Tovey Management acquired Knighton Management and Azio Limited (the holding company for Access IS) on 2 October 2015. The Company has also advanced a non-qualifying loan of £284,682 to Access IS Limited.

[4] A further £1,374,266 was invested into South West Services Investment ("SWSI"), adding to its earlier investment of £1,143,000. This enabled SWSI to acquire Media Business Insight ("MBI"). The Company has also advanced a non-qualifying loan of £764,797 to Media Business Insight Limited.

[5] On 31 July 2015, Leap New Co acquired Aussie Man & Van Limited via a share for share exchange plus a small amount of cash. The figures represent the combined holding which was the position at 31 December 2015.

[6] £1,498,364 was invested into Duncary 16 on 2 April 2015, a company preparing to trade. This enabled Duncary 16 to acquire Synbra UK Limited (Jablite) on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
Barham Consulting Limited Company seeking to carry on a business in the catering sector	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%
Chatfield Services Limited Company seeking to carry on a business in the retail sector	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%
Pound FM Consultants Limited Former company preparing to trade used following the year-end for the Redline investment	Company preparing to trade	Apr-15	1,514	1,514	New investment	2.0%	50.0%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreational vehicle and aerospace markets	General Industrials	Jun-14	1,808	1,471	(25.5)%	2.0%	26.9%
Hollydale Management Limited Company seeking to carry on a business in the food sector	Company preparing to trade	Mar-15	1,465	1,465	New investment	2.0%	50.0%
Jablite Holdings Limited (formerly Duncary 16 Limited)[6] Manufacturer of expanded polystyrene products	Construction and materials	Apr-15	556	1,464	84.7%	2.0%	40.1%
Gro-Group Holdings Limited Baby sleep products	General retailers	Mar-13	1,975	1,425	(20.3)%	1.9%	37.6%
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the domestic and commercial property markets	Support services	Apr-08	478	1,361	47.3%	1.8%	37.5%
Turner Topco Limited (trading as ATG Media) Publisher and on-line auction platform operator	Media	Oct-08	2,501	1,355	(45.5)%	1.8%	17.1%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Support services	Apr-06	492	1,292	32.6%	1.7%	52.5%

Investment Portfolio

Investment Portfolio Summary as at 31 December 2015

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
Vian Marketing Limited (trading as Tushingham Sails)[3] Design, manufacture and sale of stand-up paddleboards and windsurfing sails	Leisure goods	Jul-15	1,189	1,189	New investment	1.6%	31.5%
EOTH Limited (trading as Rab and Lowe Alpine) Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	1,051	(3.3)%	1.4%	8.0%
RDL Corporation Limited Recruitment consultant for the pharmaceutical, business intelligence and IT industries	Support services	Oct-10	1,558	969	15.9%	1.3%	45.2%
Vectair Holdings Limited Designer and distributor of washroom products	Support services	Jan-06	139	690	62.9%	0.9%	24.0%
Newquay Helicopters (2013) Limited (in creditors' voluntary liquidation) Helicopter service operator	Support services	Jun-06	84	149	-	0.2%	34.9%
Lightworks Software Limited Provider of software for CAD vendors	Software and computer services	Apr-06	222	119	83.1%	0.2%	45.0%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	-	(100.0)%	0.0%	47.5%
Preservica Limited[4] Seller of proprietary digital archiving software	Software and computer services	Dec-15	-	-	New investment	0.0%	20.2%
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers and floral sundries.	General retailers	Dec-09	350	-	-	0.0%	24.0%
Watchgate Limited Holding company	Support services	Nov-11	1	-	-	0.0%	100.0%
Total unquoted investments			**47,131**	**49,589**		**66.5%**	

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

[2] The other funds advised by Mobeus include Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc. Details are contained in Note 9 to the Financial Statements on page 53.

[3] £1,188,950 held in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the Company of £324,550.

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

[5] The Company advanced a non-qualifying loan of £764,797 to Media Business Insight Limited.

[6] The Company advanced a non-qualifying loan of £284,682 to Tovey Management Limited (Access IS).

[7] At 31 December 2015, the Company held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT qualifying investment test. For the purposes of the VCT qualifying investment test, the Company is permitted to disregard disposals of investments for six months from the date of disposal. It also has up to three years to bring in new funds raised, before these need to be included in the qualifying investment test.

[8] Disclosed as Current asset investments and Cash at bank within Current assets in the Balance Sheet on page 40.

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over year[1]	% value of net assets	% of equity held by funds advised by Mobeus[2]
AIM quoted investments							
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	Health care equipment and services	Dec-10	305	394	(14.0)%	0.6%	6.0%
Total AIM quoted investments			**305**	**394**		**0.6%**	
Total qualifying investments			**47,436**	**49,983**		**67.1%[7]**	
Non-qualifying investments							
Media Business Insight Limited[5]	Media	Jan-15	764	764	New investment	1.0%	67.5%
EOTH Limited (trading as Rab and Lowe Alpine)	General retailers	Oct-11	298	324	-	0.5%	8.0%
Tovey Management Limited (trading as Access IS)[6]	Software and computer services	Oct-15	285	285	New investment	0.4%	45.0%
PXP Holdings Limited (no longer trading)	Construction and building materials	Dec-06	1,278	-	-	0.0%	32.9%
Total non-qualifying investments			**2,625**	**1,373**		**1.9%**	
Total investment portfolio			**50,061**	**51,356**		**69.0%**	
Current asset investments and cash at bank[8]			22,168	22,168		30.1%	
Total investments			**72,229**	**73,524**		**99.1%**	
Other assets				848		1.2%	
Current liabilities				(266)		(0.3)%	
Net assets				**74,106**		**100.0%**	

Strategic Report

Introduction

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

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

Company Objective

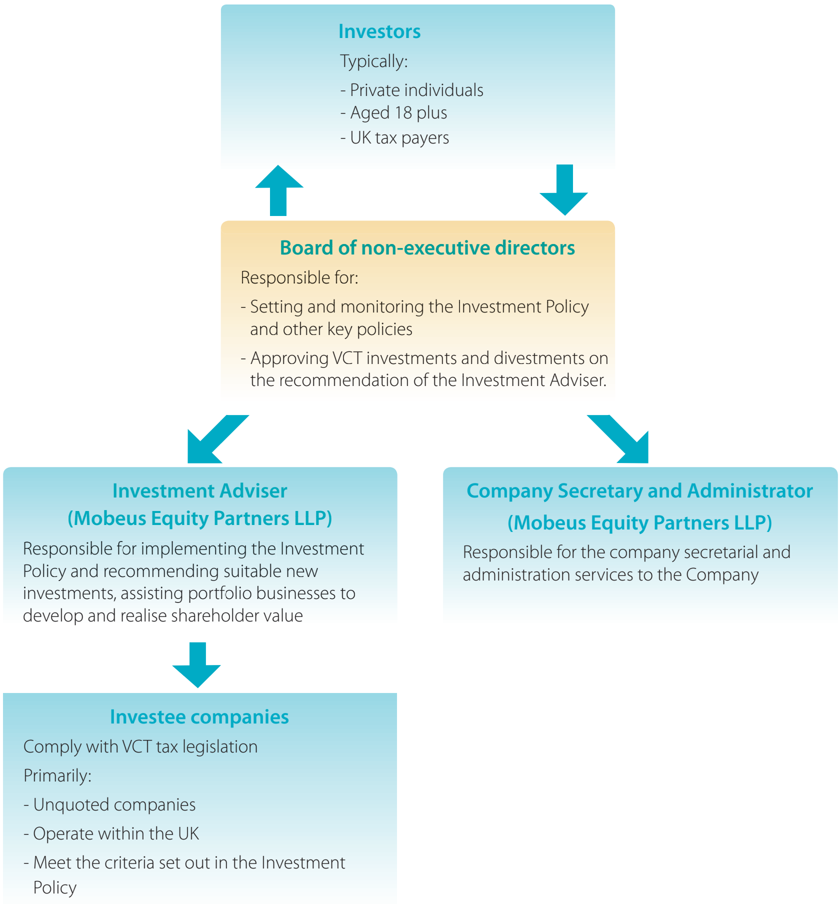
The Objective of the Company is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing at all times to qualify as a VCT.

Investment Policy

The full text of the Company's <u>current</u> Investment Policy is set out on page 20 of this Strategic Report.

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

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



The Company and its Business Model

The Company's Investment Policy (whether current or proposed) is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC whilst maximising returns to shareholders from both income and capital. A summary of the most important rules that determine VCT approval is contained in the panel headed "Summary of VCT regulation" on the opposite page.

MIG VCT is a fully listed company on the London Stock Exchange, which also fulfils a VCT regulatory requirement. It is therefore also required to comply with the listing rules governing such companies.

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

The Company may invest alongside three other VCTs advised by Mobeus (see page 20 of the current Investment Policy for further details and Note 9 to the Financial Statements on page 53 for a breakdown of the amounts invested by these VCTs).

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

Summary of VCT regulation

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

- The Company must hold at least 70%, by VCT tax value*, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- Of these qualifying holdings, an overall minimum of 30% by VCT tax value (70% for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules);
- 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.

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

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

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

The above takes into account legislation up to the Finance (No 2) Act 2015. The recent 2016 Budget proposes that non-qualifying investments can no longer be made, except for certain exceptions in managing the Company's short-term liquidity.

Performance

The Board has identified six key performance indicators that it uses to assess the Company's progress:

1 Relative shareholder total returns;

2 Relative NAV total returns;

3 Dividends paid compared with the dividend target;

4 Management of share price discount to NAV;

5 Compliance with VCT legislation; and

6 Management of expenses.

1 Relative shareholder total returns

The Board monitors the total returns received by shareholders. These total returns take into account both income received (dividends) and capital (share price) movements. The Company's total returns are then compared with those achieved by other similar VCTs.

The total returns of the Company and its rankings against other companies in an Index of generalist VCTs which are members of the Association of Investment Companies ("AIC") have been as follows:

Period to 31 December 2015	Total return (Share Price basis) %	Ranking (AIC generalist VCTs)
1 year	12.9*	15th out of 54
3 years	60.5	9th out of 54
5 years	88.6	11th out of 45
10 years	109.0	15th out of 31

Source: AIC 31 December 2015

The above data was prepared by the AIC on the basis that dividends were reinvested in shares in the Company on the last trading day of the month in which the shares were quoted ex-dividend.

* The one year Share Price total return per share above of 12.9% differs to that reported in the Chairman's Statement of 12.2%. This is because the latter was calculated on the assumption that dividends were paid out as cash, rather than reinvested into further shares.

The Board considers relative shareholder total returns to be satisfactory.

Strategic Report

2 Relative NAV total returns

The Board also monitors relative NAV total returns. These returns are calculated as above but using NAVs rather than share prices. This removes the effects of changes in the discounts/premiums at which share prices trade, relative to NAVs, over which the Investment Adviser has no direct influence or control. The Board uses NAV total returns to measure the relative performance of the Investment Adviser.

The total returns of the Company and its rankings against other companies in an Index of generalist VCTs which are members of the Association of Investment Companies ("AIC") have been as follows:

Period to 31 December 2015	Total return (NAV basis) %	Ranking (AIC generalist VCTs)
1 year	5.8*	27th out of 54
3 years	44.4	3th out of 54
5 years	68.0	5th out of 45
10 years	115.2	6th out of 31

Source: AIC 31 December 2015

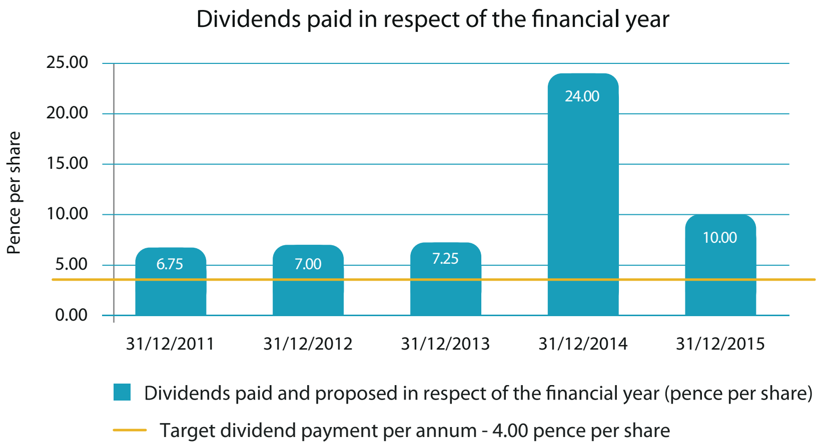
The above data was prepared by the AIC on the basis that dividends were reinvested in the Company on the last trading day of the month in which the shares were quoted ex-dividend.

* The one year NAV total return per share above of 5.8% differs to that shown in the Chairman's Statement of 8.1%. There are two main reasons for this difference. Firstly, the figure of 8.1% assumes dividends were paid out in cash rather than reinvested into further shares. Secondly, the AIC data does not include MIG VCT's year-end NAV figure of 97.54 pence per share because this figure will not have been disclosed until the announcement of this Report. As a result, the AIC's figure of 5.8% does not include the beneficial effect of the two major realisations that occurred in the final quarter of the year, being Tessella and Westway, which were the principal contributors to the increase in NAV per share of 3.9% in the final quarter.

The Board considers relative NAV total returns to be satisfactory.

3 Dividends paid compared with the dividend target

The Company has a target of paying an annual dividend of at least 4.00 pence per share in respect of each financial year. It has comfortably exceeded this target in each of the last five financial years. However, the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.



Dividends per share paid and proposed in respect of the financial year ended 31 December 2015 are 10.00 pence.

A final dividend of 7.00 pence per share for the year ended 31 December 2015 (which will be proposed to shareholders at the AGM and, if approved, will be paid on 31 May 2016) has been included in the 10.00 pence for 2015.

4 Management of share price discount to NAV

Subject to the Company having sufficient available funds and distributable reserves, it is the Board's current intention to pursue a buyback policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 10%.

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

During the year ended 31 December 2015, shareholders holding 31,723 shares, representing 0.1% of the issued share capital of the Company at the beginning of the year, expressed their desire to sell their investments. The Company instructed its brokers, Panmure Gordon (UK) Limited ("Panmure Gordon"), to purchase these shares at prices representing discounts of approximately 10% to the previously announced NAV per share. The Company subsequently purchased these shares at a price of 82.50 pence per share and cancelled them.

5 Compliance with VCT legislation

In order to comply with VCT tax legislation, the Company must meet a number of tests contained in the VCT tax legislation. The principal tests are summarised in the panel entitled "Summary of VCT regulation" on page 17. At 31 December 2015 and at the date of this report, the Company continued to meet these tests.

6 Management of expenses

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

Financial year	2015	2014	2013	2012	2011
Ongoing charges ratio	2.58%	2.65%	2.67%	2.84%	2.81%

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

The fall in the Ongoing Charges Ratio for the year is mainly due to the increase in net assets, itself primarily due to the fundraising in the early part of 2015.

Investment Adviser fees and other expenses

In line with the rise in net assets, Investment Adviser fees have increased from £1.37 million to £1.57 million, charged to both revenue (increase of £0.05 million) and capital (increase of £0.15 million). Other expenses (all charged to revenue) have risen from £0.39 million to £0.46 million. This is due principally to rises in trail commission and a provision made against interest receivable for one investee company which had been recognised as income in 2014, offset by a fall in professional fees.

Strategic Report

Key Policies

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

The Board will be recommending a revised Investment Policy to shareholders to take account of the new VCT Rules introduced by the Finance Act (No 2) 2015. The text of the proposed Policy is set out on page 26 in the Directors' Report. The current policy is set out below.

Current Investment Policy

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

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

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

VCT regulation

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

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

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

Asset mix

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

Risk diversification and maximum exposures

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

Co-investment

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

Borrowing

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

Other Key Policies

Cash available for investment and liquidity

The Company's cash and liquid resources are held in a range of instruments of varying maturities including liquid, low risk Money Market Funds and bank deposits, subject to the overriding criterion that the risk of loss of capital be minimised. The Company has participated in the Mobeus VCTs' annual linked fundraising since 2010 in order to maintain a sufficient level of funds that can be deployed in meeting the day-to-day expenses of the Company, dividends and purchases of the Company's own shares. This also enabled money raised prior to 6 April 2012 to be allocated for future MBO investment until 18 November 2015 when the new VCT Rules referred to in the Chairman's Statement became effective.

Diversity

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

Anti-bribery policy and whistleblowing procedures

The Company has adopted a zero tolerance approach to bribery and has established an anti-bribery policy and procedures, copies of which are available in the Corporate Governance section of the Company's website. The Board has considered the recommendation made in the UK Corporate Governance Code with regard to a policy on whistleblowing and has reviewed the arrangements at the Investment Adviser under which staff may, in confidence, raise concerns. It has concluded that adequate arrangements are in place at the Investment Adviser for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken by the Investment Adviser. The Board has also asked each of its service providers to confirm that they have a suitable whistle-blowing policy in place.

Social and environmental policies, human rights and greenhouse emissions

The Board recognises its obligations under section 414C of the Companies Act to provide information about environmental matters (including the impact of the Company's business on the environment), human rights and social and community issues. It has reviewed the Company's responsibilities in respect of these issues and concluded that, as an externally administered investment company, it is not appropriate for a company of MIG VCT's size and operations to develop policies on environmental and social responsibility, human rights and greenhouse emissions. The Board does however seek to maintain high standards of conduct in respect of ethical, environmental, governance and social issues and to conduct the Company's affairs responsibly. It seeks to comply with appropriate industry standards and considers these matters carefully when making investment decisions. It encourages good practice within the companies in which the VCT invests and seeks to avoid investing in certain areas which it considers to be unethical.

Principal Risks

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

Risk	Possible consequence	How the Board manages risk
Economic	Events such as an economic recession and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	● *The Board monitors (1) the portfolio as a whole to ensure that the Company invests in a diversified portfolio of companies; and (2) developments in the macro-economic environment such as movements in interest rates.*
Loss of approval as a Venture Capital Trust	A breach of the VCT Rules, which change on a frequent basis, may lead to the Company losing its approval as a VCT, which would inter alia result in: (1) qualifying shareholders who have not held their shares for the designated period having to repay the income tax relief they obtained; (2) future dividends paid by the Company being subject to tax; and (3) the Company losing its exemption from corporation tax on capital gains.	● *The Company's VCT qualifying status is continually reviewed by the Board and the Investment Adviser.* ● *The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the VCT's compliance with the VCT Rules.*
Investment and strategic	Investment in unquoted small companies involves a higher degree of risk than investment in fully listed companies. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.	● *The Board regularly reviews the Company's Objective and Investment Policy.* ● *Investments are made across a number of diverse sectors to mitigate risk. Investee companies are carefully selected by the Investment Adviser for recommendation to the Board. The investment portfolio is reviewed by the Board on a regular basis.*
Regulatory	The Company is required to meet its legal and regulatory obligations as a VCT, a listed company and its own AIFM. Failure to comply might result in suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or loss of its VCT status.	● *Regulatory and legislative developments are kept under review by the Company's solicitors and the Board. Please see the Chairman's Statement on page 3 for further details of the provisions of the Finance Act (No 2) 2015.*
Financial and operating	Failure of the systems at any of the third party service providers that the Company has contracted with could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation or insecurity of assets.	● *The Board carries out an annual review of the internal controls in place and reviews the risks facing the Company at each quarterly Board meeting and receives reports by exception.* ● *It reviews the performance of the service providers annually.*
Market	Movements in the valuations of the VCT's investments will, inter alia, be connected to movements in UK Stock Market indices.	● *The Board receives quarterly valuation reports from the Investment Adviser.* ● *The Investment Adviser alerts the Board about any adverse movements in valuation.*
Asset liquidity	The Company's unquoted investments cannot be realised in a short timescale. Under-performing unquoted investments may be difficult to realise on any timescale.	● *The Board receives reports from the Investment Adviser and reviews the portfolio at each quarterly board meeting. It carefully monitors investments where a particular risk has been identified.*
Market liquidity	As a result of the limited secondary market in VCT shares, shareholders may find it difficult to sell their shares at a price which is close to the net asset value. Whilst demand has always been met to date, it may not be possible for the Company to buy back large percentages of the share capital, other than over several years.	● *The Board has a share buyback policy which seeks to mitigate market liquidity risk. This policy is reviewed at each quarterly Board meeting.*
Counterparty	A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company.	● *The Board regularly reviews and agrees policies for managing these risks. Further details can be found in the discussion on 'credit risk' in Note 15 to the Financial Statements on pages 56 - 57.*

Risk	Possible consequence	How the Board manages risk
Key staff	A partner or key member of staff at the Investment Adviser may leave the organisation or the Investment Adviser may fail to maintain adequate levels of experience and expertise in its team. This may have an adverse effect on the standard of service that the Company receives from the Investment Adviser and therefore the performance of the Company.	• *The Board maintains a constant dialogue with Mobeus to ensure that (1) the team is adequately resourced; and (2) Partners and staff are well-incentivised and trained.*

The risk profile of the Company has changed as a result of the recent changes to VCT regulation. As the Company will now focus its investment on growth capital investments in younger companies, it is anticipated that investment returns will be more volatile, and will have a higher risk profile. The Board remains confident that the Investment Adviser can adapt to these changing investment requirements. The combination of high liquidity levels in the Company and the challenge of the new VCT Rules may also result in continuing higher than usual liquidity which may be a drag on performance. These issues will be monitored by the Board during the year.

Going Concern and Long-Term Viability of the Company

The Board is required to assess the Company's operation as a "going concern". The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the preceding pages of this Strategic Report. The Directors are satisfied that the Company has more than sufficient cash reserves having raised additional funds in the 2014/15 tax year. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well-diversified. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk, and details of the Company's policies for managing its capital and financial risks, are shown in Note 15 on pages 55 - 62. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability Statement

The Financial Reporting Council updated the UK Corporate Governance Code in September 2014. The updated Code includes proposals for companies to include a "Viability Statement" in the 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 business.

The Directors have assessed the prospects of the Company over the three year period to 31 December 2018. This period has been chosen, as a period longer than three years creates a level of future uncertainty for which a Viability Statement cannot, in the Directors' view, be made meaningfully. The three year period takes account of the necessary transitioning of the Company's Investment Policy to focus upon growth capital transactions in line with the regulatory developments for VCTs, referred to in the Chairman's Statement.

The Directors' assessment of viability 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 management of the Company's principal risks. The Directors have carried out a robust assessment of the principal risks facing the Company which are listed in the preceding section on pages 21-22.

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 Board is mindful of the risks contained therein, but considers that its actions to manage those risks provide reasonable assurance that the Company's affairs are safeguarded for the stated period and that the risks are appropriate, given the Company's Investment Policy and Objective of "providing investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing, at all times, to qualify as a VCT".

The Board has focused upon the range of future investments that the Company will be permitted to fund under the latest VCT legislation, where the move from mainly management buyout investments to growth capital opportunities will gradually alter the overall portfolio over the next three to five years. However, the Board anticipates that attractive returns should continue to be achievable from future investments and from the existing portfolio and will continue to monitor the investment programme, paying particular attention to the return potential and impact of growth capital investments. The Board considers that the Company's liquidity is currently at a more than adequate level and it has no immediate plans to raise further capital.

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

Shareholders should be aware that, under the Company's Articles, it is required to hold a continuation vote at the next AGM falling after the fifth anniversary of last allotting shares. As shares were last allotted in March 2015, 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 and short term objectives, please see the Chairman's Statement on pages 2 - 4.

By order of the Board

Keith Niven
Chairman

14 April 2016

Board of Directors

Keith Niven

Independent Chairman

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

Clive Boothman

Independent Director

Clive has over 30 years' experience in the financial services industry. Initially, he qualified as a chartered accountant and worked for Arthur Young McClelland Moores (now Ernst & Young) and Moore Stephens (Bermuda). He was with Schroders for seventeen years from 1983 during which time he was, at different times, Managing Director, Schroder Unit Trusts for ten years and Managing Director of the Firm's Private Client Group for the final two years. Since leaving Schroders, he has been Chief Executive of the stockbroker, Gerrard Limited (2000 – 2001), the fund platform Cofunds Limited (2002 – 2003) and London Representative of Jersey Finance Limited (2009 – 2011). More recently, from 2004 until December 2014, he was non-executive chairman of Investment Funds Direct Limited (trading as Ascentric), a comprehensive, whole-of-market wrap platform. Since July 2014 he has been non-executive Chairman of Platform One Group Limited, another wrap platform, which specialises in providing services to international clients and their advisors as well as UK higher net worth clients.

Bridget Guérin

Independent Director

Bridget has 30 years' experience in the financial services industry. She was Managing Director of Matrix Money Management Limited between June 1999 and March 2011 and sat on the Matrix Group Board between 2000 and 2009. Prior to joining Matrix, Bridget gained 14 years' of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget is currently a non-executive director of CCP Quantitative Fund and CCP Core Macro Fund, both of which are Cayman Islands CTA Funds, Schroder Income Growth Fund plc, a London listed investment trust and Charles Stanley Group plc. She is a director of York and Beverley Racecourses and is a trustee of the York Racecourse Pension Fund. Bridget was a director of Matrix Income & Growth 3 VCT plc which was merged with the Company in May 2010.

Tom Sooke

Senior Independent Director

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

Catherine Wall

Independent Director

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

Directors' Report

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

The Corporate Governance Statement on pages 31 - 34, including the Audit Committee Report on pages 32 - 34, form part of this Directors' Report.

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

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

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

Share capital

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

Issue of shares

During the year under review, the Company issued a total of 15,254,642 (2014: 8,174,196) shares under the Mobeus VCTs' 2014/15 Offer for Subscription.

Buyback of shares

At the Annual General Meeting of the Company held on 6 May 2015, shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to make market purchases of up to 11,393,100 of its own shares representing 14.99% of the issued share capital of the Company at that date. Such authority has been in place throughout the year under review. A resolution to renew this authority will be proposed to shareholders at the forthcoming Annual General Meeting to be held on 23 May 2016.

During the year under review, the Company bought back 31,723 (2014: 536,729) of its own shares at an average price of 82.50 (2014: 89.00) pence per share and a total cost of £26,306 including expenses (2014: £480,472). These shares, represented 0.1% (2014: 1.0%) of the issued share capital of the Company at the beginning of the year.

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

Issued share capital

The issued share capital of the Company as at 31 December 2015 was £759,730 (2014: £607,500) and the number of shares in issue at this date was 75,972,951 (2014: 60,750,032).

Dividends

The Directors are proposing a final dividend of 7.00 pence (2014: second interim: 7.00 pence) per share comprising 6.00 pence (2014: 5.80 pence) per share from capital and 1.00 penny (2014: 1.20 pence) per share from income in respect of the year ended 31 December 2015, payable on 31 May 2016 to shareholders who are on the Register on 29 April 2016. This dividend, if paid, will increase cumulative dividends paid since inception in 2004 to 81.30 pence per share.

Shareholders also received an interim dividend in respect of 2015 of 3.00 pence (2014: 17.00 pence) per share comprising 2.00 pence (2014: 15.00 pence) from capital and 1.00 penny (2014: 2.00 pence) from income on 17 September 2015.

Directors

The names of the Directors are given on page 23 of this Annual Report. Further details of each Director's interests in the Company's shares are set out on page 29 of the Directors' Remuneration Report.

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

The Company's Articles of Association ("the Articles") and the Companies Act 2006 contain provisions relating to the appointment, election and replacement of Directors. These are set out in the paragraph headed 'Directors' terms of appointment' on pages 27 - 28 of the Directors' Remuneration Report.

The powers of the Directors have been granted by company law, the Company's articles of association "Articles" and resolutions passed by the Company's members in general meeting. Resolutions are proposed annually at each annual general meeting of the Company to authorise the Directors to allot shares, disapply the pre-emption rights of members and buyback the Company's own shares on behalf of the Company. These authorities are currently in place and resolutions to renew them will be proposed at the Annual General Meeting of the Company to be held on 23 May 2016.

Directors' and officers' liability insurance

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

Directors' indemnity

The Company's Articles grant the Board, subject to the provisions of UK legislation, the power to indemnify Directors of the Company out of the assets of the Company to whatever extent the Board may determine including the provision of funds to meet any expenditure incurred by a Director in defending him or herself in any criminal or civil proceedings. Save for these indemnity provisions in the Company's Articles, there are no qualifying third party indemnity provisions in force.

Disclosure of information to the Auditor

So far as the Directors in office at 31 December 2015 are aware, there is no relevant audit information of which the Auditor is unaware. They have individually taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

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.

Fees paid to the Investment Adviser

The fees paid to the Investment Adviser and the performance incentive fees paid are set out in Note 4 to the Financial Statements on pages 45 - 46.

In addition, the Investment Adviser received fees totalling £486,396 during the year ended 31 December 2015 (2014: £429,271), being £268,246 (2014: £190,289) in arrangement fees and £218,150 (2014: £238,982) in non-executive director fees for its partners, and other senior managers, to sit on a number of investee company boards. These amounts are the share of such fees attributable to investments made by the Company. These figures are not part of the Financial Statements.

Financial risk management

The main risks arising from the Company's financial instruments are due to investment risk, fluctuations in the market price and interest rates, credit risk and liquidity 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 55 - 62 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2015, please see Note 17 to the Financial Statements on page 62.

Additional disclosures

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

Articles of association

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

Substantial interests

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

Voting rights of shareholders

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

Restrictions on voting rights

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

Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at 2.00 pm on 23 May 2016 at 33 St James's Square, London SW1Y 4JS is set out on pages 64 - 67 of this Annual Report. A proxy form for the meeting is enclosed separately with shareholders' copies of this Annual Report. Proxy votes may also be submitted electronically via Computershare's Investor Centre. Those shareholders who have elected to receive information from the Company by email will have received a link to this site.

Resolutions 1 to 10 and 13 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour and Resolutions 11 and 12 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting. The following provides an explanation of resolutions 10 – 13 to be proposed at the meeting.

Authorities for the Directors to allot shares in the Company (Resolution 10) and disapply the pre-emption rights of members (Resolution 11).

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

Resolution 10 will enable the Directors to allot new shares up to an aggregate nominal value of £252,986 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Companies Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 11 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

(i) with an aggregate nominal value of up to £215,000 in connection with offer(s) for subscription; and

(ii) otherwise than pursuant to (i) above with an aggregate nominal value of up to 5% of the issued share capital of the Company from time to time,

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

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

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

Both of these authorities, unless previously renewed, varied or revoked will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the Annual General Meeting of the Company held on 6 May 2015.

The Directors have no plans at the current time to fundraise for the Company or any other further immediate intention of exercising the above powers. The Board, is however, intending to give consideration to a possible fundraising once the implications for the Company of the new VCT Rules have been clarified. It is therefore seeking authority to allot shares and disapply the pre-emption rights of members to take account of this contingency.

Authority to purchase the Company's own shares (Resolution 12)

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act. The authority is limited to the purchase of an aggregate of 11,388,345 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 2017 except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

Changes to the Company's Investment Policy (Resolution 13)

Resolution 13 proposes changes to the Company's Investment Policy. The text of the proposed policy is shown below.

Proposed Investment Policy

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.

An explanation of the rationale behind these changes is set out in the Chairman's Statement on page 3.

The full text of the Company's current Investment Policy is shown on page 20 of this Annual Report, should shareholders wish to compare it to the proposed policy below.

Recommendation

The Board believes that the proposed Investment Policy including the changes explained in the Chairman's Statement on page 3 is in the best interests of the shareholders as a whole and recommends that shareholders vote in favour of the resolution to be proposed at the Annual General Meeting. The Directors intend to do so in respect of their own beneficial holdings of 253,403 shares (representing 0.33% of the issued share capital as at 14 April 2016, this being the latest practicable date prior to publication of this document).

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

14 April 2016

Directors' Remuneration Report

Dear Shareholder

I am pleased to introduce the Directors Remuneration Report for the financial year ended 31 December 2015.

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

The Board completed a programme of phased increases in Directors' fees in 2014 following a review, commissioned from Trust Associates in 2011. This included appropriate supplements paid to the Chairman of the Board and to the Chairmen of the Board Committees. Trust Associates found that the Directors had unusually demanding roles, compared with many similar companies operating in its sector, and that the level and complexity of the demands required of the Directors was increasing. The Board has undertaken annual fundraisings launched in the years 2010-14 and the amount of regulation, with which the Company is obliged to comply, is continuously rising. As an example, during the year under review and continuing into the current year, the Board is carrying out a re-evaluation of the Company's Investment Policy and the type of investments it makes to ensure that it complies with the new VCT Rules.

Tom Sooke indicated during the year that he intended to retire from the Board in 2016 and an additional appointment to the Board of Clive Boothman was made to ensure that the Board continues to be adequately resourced with succession planning in mind.

The tables on pages 29 and 28 show the remuneration paid to each of the five non-executive Directors during the year and to be paid in 2016.

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

I would welcome any comments you may have.

Bridget Guérin
Nomination and Remuneration Committee Chairman

14 April 2016

Introduction

This Report has been prepared by the Directors in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013, the Companies Act 2006 ("the Companies Act") and the Listing Rules of the UK Listing Authority ("the Listing Rules"). The Company's independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments on page 29 and this is explained further in its report to shareholders on pages 36 - 38.

Directors' Remuneration Policy

The Remuneration Policy is set by the Board on the recommendation of the Nomination and Remuneration Committee ("the Committee"). The level and make-up of remuneration is set at a point which is sufficient to attract, retain and motivate experienced directors of the quality required to run the Company successfully. When considering the level of Directors' fees, the Committee takes account of the workload and responsibilities of each role and the value and amount of time that a Director is required to commit to the Company. It considers the remuneration levels elsewhere in the Venture Capital Trust industry for companies of a similar size and structure and other relevant information. Supplements are paid to the Directors in respect of their chairmanships of the Board and its Committees as set out in the table on page 28.

The Directors' fees are reviewed annually in accordance with the Remuneration Policy. The Committee may choose to take independent advice where and when it considers it appropriate. However, the Committee has not considered it necessary to take any such advice during the year under review.

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

Performance related remuneration

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

Additional benefits

The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to the directors' fees. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company. Each of the Directors has elected not to claim travel or subsistence expenses in relation to their work as a director of the Company.

Recruitment Remuneration

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

Shareholders' views on remuneration

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

Directors' terms of appointment

All of the Directors are non-executive. The Articles of Association of the Company ("the Articles") provide that directors may be appointed either by an ordinary resolution of the Company or by the Board, provided that a person appointed by the Board shall be subject to election at the first annual general meeting following their appointment. The Articles also contain provisions whereby, subject to the Companies Act, one-third of the Directors retire from office by rotation at each annual general meeting. However, the Board has agreed that each of the Directors will offer themselves for re-election annually. The Directors retiring at each annual general meeting may become eligible for re-election in accordance with the Articles.

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

Directors' Remuneration Report

continuous basis and the consultant's agreement was subject to review after twelve months. The service agreement does not make any provision for compensation payable for loss of office. Appointment letters for new directors contain an assessment of the anticipated time commitment of the appointment. New directors are asked to undertake that they will have sufficient time to carry out their responsibilities to the Company and to disclose their other significant time commitments to the Board before appointment. Each of the Director's appointments may be terminated by either party by giving not less than three months' notice in writing and in certain other circumstances.

This policy applied throughout the year ended 31 December 2015 and it will continue to apply in the current year ending 31 December 2016. An explanation of how the policy is being implemented is set out in the Annual Report on Remuneration on pages 29 - 30.

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2013 was approved by shareholders on a show of hands at the Annual General Meeting of the Company held on 7 May 2014. The Company also received proxy votes in favour of the resolution representing 94.3% of the votes received (including those who appointed the Chairman to vote at his discretion) and 5.7% against.

The Board is required to ask shareholders to approve the Remuneration Policy every three years and the Policy will next be put to shareholders again at the Annual General Meeting of the Company to be held in 2017.

Future policy

The table below sets out details of each component of each Directors' pay and gives the maximum payment receivable per annum by each Director for the current year and going forward. It also shows how the Company's Objective is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Maximum payment per annum	Performance conditions
Keith Niven	**Chairman**	**Director's fee**	£25,000	None
		Supplement payable to Company Chairman	£15,000	
		Total	**£40,000**	
Clive Boothman	**Director**	**Director's fee**	**£25,000**	None
Bridget Guérin	**Chair, Nomination & Remuneration and Management Engagement Committees**	**Director's fee**	£25,000	None
		Supplements payable to Chairman of the Nomination & Remuneration	£2,500	
		and Management Engagement Committees	£2,500	
		Total	**£30,000**	
Tom Sooke	**Director**	**Director's fee**	**£9,890**[1]	None
Catherine Wall	**Chair, Audit Committee**	**Director's fee**	£25,000	None
		Supplement payable to Chairman of the Audit Committee	£10,000	
		Total	**£35,000**	
		Total remuneration payable	**£139,890**	

Company Objective

To provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing at all times to qualify as a VCT.

Remuneration Policy

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

[1] Tom Sooke will not be seeking re-election at the Annual General Meeting to be held on 23 May 2016 and will therefore retire from the Board on this date.

Directors' Annual Remuneration Report

The resolution to approve the Directors' Annual Remuneration Report as set out in the Annual Report for the year ended 31 December 2014 was approved on a show of hands by shareholders at the Annual General Meeting of the Company held on 6 May 2015. The Company also received proxy votes in favour of the resolution representing 94.1% of the votes submitted (including those who appointed the Chairman to vote at his discretion) and 5.9% against. An ordinary resolution for the approval of the Annual Remuneration Report will be proposed at the Annual General Meeting of the Company to be held on 23 May 2016.

This section of the report sets out how the Remuneration Policy described on the previous pages is being implemented.

Nomination and Remuneration Committee

The Committee comprises the full Board and is chaired by Bridget Guérin. All members of the Committee are considered to be independent of the Investment Adviser. 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. It is responsible for the appointment of remuneration consultants, if this should be considered necessary, including establishing the selection criteria and terms of reference for such an appointment. However, it was not considered necessary to appoint any such consultants during the year under review. The Committee met three times during the year under review with full attendance from all its members.

Audited information

Directors' emoluments

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below.

Year ended	31 December 2015 £	31 December 2014 £
Keith Niven	30,000	40,000
Clive Boothman [1]	10,417	-
Bridget Guérin	30,000	30,000
Tom Sooke [2]	30,000	35,000
Catherine Wall [3]	30,000	12,500
Total	**130,417**	**117,500**

[1] Appointed to the Board with effect from 1 August 2015.

[2] Audit Committee Chairman to 30 June 2015.

[3] Appointed to the Board with effect from 1 July 2014 and Audit Committee Chairman from 1 July 2015.

Aggregate fees paid in respect of qualifying services amounted to £130,417 (2014: £117,500). Keith Niven waived £10,000 of his director's fee during the year. £24,000 (2014: £28,000) of the director's fee paid to Tom Sooke was paid to his consultancy business, CitiCourt Associates, during the year under review.

Directors' interests in the Company's shares

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

	Shares held: 31 December 2015	Shares held: 31 December 2014
Keith Niven	69,685	48,721
Clive Boothman[1]	-	n/a
Bridget Guérin	123,151	39,275
Tom Sooke	34,362	21,784
Catherine Wall[2]	26,205	-

[1] Appointed to the Board with effect from 1 August 2015.

[2] Appointed to the Board with effect from 1 July 2014

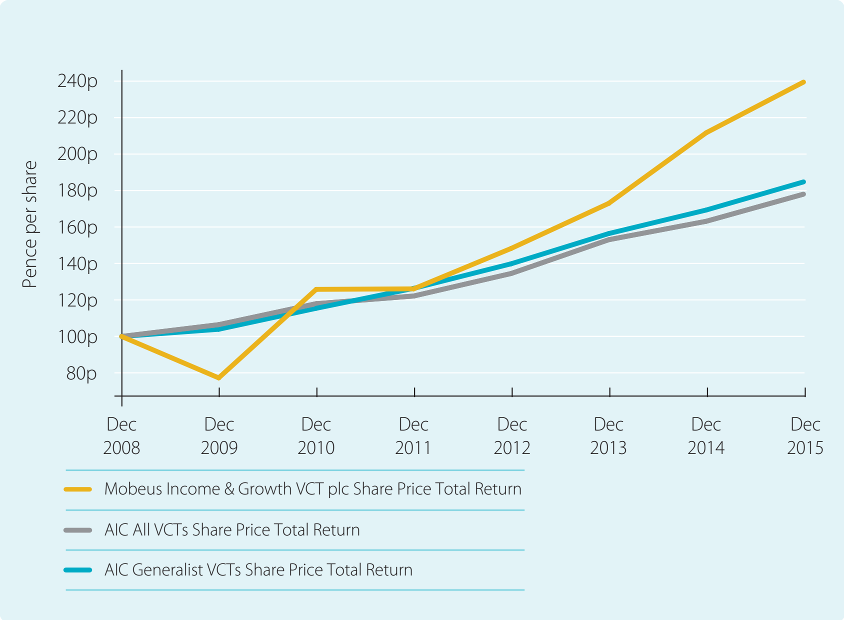
Keith Niven (and his connected persons), Tom Sooke and Catherine Wall all hold their shares in the Company in nominee accounts.

Relative importance of spend on directors' fees

Year ended	31 December 2015 £	31 December 2014 £
Total directors' fees	130,417	117,500
Dividends paid and payable in respect of the year	7,597,295	15,664,832
Share buybacks	26,306	480,472
Directors' fees as a share of:		
Closing net assets	0.2%	0.2%
Dividends	1.7%	0.8%
Total fees and expenses	5.7%	6.7%

Directors' Remuneration Report

Performance - Share Price Total Return



The graph above charts the Share Price total return of the Company (assuming all dividends are re-invested in shares in the Company on the last trading day of the month in which the shares were quoted ex-dividend) over the past seven years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC, based on figures provided by Morningstar. The Board considers these indices to be the most appropriate indices against which to measure the Company's relative performance over the medium to long term. The total returns have each been re-based to 100.00 pence at 31 December 2008.

An explanation of the recent performance of the Company is given in the Chairman's Statement on page 2, in the section on the Investment Portfolio on pages 5 - 15 and in the Strategic Report on pages 17 - 19.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

14 April 2016

Corporate Governance Statement

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

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

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

Statement of compliance

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

The Board considers that the Company has complied with the AIC Code throughout the year under review, except as explained below. 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.migvct.co.uk.

As an externally managed VCT, most of the Company's operations are delegated to third parties. The Board has therefore concluded, for the reasons set out in the AIC Guide, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the role of the chief executive and directors' remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP (formerly Robertson Hare 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 Board

Operation of the Board

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

The Board has agreed that the Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board. The Board has agreed policies with the Investment Adviser covering key operational issues.

Tenure

The Board has considered a policy on tenure and agreed that for a Company of this size and structure, it is not appropriate to insist on a director's period of service being limited to a set number of years or to set an age limit for the retirement of directors. The AIC has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of its Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board.

Election and re-election of Directors at the forthcoming Annual General Meeting

Clive Boothman was appointed to the Board with effect from 1 August 2015 and is standing for election at the forthcoming Annual General Meeting. Following a review of his performance, the remaining Directors agreed that he has been proactive developing his understanding of the Company and the VCT sector and in engaging with the work of the Board since his appointment. The remaining Directors are confident that he will be a strong and effective director and have no hesitation in recommending his election to shareholders.

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

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

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

Catherine Wall - Following a review of her performance, the remaining Directors noted that Catherine Wall had been made Chair of the Audit Committee during the year and had demonstrated strong leadership in her new role. The remaining Directors have no hesitation in recommending her re-election to shareholders.

As reported in the Chairman's Statement, Tom Sooke has decided not to stand for re-election and will therefore be retiring at the Annual General Meeting.

Corporate Governance Statement

Directors' attendance at Board and Committee meetings in 2015

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

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings		Management Engagement Committee Meeting	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Keith Niven	4	4	2	2	3	3	1	1
Clive Boothman	2	2	1	1	1	1	1	1
Bridget Guérin	4	4	2	2	3	3	1	1
Tom Sooke	4	4	2	2	3	3	1	1
Catherine Wall	4	4	2	2	3	3	1	1

Board committees

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Bridget Guérin and comprises all five independent Directors.

A full description of the work of the Committee with regard to remuneration is included within the Directors' Remuneration Report on page 29.

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.

Following a review of the composition of the Board, the Committee oversaw the appointment of Clive Boothman to the Board during the year under review. Mr Boothman had been a strong candidate when the Board had interviewed for a vacancy during the previous year when a firm of recruitment consultants had advised the Board. A series of meetings were arranged between Mr Boothman and Board members and Partners of the Investment Adviser prior to his appointment being made. As part of the recruitment process, the Board considered diversity, including gender and will continue to do this in making future appointments.

Management Engagement Committee

The Management Engagement Committee is chaired by Bridget Guérin and comprises all five independent Directors.

The Committee meets at least annually to review the Company's contracts with its service providers and at other times as and when necessary, and makes recommendations to the Board.

Audit Committee

The Audit Committee is chaired by Catherine Wall (from 1 July 2015; Tom Sooke to 30 June 2015) and comprises all five independent Directors.

The Committee's principal activities during the year are summarised below:

Valuation of investments

Investments are mainly in unquoted companies, valuations of which are agreed quarterly by the Board. The Audit Committee monitors this process, and ensures that adequate controls operate for the preparation of these valuations throughout the year. The Committee ensured that both the bases of the valuations and any assumptions used are reasonable and in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Discussions are held with the external Auditor, to review its findings from the year-end audit and the half-year review, before the Audit Committee makes its recommendations to the Board on the valuations. The Committee holds a separate meeting in February of each year, specifically to consider the year-end valuations of the investments and any issues identified by the Auditor.

Financial statements

The Committee carefully reviewed the half-year and annual reports to shareholders for the year under review before these were submitted to the Board for approval. Besides the subject of valuations referred to above, the Committee also considered whether the accounting policy in respect of revenue recognition had been satisfactorily applied, and whether all expenditure in the year had been included.

Income from investee companies

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

Internal control and key risks

The Committee has monitored the system of internal controls throughout the year under review. It received reports by exception at its annual and half-year results meetings. In a wider context, the Board has continued to identify and monitor the key risks faced by the Company and to establish appropriate controls. It reviews and acts upon any incidences of non-compliance where appropriate.

The Board has identified the key risks faced by the Company and established appropriate controls. A list of the risks identified is set out on pages 21 - 22 of the Strategic report. The Committee monitors these controls and reviews any incidences of non-compliance. Further details are set out in the section of this report that discusses the Company's system of internal control (page 34).

Compliance with the VCT tests

The Company has engaged Philip Hare & Associates LLP (formerly Robertson Hare LLP) ("PHA") as its VCT Status Tax Adviser to advise on its compliance with the legislative requirements relating to VCTs. PHA produces six monthly reports on the Company's compliance with the VCT legislation which include a consideration of the Company's position against each of the VCT qualification tests. These reports were considered by the Audit Committee prior to presentation to the Board at the half and full year stages. One of the main areas of the Committee's work during the year has been to consider the risk and compliance aspects of changes to the new VCT Rules. As part of this, Philip Hare & Associates LLP attended both the half-year and full year Audit Committee meetings and an additional quarterly board meeting during the year to advise the Committee.

Going concern and long-term viability of the Company

The Board and the Committee monitored the Company's liquidity to satisfy themselves that the Company had an adequate level of resources for the foreseeable future. Consideration was given to cash flow projections which included assumptions on, inter alia, projected levels of new investment and the ability of the Company to realise its existing investments; the Company's cash balances and holdings in money market funds; and projected levels of dividends and share buybacks. The Committee has considered the new requirement to publish a Viability Statement in the Annual Report and has advised the Board on its review of the viability of the Company and the wording of the statement (including the period to which the statement should relate).

Counterparty risk

The Committee gave careful consideration to the credit worthy status of the banks with whom part of the Company's cash resources have been placed. The Committee took into account factors such as maturity, interest rate and credit rating across a number of financial institutions. The Board has a policy of spreading risk by placing funds across a number of financial institutions. At the end of the year, the Board added funds to a number of AAA rated money market funds, to increase the spread of risk across underlying counter-parties, as permitted by the UK Finance Acts.

AIFM registration

The Committee continued to monitor the Company's obligations as its own Alternative Investment Fund Manager ("AIFM") in compliance with the European Commission's Alternative Investment Fund Manager's Directive. The Company is registered as a small AIFM, and is therefore exempt from the principal requirements of the Directive.

Safekeeping of the Company's documents of title to its investments

The Committee has established procedures for the safekeeping of the Company's documents of title under which named company secretarial staff are now directly responsible to the Board, under its instruction, for accessing and dealing with these documents.

Relationship with the external auditor

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

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

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

Non-audit services

As part of this process it reviews the nature and extent of services supplied by the Auditor to ensure that independence and objectivity is maintained. The Committee has concluded that it is in the interests of the Company to purchase certain non-audit services from the external Auditor given its knowledge of the Company. The services contracted for during the year were tax compliance services, the review of the half-year report, a review of aspects of the Circular sent to shareholders during the year and iXBRL tagging. Subsequent to its review, the Committee was satisfied that audit independence has been maintained as the fees involved are relatively small compared with those for the audit. With the exception of the half-year review, the work is undertaken by separate teams and does not involve undertaking any management role in preparing the information reported in the Financial Statements.

Corporate Governance Statement

Re-appointment of the external auditor

It is the Company's policy that the audit services contract should be put out to tender at least every ten years. However, should the Committee be dissatisfied with the standard of service received from the incumbent auditor in the interim, a tender process would be undertaken. Changes under EU audit reform mean that the audit may need to be put out for tender for the year ending 31 December 2017.

The Audit Committee reports to the Board on its assessment of the audit process and the performance of the Auditor. Following a review on 18 March 2016, the Committee concluded that the re-appointment of BDO as auditor for the year ending 31 December 2016 was in the best interests of the Company and of shareholders.

Internal control

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

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

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

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

The system of internal control and the procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this Report. An assessment of the effectiveness of internal controls in managing risk was conducted on the basis of reports from the Investment Adviser and Administrator on 18 March 2016. The Board has identified no significant problems with the Company's internal control mechanisms.

Investment management and service providers

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

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

The annual review of the Investment Adviser forms part of the Board's overall internal control procedures as discussed elsewhere. As part of this review, the Management Engagement Committee and the Board consider the quality and continuity of the investment management team, investment performance, quality of information provided to the Board, remuneration of the Investment Adviser, the investment process and the results achieved to date. A review of the performance of the Company is included in the Strategic Report on pages 17 - 19. The Board concluded that the Investment Adviser has performed consistently well over the medium term and has returned a strong level of performance in respect of the year under review.

The Board places significant emphasis on the Company's performance against its peers. The Board further considered the Investment Adviser's commitment to the promotion of the Company and was satisfied that this was highly prioritised by the Investment Adviser as evidenced by, inter alia, the Mobeus VCT fundraisings and shareholder events which had taken place annually since 2010. The Board believed that the Investment Adviser had continued to exercise independent judgement while producing valuations which reflected fair value.

The Board was pleased to note that the Investment Adviser has recruited a new partner who has extensive experience in the provision of growth capital to younger, smaller companies and is building a team to increase its specialism in this area.

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 18 November 2015.

The principal terms of the Company's Investment Management Agreement and Incentive Agreement are set out in Note 4 to the Financial Statements on pages 45 - 46 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.

Additional disclosures in the Directors' Report

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

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

14 April 2016

Statement of Directors' Responsibilities

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

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

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

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

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

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report except to the extent that such liability could arise under English law. 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 23.

For and on behalf of the Board

Keith Niven
Chairman

14 April 2016

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

Our opinion on the financial statements

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

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

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

What our opinion covers

Our audit opinion on the financial statements covers the:

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

Respective responsibilities of directors and auditor

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

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

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

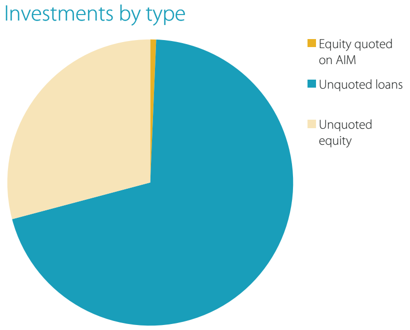
Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by the Investment Adviser and Administrator and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions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

Valuation of investments

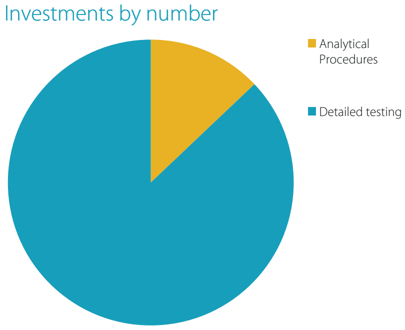
The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company.

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

Investments by type



Investments by number

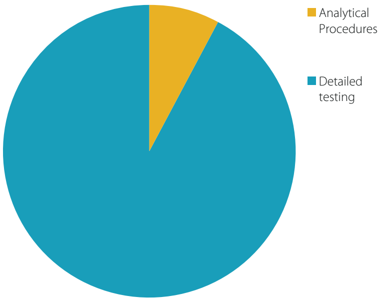


In respect of unquoted investments our sample for testing was stratified according to risk, having regard to the subjectivity of the inputs to the valuations. 35% of the portfolio is based on price of recent investment or cost (where the investment was recently acquired within the last twelve months). For such investments, we verified the cost or price of recent investment to supporting documentation and reviewed the Investment Adviser's determination of whether there were any reasons why the valuation did not remain appropriate. 65% of the unquoted investment portfolio is valued in accordance with more subjective techniques, mainly on an earnings multiple basis. In respect of the sample selected for detailed testing (representing 92% by value of the investments valued using more subjective techniques) we:

- Reviewed and challenged the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements;
- Reviewed the historical financial statements and recent management information available for unquoted investments used to support assumptions about maintainable earnings used in the valuations;
- Considered the earnings multiples applied by reference to observable listed company market data; and
- Challenged adjustments made to such market data in establishing the earnings multiple applied in arriving at the valuations adopted.

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

Investments by value



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

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

Revenue recognition

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

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

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

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

The audit committee's consideration of their key issues is set out on pages 32 - 34.

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the Financial Statements as a whole present a true and fair view	The value of investments The level of judgement inherent in the valuation The range of reasonable alternative valuation	1,000,000
Specific materiality – classes of transactions and balances which impact on revenue profits	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.	The level of net revenue return	200,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Statement regarding the Directors' assessment of principal risks, going concern and longer term viability of the Company

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

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated,
- the Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements, and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Matters on which we are required to report by exception

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

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statements set out on page 22 in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

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

14 April 2016

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 2015

	Notes	Year ended 31 December 2015 Revenue £	Capital £	Total £	Year ended 31 December 2014 Revenue £	Capital £	Total £
Unrealised gains on investments	8	-	1,766,616	1,766,616	-	698,348	698,348
Realised gains on investments	8	-	4,538,894	4,538,894	-	8,379,750	8,379,750
Income	3	2,820,521	-	2,820,521	3,624,232	-	3,624,232
Investment Adviser's fees	4a	(391,279)	(1,173,838)	(1,565,117)	(342,773)	(1,028,318)	(1,371,091)
Investment Adviser's bonus payment	4a	-	(250,000)	(250,000)	-	-	-
Other expenses	4c	(462,989)	-	(462,989)	(389,175)	-	(389,175)
Profit on ordinary activities before taxation		1,966,253	4,881,672	6,847,925	2,892,284	8,049,780	10,942,064
Tax on profit on ordinary activities	5	(369,305)	289,531	(79,774)	(429,911)	221,088	(208,823)
Profit for the year and total comprehensive income		**1,596,948**	**5,171,203**	**6,768,151**	**2,462,373**	**8,270,868**	**10,733,241**
Basic and diluted earnings per ordinary share	7	**2.16p**	**6.98p**	**9.14p**	**4.15p**	**13.94p**	**18.09p**

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

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

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

The notes on pages 44 - 62 form part of these Financial Statements.

Balance Sheet as at 31 December 2015

Company No. 5153931

	Notes	31 December 2015 £	31 December 2014 £
Fixed assets			
Investments at fair value	8	51,355,611	33,358,706
Current assets			
Debtors and prepayments	11	848,390	346,127
Current asset investments	10	14,946,274	8,650,570
Cash at bank	10	7,221,793	18,371,075
		23,016,457	27,367,772
Creditors: amounts falling due within one year	12	(266,218)	(316,401)
Net current assets		22,750,239	27,051,371
Net assets		**74,105,850**	**60,410,077**
Capital and reserves			
Called up share capital	13	759,730	607,500
Capital redemption reserve		5,685	5,367
Share premium reserve		19,463,849	4,938,201
Revaluation reserve		3,785,072	3,734,981
Special distributable reserve		40,625,822	41,911,188
Realised capital reserve		7,716,009	7,388,319
Revenue reserve		1,749,683	1,824,521
Equity shareholders' funds		**74,105,850**	**60,410,077**
Basic and diluted net asset value per ordinary share	**14**	**97.54p**	**99.44p**

The notes on pages 44 - 62 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 14 April 2016 and were signed on its behalf by:

Keith Niven
Chairman

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

	Notes	Non-distributable reserves Called up share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Distributable reserves Special distributable reserve (note a) £	Realised capital reserve (note b) £	Revenue reserve (note b) £	Total £
At 1 January 2015		**607,500**	**5,367**	**4,938,201**	**3,734,981**	**41,911,188**	**7,388,319**	**1,824,521**	**60,410,077**
Comprehensive income for the year									
Profit for the year		-	-	-	1,766,616	-	3,404,587	1,596,948	6,768,151
Total comprehensive income for the year		**-**	**-**	**-**	**1,766,616**	**-**	**3,404,587**	**1,596,948**	**6,768,151**
Contributions by and distributions to owners									
Shares issued under Offer for Subscription (note c)	13	152,548	-	14,525,648	-	(124,753)	-	-	14,553,443
Shares bought back (note d)	13	(318)	318	-	-	(26,306)	-	-	(26,306)
Dividends paid	6	-	-	-	-	-	(5,927,729)	(1,671,786)	(7,599,515)
Total contributions by and distributions to owners		**152,230**	**318**	**14,525,648**	**-**	**(151,059)**	**(5,927,729)**	**(1,671,786)**	**6,927,622**
Other movements									
Realised losses transferred to special reserve (note a)		-	-	-	-	(1,134,307)	1,134,307	-	-
Realisation of previously unrealised appreciation		-	-	-	(1,716,525)	-	1,716,525	-	-
Total other movements		-	-	-	(1,716,525)	(1,134,307)	2,850,832	-	-
At 31 December 2015		**759,730**	**5,685**	**19,463,849**	**3,785,072**	**40,625,822**	**7,716,009**	**1,749,683**	**74,105,850**

a) The cancellation of the share premium account and the capital redemption reserve (as approved at the General Meeting held on 22 February 2014 and by order of the Court dated 12 March 2014) has increased the Company's special distributable reserve. The purpose of this reserve is to fund market purchases of the Company's own shares, to write off existing and future losses and for any other corporate purpose. All of this reserve arose from shares issued before 5 April 2014. The transfer of £1,134,307 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year.

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

c) As part of the 2015 Offer for Subscription, a total of 15,254,642 ordinary shares were allotted at average effective offer prices ranging from 96.90 pence to 99.40 pence per share, raising net funds of £14,553,443.

d) During the year, the Company purchased 31,723 of its own shares at the prevailing market price for a total cost of £26,306, which were subsequently cancelled.

The notes on pages 44-62 form part of these Financial Statements.

Financial Statements

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

	Non-distributable reserves				Distributable reserves			
	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve	Realised capital reserve	Revenue reserve	Total
	£	£	£	£	£	£	£	£
At 1 January 2014	**531,126**	**186,520**	**15,361,612**	**9,867,216**	**25,580,251**	**1,106,857**	**1,634,786**	**54,268,368**
Comprehensive income for the year								
Profit for the year	-	-	-	698,348	-	7,572,520	2,462,373	10,733,241
Total comprehensive income for the year	**-**	**-**	**-**	**698,348**	**-**	**7,572,520**	**2,462,373**	**10,733,241**
Contributions by and distributions to owners								
Shares issued under Offer for Subscription	81,741	-	8,115,662	-	(3,488)	-	-	8,193,915
Shares bought back	(5,367)	5,367	-	-	(480,472)	-	-	(480,472)
Dividends paid	-	-	-	-	-	(10,032,337)	(2,272,638)	(12,304,975)
Total contributions by and distributions to owners	**76,374**	**5,367**	**8,115,662**	**-**	**(483,960)**	**(10,032,337)**	**(2,272,638)**	**(4,591,532)**
Other movements								
Cancellation of share premium account	-	(186,520)	(18,539,073)	-	18,725,593	-	-	-
Realised losses transferred to special reserve	-	-	-	-	(1,910,696)	1,910,696	-	-
Realisation of previously unrealised appreciation	-	-	-	(6,830,583)	-	6,830,583	-	-
Total other movements	-	(186,520)	(18,539,073)	(6,830,583)	16,814,897	8,741,279	-	-
At 31 December 2014	**607,500**	**5,367**	**4,938,201**	**3,734,981**	**41,911,188**	**7,388,319**	**1,824,521**	**60,410,077**

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 reduced due to shares bought back by the Company.

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

Share premium reserve - This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under recent Offers for Subscription.

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

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

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

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition and disposal of investments;
- 75% of the Investment Adviser fee, 100% of any performance fee payable and the related tax 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 44 - 62 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Cash flows from operating activities			
Profit for the financial year		6,768,151	10,733,241
Adjustments for:			
Net unrealised gains on investments		(1,766,616)	(698,348)
Net gains on realisations of investments		(4,538,894)	(8,379,750)
Tax charge for current year		79,774	208,823
(Increase)/decrease in debtors		(85,867)	361,027
Increase in creditors		38,304	81,016
Net cash inflow from operations		**494,852**	**2,306,009**
Corporation tax paid		(146,884)	(402,098)
Net cash inflow from operating activities		**347,968**	**1,903,911**
Cash flows from investing activities			
Acquisitions of investments	8	(21,970,561)	(9,731,308)
Disposals of investments	8	9,862,770	24,670,194
Decrease in bank deposits with a maturity over three months		489,249	504,254
Net cash (outflow)/inflow from investing activities		**(11,618,542)**	**15,443,140**
Cash flows from financing activities			
Shares issued as part of offer for subscription	13	14,553,443	8,193,915
Equity dividends paid	6	(7,599,515)	(12,304,975)
Share capital bought back		(47,683)	(510,178)
Net cash inflow/(outflow) from financing activities		**6,906,245**	**(4,621,238)**
Net (decrease)/increase in cash and cash equivalents		**(4,364,329)**	**12,725,813**
Cash and cash equivalents at start of year		23,521,645	10,795,832
Cash and cash equivalents at end of year		**19,157,316**	**23,521,645**
Cash and cash equivalents comprise:			
Cash equivalents	10	11,935,523	5,150,570
Cash at bank and in hand	10	7,221,793	18,371,075

The notes on pages 44 - 62 form part of these Financial Statements.

Financial Statements

Notes to the Financial Statements for the year ended 31 December 2015

1 Company Information

Mobeus Income and Growth VCT plc is a public limited company incorporated in England, registration number 5153931. The registered office is 30 Haymarket, London, SW1Y 4EX.

2 Basis of preparation of the Financial Statements

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

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

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

3 Income

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

Interest income on loan stock is accrued on a daily basis. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future. Where the loan stocks only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income or capital as appropriate once redemption is reasonably certain. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium is recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. Accordingly, the redemption premium recognised in the year ended 31 December 2015 has been classified as capital and has been included within gains on investments.

	2015 £	2014 £
Income from bank deposits	79,780	116,879
Income from investments		
– from equities	144,711	902,426
– from overseas based OEICs	8,297	6,414
– from loan stock	2,586,788	2,552,507
– from interest on preference share dividend arrears	945	30,287
	2,740,741	3,491,634
Other income	-	15,719
Total income	**2,820,521**	**3,624,232**
Total income comprises		
Dividends	153,008	908,840
Interest	2,667,513	2,699,673
Other income	-	15,719
	2,820,521	**3,624,232**

	2015 £	2014 £
Income from investments comprises		
Listed overseas securities	8,297	6,414
Unlisted UK securities	144,711	902,426
Loan stock interest	2,586,788	2,552,507
	2,739,796	**3,461,347**

Total loan stock interest due but not recognised in the year was £297,027 (2014: £267,271).

4 Investment Adviser's fees and other expenses

All expenses are accounted for on an accruals basis

a) Investment Adviser's fees and performance fees

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

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

	Revenue 2015 £	Capital 2015 £	Total 2015 £	Revenue 2014 £	Capital 2014 £	Total 2014 £
Mobeus Equity Partners LLP						
Investment Adviser's fees	391,279	1,173,838	1,565,117	342,773	1,028,318	1,371,091
Investment Adviser's bonus payment	-	250,000	250,000	-	-	-
	391,279	1,423,838	1,815,117	342,773	1,028,318	1,371,091

Under the terms of a revised investment management agreement dated 20 May 2010, Mobeus Equity Partners LLP ("Mobeus") provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2% per annum of closing net assets, paid in advance, calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fixed fee of £134,168 per annum, the latter inclusive of VAT and subject to annual increases in RPI. In 2013, Mobeus agreed to waive such further increases due to indexation, until otherwise agreed with the Board.

The Investment Adviser's fee includes provision for a cap on expenses excluding irrecoverable VAT and exceptional items set at 3.6% of closing net assets at the year-end. In accordance with the Investment Management Agreement, any excess expenses are borne by the Investment Adviser. The excess expenses during the year amounted to £nil (2014: £nil).

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

In line with common practice, Mobeus 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 £486,396 during the year ended 31 December 2015 (2014: £429,271), being £268,246 (2014: £190,289) for arrangement fees and £218,150 (2014: £238,982) for acting as non-executive directors on a number of investee company boards. These fees attributable to MIG VCT are based upon the investment allocation applicable to MIG VCT which applied at the time of each investment. These figures are not part of these financial statements.

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Notes to the Financial Statements for the year ended 31 December 2015

Bonus payment and incentive agreement

For the year ended 31 December 2014, depending upon the interpretation of the terms contained in the original Incentive Agreement, a performance fee was potentially payable to the Investment Adviser. In light of the absence of sufficient clarity in several parts of the Incentive Agreement, and to recognise the particularly strong returns achieved by the Investment Adviser for the Company during the preceding eighteen months, the Board recommended the payment of an ex-gratis bonus of £250,000 to the Investment Adviser. This payment was approved by shareholders at a general meeting on 3 September 2015 and subsequently made on 30 September 2015. A contribution of £17,325 to the costs of the Circular sent to shareholders before the general meeting was made by the Investment Adviser.

Under the Incentive Agreement dated 9 July 2004, and a variation of this Agreement dated 20 May 2010, the Investment Adviser is entitled to receive an annual performance-related incentive fee of 20% of the dividends paid in excess of a "Target Rate" comprising firstly, an annual dividend target which started at 6.00 pence per share on launch (indexed each year for RPI) and secondly a requirement that any shortfall of cumulative dividends paid beneath the cumulative annual dividend target is carried forward and added to the Target Rate for the next accounting period. Any excess of cumulative dividends paid above the cumulative annual dividend target is not carried forward, whether an incentive fee is payable for that year or not. Payment of a fee is also conditional upon the average Net Asset Value ("NAV") 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.

At 31 December 2015, the annual dividend target is 7.15 pence per share and there was an excess of cumulative dividends paid over the cumulative annual dividend target of 1.04 pence per share. However, the average NAV per share is 95.46 pence for the year, which was less than the average base NAV per share for the year of 98.48 pence. Accordingly, no performance incentive fee is payable for the year and the excess of cumulative dividends paid over the cumulative annual dividend target of 1.04 pence will not be carried forward.

Arising from the identification of areas where the definitions contained in the agreement were open to interpretation, the Board and the Investment Adviser agreed to clarify in more detail a number of principles and interpretations applied to the Agreement. The principal ones are reflected in the paragraphs above and explained below:

First, the incentive fee is paid upon dividends paid in a year, not declared and paid in a year, as previously reported. Secondly, the average NAV referred to above is calculated on a daily weighted average basis throughout the year. In turn, this average NAV is compared to a Base NAV that is also calculated on a daily weighted average basis throughout the year. These clarifications have been applied from 1 January 2015.

b) Offer for subscription fees

	2015 £ million	2014 £ million
Funds raised across the four Mobeus VCTs	39.00	33.73
of which the funds raised by MIG VCT were	15.00	8.43
Offer costs payable to Mobeus at 3.25% of funds raised by MIG VCT	**0.49***	**0.27***

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

c) Other expenses

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

	2015 £	2014 £
Directors' remuneration (including NIC of £7,449 (2014: £6,615)) - (note a)	137,866	124,115
IFA trail commission	90,116	70,387
Broker's fees	14,400	14,400
Auditor's fees – Audit of Company	27,675	24,120
– audit related assurance services - (note b)	4,920	4,320
– tax compliance services - (note b)	7,358	3,000
Registrar's fees	33,796	38,618
Printing	27,475	25,742
Legal and professional fees	19,578	37,408
VCT monitoring fees	9,300	10,200
Directors' and officers' liability insurance	9,248	8,056
Listing and regulatory fees	30,229	25,986
Sundry	3,442	2,823
Running costs	**415,403**	**389,175**
Provision against loan interest receivable (note c)	47,586	-
Other expenses	**462,989**	**389,175**

a) See analysis in the Directors' Remuneration Report on page 29, which excludes the NIC above. The key management personnel are the five non-executive Directors. The Company has no employees.

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

c) Provision against loan interest receivable of £47,586 (2014: £nil) is a provision made against loan stock interest recognised in previous years.

Notes to the Financial Statements for the year ended 31 December 2015

5 Tax on profit/(loss) 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 realised capital reserve 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.

	2015 Revenue £	2015 Capital £	2015 Total £	2014 Revenue £	2014 Capital £	2014 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	369,305	(289,531)	79,774	429,911	(221,088)	208,823
Total current tax charge/(credit)	**369,305**	**(289,531)**	**79,774**	**429,911**	**(221,088)**	**208,823**
Corporation tax is based on a rate of 20.08% (2014: 21.5%)						
b) Profit on ordinary activities before tax	1,966,253	4,881,672	6,847,925	2,892,284	8,049,780	10,942,064
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 20.08% (2014: 21.5%)	394,867	980,347	1,375,214	621,841	1,730,703	2,352,544
Effect of:						
UK dividends	(29,061)	-	(29,061)	(194,022)	-	(194,022)
Unrealised gains not taxable	-	(354,775)	(354,775)	-	(150,145)	(150,145)
Realised gains not taxable	-	(911,510)	(911,510)	-	(1,801,646)	(1,801,646)
Unrelieved expenditure	-	-	-	2,092	-	2,092
Over provision in prior period	(94)	-	(94)	-	-	-
Marginal rate	3,593	(3,593)	-	-	-	-
Actual current tax charge	**369,305**	**(289,531)**	**79,774**	**429,911**	**(221,088)**	**208,823**

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

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

Deferred taxation

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

6 Dividends paid and payable

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

A key judgement in applying the above accounting policy is in determining the amount of minimum 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 ITA, 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	2015 £	2014 £
Final	Income	2013	1.75	14 May 2014	-	1,055,637
Final	Capital	2013	1.50	14 May2014	-	904,833
Interim	Income	2014	2.00	17 September 2014	-	1,217,001
Interim	Capital	2014	15.00	17 September 2014	-	9,127,504
Second Interim	Income	2014	1.20	30 April 2015	912,056	-
Second Interim	Capital	2014	5.80	30 April 2015	4,408,271	-
Interim	Income	2015	1.00	17 September 2015	759,730	-
Interim	Capital	2015	2.00	17 September 2015	1,519,458	-
					7,599,515	**12,304,975**
Proposed distributions to equity holders at the year-end:				**Date payable**		
Final	Income	2015	1.00	31 May 2016	759,730	-
Final	Capital	2015	6.00	31 May 2016	4,558,377	-
					5,318,107	**-**

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

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

Recognised income distributions in the financial statements for the year

Dividend	Type	For year ended 31 December	Pence per share	Date paid/payable	2015 £	2014 £
Revenue available for distribution by way of dividends for the year					**1,596,948**	**2,462,373**
Interim	Income	2014	2.00	17 September 2014	-	1,217,001
Second Interim	Income	2014	1.20	30 April 2015	-	912,056
Interim	Income	2015	1.00	17 September 2015	759,730	-
Proposed Final	Income	2015	1.00	31 May 2016	759,730	-
Total income dividends for the year					**1,519,460**	**2,129,057**

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Notes to the Financial Statements for the year ended 31 December 2015

7 Basic and diluted earnings per share

	2015 £	2014 £
Total earnings after taxation:	6,768,151	10,733,241
Basic and diluted earnings per share (note a)	**9.14p**	**18.09p**
Revenue earnings from ordinary activities after taxation	1,596,948	2,462,373
Basic and diluted revenue earnings per share (note b)	**2.16p**	**4.15p**
Net unrealised capital gains on investments	1,766,616	698,348
Net realised capital gains on investments	4,538,894	8,379,750
Capital Investment Adviser's fees less taxation	(884,307)	(807,230)
Investment Adviser's bonus payment	(250,000)	-
Total capital earnings	5,171,203	8,270,868
Basic and diluted capital earnings per share (note c)	**6.98p**	**13.94p**
Weighted average number of shares in issue in the year	74,063,445	59,331,055

Notes

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

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

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

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

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 ("IPEVCV") guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

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

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

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

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

or:-

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

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

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

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment loss has become treated as a realised loss in the Income Statement. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value. None were identified in the year.

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted ordinary shares £	Unquoted preference shares £	Loan stock £	Total £
Cost at 31 December 2014	305,030	8,513,697	80,258	23,365,601	32,264,586
Net unrealised gains at 31 December 2014	152,485	497,318	224,253	2,860,925	3,734,981
Permanent impairment in cost of investments	-	(1,592,791)	(3,078)	(1,044,992)	(2,640,861)
Valuation at 31 December 2014	**457,515**	**7,418,224**	**301,433**	**25,181,534**	**33,358,706**
Purchases at cost	-	7,325,131	302	14,645,287	21,970,720
Sale proceeds	-	(5,331,524)	(209,222)	(4,738,579)	(10,279,325)
Net realised gains/(losses)	-	4,208,001	(60,440)	391,333	4,538,894
Reclassification at value	-	(245,419)	297	245,122	-
Net unrealised (losses)/gains for the year (note a)	(63,544)	2,493,869	(517)	(663,192)	1,766,616
Valuation at 31 December 2015	**393,971**	**15,868,282**	**31,853**	**35,061,505**	**51,355,611**
Cost at 31 December 2015	305,030	15,950,645	29,850	33,775,769	50,061,294
Net unrealised gains at 31 December 2015	88,941	1,360,322	5,081	2,330,728	3,785,072
Permanent impairment in cost of investments as at 31 December 2015 (note b)	-	(1,442,685)	(3,078)	(1,044,992)	(2,490,755)
Valuation at 31 December 2015	**393,971**	**15,868,282**	**31,853**	**35,061,505**	**51,355,611**

a) Within net unrealised gains of £1,766,616 for the year, the significant gains were £951,242 in Virgin Wines Holding Company Limited, £907,969 in Jablite Holdings Limited, £538,159 in Tharstern Group Limited, £436,904 in The Plastic Surgeon Holdings Limited, and £318,532 in Blaze Signs Holdings Limited; the significant unrealised losses were as follows: £1,163,630 in Turner Topco Limited (trading as ATG Media), £530,602 in Media Business Insight Holdings Limited, £362,569 in Gro-Group Holdings Limited, and £336,477 in CGI Creative Graphics International Limited.

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

b) During the year, permanent impairments of the cost of investments have reduced from £2,640,861 to £2,490,755. The reduction of £150,106 is due to an investee company being dissolved in the year, which removes the cost and related impairment of this investment from these Financial Statements.

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Notes to the Financial Statements for the year ended 31 December 2015

Reconciliation of investment transactions to Statement of Cash Flows

Purchases on the previous page of £21,970,720 are greater than that shown in the Statement of Cash Flows of £21,970,561 by £159. This relates to the purchase of shares via the exercising of options in an investee company, which completed in the year.

The cash flow from investment proceeds shown on the previous page of £10,279,325 differs from the sale proceeds shown in the Statement of Cash Flows of £9,862,770, by £416,555. This is due to £514,245 of deferred cash sale proceeds not received until after the year-end, against which £97,690 of deferred cash sale proceeds were received during the year relating to a prior year.

9 Significant interests

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

	Equity investment (ordinary shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity
Media Business Insight Holdings Limited[1]	1,312,905	1,969,358	3,282,263	19.0%
Tovey Management Limited (trading as Access IS)[2]	1,191,303	2,072,379	3,263,682	13.4%
ASL Technology Holdings Limited	523,486	2,418,806	2,942,292	14.4%[3]
Entanet Holdings Limited	515,056	2,198,021	2,713,077	12.0%[3]
Manufacturing Services Investment Limited	571,200	2,095,500	2,666,700	14.3%
Turner Topco Limited (trading as ATG Media)	6,676	2,494,411	2,501,087	6.2%
Virgin Wines Holding Company Limited	58,008	2,381,344	2,439,352	12.2%
Veritek Global Limited	54,950	1,990,325	2,045,275	13.0%[3]
Gro-Group Holdings Limited	186,195	1,788,812	1,975,007	10.5%[3]
CGI Creative Graphics International Limited	594,236	1,213,296	1,807,532	7.8%[3]
Fullfield Limited (trading as Motorclean)	664,072	1,053,620	1,717,692	14.1%
Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	614,162	1,004,829	1,618,991	5.4%[3]
RDL Corporation Limited	271,044	1,287,290	1,558,334	14.1%[3]
Backhouse Management Limited	605,400	908,100	1,513,500	15.1%
Barham Consulting Limited	605,400	908,100	1,513,500	15.1%
Chatfield Services Limited	605,400	908,100	1,513,500	15.1%
Creasy Marketing Services Limited	605,400	908,100	1,513,500	15.1%
McGrigor Management Limited	605,400	908,100	1,513,500	15.1%
Pound FM Consultants Limited	605,400	908,100	1,513,500	15.1%
Hollydale Management Limited	586,200	879,300	1,465,500	14.7%
Tharstern Group Limited	427,196	949,324	1,376,520	15.3%[3]
PXP Holdings Limited (no longer trading)	1,277,722	-	1,277,722	15.0%
Vian Marketing Limited (trading as Tushingham Sails)	359,278	829,672	1,188,950	9.3%[3]
Jablite Holdings Limited	453,747	102,940	556,687	12.1%
Blaze Signs Holdings Limited	472,125	19,672	491,797	20.8%
The Plastic Surgeon Holdings Limited	39,188	439,392	478,580	13.9%
CB Imports Group Limited	350,000	-	350,000	11.6%[3]
Lightworks Software Limited	222,584	-	222,584	20.0%[3]
Vectair Holdings Limited	138,074	500	138,574	12.0%
Newquay Helicopters (2013) Limited (in members' voluntary liquidation)	84,000	-	84,000	17.5%
Watchgate Limited	1,000	-	1,000	33.3%
Preservica Limited	-	-	-	6.1%

1 – Includes a loan of £764,797 to Media Business Insight Limited.

2 – Includes a loan of £284,682 to Access IS Limited.

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

It is considered that, under FRS102 s9.9, "Consolidated and Separate Financial Statements", the investments on the facing page 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 FRS102 14.4B.

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

Mobeus Equity Partners LLP also advises The Income and Growth VCT plc, Mobeus Income and Growth 2 VCT plc and Mobeus Income and Growth 4 VCT plc, which have investments as at 31 December 2015 in the following:

	The Income & Growth VCT plc at cost £	Mobeus Income & Growth 2 VCT plc at cost £	Mobeus Income & Growth 4 VCT plc at cost £	Total at cost £	% of equity held by all funds managed by Mobeus %
Media Business Insight Holdings Limited	3,666,556	2,009,071	2,722,760	8,398,387	67.5
Tovey Management Limited (trading as Access IS)	3,313,932	1,953,373	2,469,013	7,736,318	45.0
Entanet Holdings Limited	3,175,171	1,444,090	2,167,662	6,786,923	42.0
ASL Technology Holdings Limited	2,722,036	2,092,009	1,933,591	6,747,636	47.5
Manufacturing Services Investment Limited	2,708,100	1,608,300	2,016,900	6,333,300	50.0
Virgin Wines Holding Company Limited	2,745,503	1,284,333	1,930,813	5,960,649	42.0
Gro-Group Holdings Limited	2,398,928	1,123,088	1,577,977	5,099,993	37.6
Veritek Global Limited	2,289,858	967,781	1,620,086	4,877,725	44.0
CGI Creative Graphics International Limited	1,943,948	999,568	1,449,746	4,393,262	26.9
Turner Topco Limited (trading as ATG Media)	1,529,075	1,320,963	1,529,075	4,379,113	17.1
Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van)	1,797,476	973,919	1,348,680	4,120,075	19.0
Fullfield Limited (trading as Motorclean)	1,603,643	1,083,179	1,195,488	3,882,310	46.0
Hollydale Management Limited	1,554,000	885,000	1,095,500	3,534,500	50.0
Backhouse Management Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
Barham Consulting Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
Chatfield Services Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
Creasy Marketing Services Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
McGrigor Management Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
Pound FM Consultants Limited	1,504,000	848,500	1,134,000	3,486,500	50.0
RDL Corporation Limited	1,441,667	1,000,000	1,000,000	3,441,667	45.2
Tharstern Group Limited	1,454,278	789,815	1,091,886	3,335,979	52.5
EOTH Limited (trading as Equip Outdoor Technologies)	1,383,313	817,185	951,471	3,151,969	8.0
PXP Holdings Limited (no longer trading)	965,371	1,220,579	712,925	2,898,875	32.9
Vian Marketing Limited (trading as Tushingham Sails)	1,207,437	717,038	899,074	2,823,549	31.5
Racoon International Holdings Limited	655,851	1,045,985	484,347	2,186,183	47.5
Jablite Holdings Limited	553,195	312,091	417,103	1,282,389	40.1
The Plastic Surgeon Holdings Limited	406,169	392,349	458,935	1,257,453	37.5
Blaze Signs Holdings Limited	418,281	437,030	190,631	1,045,942	52.5
Omega Diagnostics Group plc	280,026	-	200,028	480,054	6.0
CB Imports Group Limited	175,000	-	175,000	350,000	24.0
Newquay Helicopters (2013) Limited (in members' voluntary liquidation)	42,500	85,000	21,250	148,750	34.9
Vectair Holdings Limited	53,400	60,293	24,732	138,425	24.0
Lightworks Software Limited	20,471	25,727	9,329	55,527	45.0
Watchgate Limited	1,000	-	1,000	2,000	100.0
Preservica Limited	-	-	-	-	20.2

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10 Current asset investments and Cash at bank

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 one year's notice. Cash, for the purposes of the Statement of Cash Flows is cash held with banks in accounts subject to immediate access. Cash at bank in the Balance Sheet is the same.

	2015 £	2014 £
OEIC Money market funds	9,434,251	1,633,516
Bank deposits that mature within up to three months	2,501,272	3,517,054
Cash equivalents per Statement of Cash Flows	11,935,523	5,150,570
Bank deposits that mature after three months	3,010,751	3,500,000
Current asset investments	**14,946,274**	**8,650,570**
Cash at bank	**7,221,793**	**18,371,075**

11 Debtors

	2015 £	2014 £
Amounts due within one year:		
Accrued income	310,553	231,137
Prepayments	23,421	17,141
Other debtors	514,416	97,849
	848,390	**346,127**

Other debtors of £514,416 are amounts of deferred consideration receivable upon sales of investments, all received after the year-end.

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	3,636	25,753
Other creditors	16,566	12,263
Corporation tax	43,868	110,868
Accruals	202,148	167,517
	266,218	**316,401**

13 Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 75,972,951 (2014: 60,750,032)	**759,730**	**607,500**

As part of the Offer for Subscription launched on 10 December 2014, a total of 15,254,642 ordinary shares were allotted at average effective offer prices ranging from 96.90 pence to 99.40 pence per share, raising net funds of £14,553,443.

During the year the Company purchased 31,723 (2014: 536,729) of its own shares for cash (representing 0.1% (2014: 1.0%) of the shares in issue at the start of the year) at the prevailing market price for a total cost of £26,306 (2014: £480,472). 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 75,972,951 (2014: 60,750,032) 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 in both years comprise:

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

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

Classification of financial instruments

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

	2015 (Book value) £	2015 (Fair value) £	2014 (Book value) £	2014 (Fair value) £
Financial assets				
Assets at fair value through profit and loss:				
Investment portfolio	51,355,611	51,355,611	33,358,706	33,358,706
Current asset investments	14,946,274	14,946,274	8,650,570	8,650,570
Cash at bank	7,221,793	7,221,793	18,371,075	18,371,075
Loans and receivables				
Accrued income	310,553	310,553	231,137	231,137
Other debtors	514,416	514,416	97,849	97,849
Financial liabilities				
Liabilities at amortised cost or equivalent				
Other creditors	(266,218)	(266,218)	(316,401)	(316,401)
Total for financial instruments	74,082,429	74,082,429	60,392,936	60,392,936
Non financial instruments	23,421	23,421	17,141	17,141
Total net assets	**74,105,850**	**74,105,850**	**60,410,077**	**60,410,077**

The investment portfolio principally consists of unquoted investments (99.2%; 2014: 98.6%) and AIM quoted stocks (0.8%; 2014: 1.4%). The investment portfolio has a 100% (2014: 100%) concentration of risk towards small UK based, £ denominated companies and represents 69.3% (2014: 55.2%) of net assets at the year-end.

Current asset investments are money market funds and bank deposits which, along with Cash at bank, are discussed under credit risk below and represent 29.9% (2014: 44.7%) of net assets at the year-end.

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

Notes to the Financial Statements for the year ended 31 December 2015

Investment risk

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

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds and bank deposits of £14,946,274 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 £	2015 Total £
Other creditors	145,960	21,934	98,324	-	266,218

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2014 Total £
Other creditors	190,524	55,434	70,443	-	316,401

The Company does not have any derivative financial liabilities.

Credit risk

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

The Company's maximum exposure to credit risk is:

	2015 £	2014 £
Loan stock investments	35,061,505	25,181,534
Current asset investments	14,946,274	8,650,570
Accrued income	310,553	231,137
Other debtors	514,416	97,849
Cash at bank	7,221,793	18,371,075
	58,054,541	**52,532,165**

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

The accrued income shown in the table on page 56 of £310,553 was all due within five months of the year-end, with £73,377 still receivable two months after the year-end.

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

Repayable within	2015 £	2014 £
0 to 1 year	1,270,320	2,221,673
1 to 2 years	801,798	2,890,646
2 to 3 years	8,477,166	1,374,697
3 to 4 years	11,815,647	6,158,018
4 to 5 years	12,696,574	12,536,500
Total	**35,061,505**	**25,181,534**

Included within loan stock investments above are loans at a carrying value of £801,798 (2014: £1,000), which are past their repayment date but have been renegotiated. One loan with a value of £969,371 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.

Past due loan stock assets:

	0-6 months £	6-12 months £	over 12 months £	2015 Total £
Loans to investee companies past due	**969,371**	-	-	**969,371**

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

Credit risk also arises from cash and cash equivalents, deposits with banks and amounts held in liquidity funds. There is a risk of liquidity fund defaults such that there could be defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. As the five OEIC money market funds holding £9,434,251 are all triple A rated funds, along with bank deposits of £12,056,818 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 £676,998 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.

Notes to the Financial Statements for the year ended 31 December 2015

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 £51,355,611, 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 the inside front cover. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk and also has full and timely access to relevant information from the Investment Adviser. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Board meets regularly and reviews the investment performance, financial results and prevailing market conditions as well as compliance with the Company's objectives. The Company does not use derivative instruments to hedge against market risk.

Market price risk sensitivity

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

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

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in their trading performance (discussed under investment risk above) and to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 20% (2014: 20%) movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

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

The calculation below has applied plus and minus 20% to the value of the unquoted portfolio of £38.14 million, after excluding the value of the companies preparing to trade of £13.21 million. The latter are vehicles that currently solely hold cash, so are not sensitive to market price risk at the year-end.

The impact of a change of 20% (2014: 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.

	2015 Profit and net assets £	2014 Profit and net assets £
If overall share prices rose/fell by 20% (2014: 20%), with all other variables held constant – increase/(decrease)	7,628,482 / (7,628,482)	6,671,741 / (6,671,741)
Increase/(decrease) in earnings, and net asset value, per ordinary share (in pence)	10.04p / (10.04)p	10.98p / (10.98)p

Cash flow interest rate risk

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

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

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

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	16,262,253	-	-	16,262,253		
Preference shares	-	31,853	-	31,853	0.0	1.8
Loan stocks	-	26,638,105	8,423,400	35,061,505	7.7	3.2
Current asset investments	-	-	14,946,274	14,946,274	0.5	
Cash	-	-	7,221,793	7,221,793	0.5	
Debtors	824,969	-	-	824,969		
Creditors	(266,218)	-	-	(266,218)		
Total for financial instruments	16,821,004	28,676,511	28,584,914	74,082,429		
Non-financial instruments	23,421	-	-	23,421		
Total net assets	**16,844,425**	**28,676,511**	**28,584,914**	**74,105,850**		

The interest rate profile of the Company's financial net assets at 31 December 2014 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	7,875,739	-	-	7,875,739		
Preference shares	-	301,433	-	301,433	7.2	4.5
Loan stocks	-	23,924,414	1,257,120	25,181,534	8.5	3.4
Current asset investments	-	-	8,650,570	8,650,570	0.5	
Cash	-	-	18,371,075	18,371,075	0.4	
Debtors	328,986	-	-	328,986		
Creditors	(316,401)	-	-	(316,401)		
Total for financial instruments	7,888,324	27,725,847	24,778,765	60,392,936		
Non-financial instruments	17,141	-	-	17,141		
Total net assets	**7,905,465**	**27,725,847**	**24,778,765**	**60,410,077**		

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

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

Notes to the Financial Statements for the year ended 31 December 2015

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 and bank deposits, the table below shows the sensitivity of income earned to changes in interest rates:

	2015 £ Profit and net assets	2014 £ Profit and net assets
If interest rates rose / fell by 1%, with all other variables held constant – increase / (decrease)	228,679 / (228,679)	198,230 / (198,230)
Increase / (decrease) in earnings, and net asset value, per ordinary share (in pence)	0.30p / (0.30)p	0.33p / (0.33)p

Currency risk

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

Fair value hierarchy

The table below sets out fair value measurements using FRS102 s11.27 fair value hierarchy.

Financial assets at fair value through profit and loss At 31 December 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Equity investments	393,971	-	15,868,282	16,262,253
Preference shares	-	-	31,853	31,853
Loan stock	-	-	35,061,505	35,061,505
Current asset investments	14,946,274	-	-	14,946,274
Cash at bank	7,221,793	-	-	7,221,793
Total	**22,562,038**	**-**	**50,961,640**	**73,523,678**

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.

Thus, the AIM quoted investment, Current asset investments and Cash at bank are valued as Level 1.

Unquoted investments are valued as Level 3.

The valuation techniques used by the Company are explained in the accounting policies in Notes 8 and 10.

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 £	Total £
Opening balance at 1 January 2015	7,418,224	301,433	25,181,534	32,901,191
Purchases	7,325,131	302	14,645,287	21,970,720
Sales	(5,331,524)	(209,222)	(4,738,579)	(10,279,325)
Reclassification at value*	(245,419)	297	245,122	-
Total gains/(losses) included in the Income Statement:				-
- on assets sold	4,208,001	(60,440)	391,333	4,538,894
- on assets held at the year-end	2,493,869	(517)	(663,192)	1,830,160
Closing balance at 31 December 2015	**15,868,282**	**31,853**	**35,061,505**	**50,961,640**

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

As detailed in the accounting policy for note 8, where investments are valued on an earnings-multiple basis, the main inputs used for this basis of valuation are earnings and 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 fair value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

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

	2015 £	2014 £
Valuation methodology		
Estimated realisation proceeds	148,750	395,500
Cost (reviewed for impairment)	-	1,000
Recent investment price*	17,665,832	7,088,201
Earnings multiple	33,147,058	25,416,490
	50,961,640	**32,901,191**

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

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

Change in valuation methodology (2014 to 2015)	Carrying value as at 31 December 2015 £	Explanatory note
Recent investment price to earnings multiple	5,169,444	Sufficient time has elapsed since investment such that earnings multiple 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 2015 IPEVCV guidelines. The Directors believe that, within these parameters, these are the most appropriate methods of valuation which would be reasonable as at 31 December 2015.

The Standard requires disclosure, for the unquoted portfolio, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee

Notes to the Financial Statements for the year ended 31 December 2015

company. The unquoted portfolio of £50,961,640 has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternatives, the value of the unquoted investments would be £3,571k or 7.0% lower. Using the upside alternatives the value would be increased by £3,747k or 7.3%. In arriving at both these figures, a 5% change to earnings multiples was applied and for five investee companies, an adjusted maintainable earnings figure was used.

16 Management of capital

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

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

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

17 Post balance sheet events

On 29 January 2016, Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) repaid loan stock of £1.00 million.

On 1 February 2016, Fullfield Limited (trading as Motorclean) repaid loan stock of £0.09 million.

On 26 February 2016, one of the Company's investments, Pound FM Consultants Limited, a company preparing to trade, provided growth capital of £1.09 million to invest in Redline Securities Limited (trading as Redline Assured Security).

On 7 March 2016, the Company received a further £0.60 million deferred consideration as a result of the realisation of Focus Pharma Holdings Limited in a previous year.

Shareholder Information

Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the half-year and annual reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board. The May annual general meetings provide a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company makes an Interim Management Statement announcement in respect of those quarters where it does not publish half or full year accounts. The Investment Adviser holds an annual shareholder event and further information on this year's event, held in January, is given in the Chairman's Statement on page 4.

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

Shareholder enquiries:

The Registrars may be contacted via their website at the address given above, or by post or phone:
Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, tel: 0370 707 1155.

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

Financial calendar

Mid April 2016	Annual Report for the year ended 31 December 2015 to be circulated to shareholders
29 April 2016	Record date for shareholders to be eligible for the final dividend
23 May 2016	Annual General Meeting
31 May 2016	Final dividend in respect of the year ended 31 December 2015 to be paid to shareholders.
August 2016	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 30 June 2016 to shareholders
December 2016	Year-end
January 2017	Shareholder event

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that you obtain the best price, shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2716/7 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

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 updated online by visiting www.investorcentre.co.uk or, alternatively, they can be obtained by contacting the Company's Registrars, Computershare Investor Services PLC at the address given at the end of this section.

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for them and to check whether they have received and banked all dividends payable to them. This is particularly important if they have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact you, if this is the case, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date telephone number and/or email address for you. You can update your contact details and view any unclaimed dividend payments on the Computershare Investor centre at www.investorcentre.co.uk

Common Reporting Standard

With effect from 1 January 2016 new tax legislation under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information is being introduced. The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase their shares. As an affected entity, the Company will have to provide information annually to HMRC on the tax residencies of a number of non-UK based certificated shareholders. All new shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be asked to provide the relevant information.

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.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the twelfth annual general meeting of Mobeus Income & Growth VCT plc ("the Company") will be held at 2.00 pm on Monday, 23 May 2016 at 33 St James's Square, London SW1Y 4JS ("Annual General Meeting") for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 10 and 13 will be proposed as ordinary resolutions, and resolutions 11 and 12 will be proposed as special resolutions:

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

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

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

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

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

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

7. To re-elect Catherine Wall as a director of the Company.

8. To elect Clive Boothman as a director of the Company.

9. To approve the payment of a final dividend in respect of the year ended 31 December 2015 of 7.00 pence per ordinary share of 1 penny each in the capital of the Company, payable on 31 May 2016 to shareholders on the register on 29 April 2016.

10. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights") up to an aggregate nominal value of £252,986, provided that the authority conferred by this resolution shall (unless renewed, revoked or varied by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2017 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

11. That, subject to the passing of resolution 10 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 10 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:

    (i) with an aggregate nominal value of up to but not exceeding £215,000 in connection with offer(s) for subscription; and

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

    in each case where the proceeds of the allotment may be used in whole or in part to purchase the Company's Shares in the market and provided that this authority shall (unless renewed, revoked or varied by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2017, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

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

    a. the aggregate number of Shares which may be purchased shall not exceed 11,388,345 or, if lower, such number of shares (rounded down to the nearest whole Share) as represents 14.99% of the Shares in issue at the date of passing of this resolution;

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

    c. the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

    d. 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 2017; and

    e. 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.

13. That the Investment Policy of the Company be amended as set out on page 26 of the Annual Report.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary

Dated: 14 April 2016

Registered Office
30 Haymarket
London SW1Y 4EX

Notice of the Annual General Meeting

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Mobeus Equity Partners LLP, the Company Secretary at 30 Haymarket, London SW1Y 4EX or by email to: vcts@mobeusequity.co.uk or telephone on 020 7024 7600.
2. Shareholders may appoint a proxy either by (a) completing a hard copy of the form of proxy or other instrument appointing a proxy and sending it to be received by post (during normal business hours only) or delivering it by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or (b) submitting their votes electronically through registering with Computershare's Investor Centre at www.investorcentre.co.uk/eproxy. In each case, the proxy votes submitted must be received not later than 2.00 pm on 19 May 2016 or 48 hours before the time appointed for any adjourned meeting (ignoring any part of a day that is not a working day, before the time fixed for the meeting) or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
3. To vote electronically, shareholders will be asked to provide the Control Number, their individual Shareholder Reference Number (SRN) and PIN, details of which are contained on the form of proxy, or the electronic broadcast message issued by the Company. Computershare's Investor Centre is the only acceptable means by which proxy instructions may be submitted electronically.
4. The return of a completed proxy form, other such instrument or any electronic Proxy Instruction will not preclude a shareholder from attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (ie the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your financial adviser or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 2.00 pm on 19 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. You may submit your proxy electronically using Computershare's Investor Centre at www.investorcentre.co.uk/eproxy.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, entitlement to attend and vote at the Annual General Meeting (and the number of votes that may be cast thereat) will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. Any member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting and the Company is obliged to answer any such questions under section 319A of the Act. However, no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website www.migvct.co.uk in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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

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

17. As at 14 April 2016 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 75,972,951 ordinary shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 14 April 2016 were 75,972,951.

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

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

Performance Data at 31 December 2015

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 December 2015. The NAV basis enables shareholders to evaluate more clearly the performance of the Investment Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

MIG VCT Fundraisings

Share price as at 31 December 2015 **86.50p[1]**

NAV per share as at 31 December 2015 **97.54p**

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[3] (p)	Total return per share to shareholders since allotment (Share price) (p)	(NAV basis) (p)
Funds raised 2004/05					
Between 5 October 2004 and 29 June 2005	100.00	**60.00**	74.30	**160.80**	**171.84**
Funds raised 2011 (Linked offer)					
21 January 2011	98.00	**68.60**	53.00	**139.50**	**150.54**
28 February 2011	102.30	**71.61**	53.00	**139.50**	**150.54**
22 March 2011	102.30	**71.61**	53.00	**139.50**	**150.54**
01 April 2011	102.30	**71.61**	53.00	**139.50**	**150.54**
05 April 2011	102.30	**71.61**	53.00	**139.50**	**150.54**
10 May 2011	100.60	**70.42**	53.00	**139.50**	**150.54**
06 July 2011	95.30	**66.71**	48.00	**134.50**	**145.54**
Funds raised 2012 (Linked offer)					
08 March 2012	101.20	**70.84**	47.50	**134.00**	**145.04**
04 April 2012	101.20	**70.84**	47.50	**134.00**	**145.04**
05 April 2012	101.20	**70.84**	47.50	**134.00**	**145.04**
10 May 2012	101.20	**70.84**	47.50	**134.00**	**145.04**
10 July 2012	95.50	**66.85**	41.25	**127.75**	**138.79**
Funds raised 2013 (Linked offer)					
14 January 2013	94.60	**66.22**	36.25	**122.75**	**133.79**
28 March 2013	97.40	**68.18**	36.25	**122.75**	**133.79**
04 April 2013	97.40	**68.18**	36.25	**122.75**	**133.79**
05 April 2013	97.40	**68.18**	36.25	**122.75**	**133.79**
10 April 2013 pre RDR[4]	99.80	**69.86**	36.25	**122.75**	**133.79**
10 April 2013 post RDR[4]	97.40	**68.18**	36.25	**122.75**	**133.79**
07 May 2013	95.40	**66.78**	34.25	**120.75**	**131.79**
Funds raised 2014 (Linked offer)					
09 January 2014	100.01[5]	**70.01**	30.25	**116.75**	**127.79**
11 February 2014	100.28[5]	**70.20**	30.25	**116.75**	**127.79**
31 March 2014	106.71[5]	**74.70**	30.25	**116.75**	**127.79**
03 April 2014	107.19[5]	**75.03**	30.25	**116.75**	**127.79**
04 April 2014	106.54[5]	**74.58**	30.25	**116.75**	**127.79**
06 June 2014	108.50[5]	**75.95**	27.00	**113.50**	**124.54**
Funds raised 2015 (Joint offer)					
14 January 2015	96.90[5]	**67.83**	10.00	**96.50**	**107.54**
17 February 2015	98.37[5]	**68.86**	10.00	**96.50**	**107.54**
10 March 2015	99.40[5]	**69.58**	10.00	**96.50**	**107.54**

[1] - Source: London Stock Exchange (mid-price), when the latest announced NAV was 93.90p

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

[3] - For derivation, see table on page 69.

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

[5] - Average effective offer price. Shares were allotted pursuant to the 2013/14 and 2014/15 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

MIG 3 VCT Fundraising

Share price as at 31 December 2015 **92.17p[1]**

NAV per share as at 31 December 2015 **103.93p**

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

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[3] (p)	Total return per share to shareholders since allotment (Share price) (p)	Total return per share to shareholders since allotment (NAV basis) (p)
Funds raised 2006[3]					
24 January 2006 and 5 April 2006	100.00	**60.00**	66.02	**158.19**	**169.95**

[1] - Source: London Stock Exchange (mid-price), as adjusted for the merger ratio.
[2] - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.
[3] - For derivation, see table below.

Cumulative dividends paid

Payment date	2004 (MIG VCT) (p)	2006 (MIG 3 VCT) (p)	2011 (Linked offer) (p)	2012 (Linked offer) (p)	2013 (Linked offer) (p)	2014 (Linked offer) (p)	2015 (Joint offer) (p)
27 September 2005	0.30						
16 May 2006	0.70						
14 September 2006	0.80						
18 May 2007	1.40	1.25					
20 September 2007	1.00	1.00					
21 May 2008	7.80	1.50					
11 September 2008	3.30	1.00					
15 May 2009	1.00	0.80					
21 April 2010	5.00	4.00					
20 May 2010 Merger of MIG VCT and MIG 3 VCT							
27 May 2011	5.00	5.33[1]	5.00				
15 September 2011	0.50	0.53[1]	0.50				
22 May 2012	6.25	6.66[1]	6.25	6.25			
20 September 2012	5.00	5.33[1]	5.00	5.00			
15 May 2013	2.00	2.13[1]	2.00	2.00	2.00		
18 September 2013	4.00	4.26[1]	4.00	4.00	4.00		
14 May 2014	3.25	3.46[1]	3.25	3.25	3.25	3.25	
17 September 2014	17.00	18.11[1]	17.00	17.00	17.00	17.00	
30 April 2015	7.00	7.46[1]	7.00	7.00	7.00	7.00	7.00
17 September 2015	3.00	3.20[1]	3.00	3.00	3.00	3.00	3.00
Total dividends paid[2]	**74.30**	**66.02**	**53.00**	**47.50**	**36.25**	**30.25**	**10.00**

[1] - The dividends paid after the merger, on MIG VCT shareholdings arising from former MIG 3 VCT shareholdings, have been restated for the merger conversion ratio.
[2] - The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to shareholders by date of allotment is shown on page 68 and above.

Timeline of the Company

July 2004	Company launched as Matrix Income & Growth VCT plc advised by Matrix Private Equity Partners LLP
June 2005	Company completed first fundraising
September 2005	Matrix Income & Growth 3 VCT plc launched and advised by Matrix Private Equity Partners LLP
April 2006	Matrix Income & Growth 3 VCT plc completed first fundraising
May 2010	Matrix Income & Growth 3 VCT plc merged into Matrix Income & Growth VCT plc
June 2012	Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP. Matrix Income & Growth VCT plc changed its name to Mobeus Income & Growth VCT plc to be consistent with the Investment Adviser's change of name
November 2013	The Company is awarded 'VCT of the Year' at the 2013 Investment Week Investment Company of the Year Awards
2010 – 2015	The Company launched and completed five successful fundraisings with the other Mobeus VCTs

Corporate Information

Directors
Keith Niven (Chairman)
Clive Boothman (from 1 August 2015)
Bridget Guérin
Tom Sooke (Senior Independent Director)
Catherine Wall

Company's registered office
30 Haymarket
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SW1Y 4EX

Investment Adviser, Promoter, Company Secretary and Administrator
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