Mobeus Income & Growth VCT plc

A Venture Capital Trust

Annual Report & Financial Statements
for year ended 31 December 2019

mobeus
Mobeus Income & Growth VCT plc

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

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YOUR PRIVACY

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Financial Highlights

For the year ended 31 December 2019

Net assets: **£71.89 million**
Net asset value ("NAV") per share: **68.78 pence**

- Net asset value ("NAV") total return per share for the year was 13.6%.
- Share price total return per share was 20.5% for the year.
- Dividends paid and declared in respect of the year total 10.00 pence per share. The cumulative dividends paid to shareholders in respect of the past five years is 57.50 pence per share.
- The Company received a total of £11.77 million from the sale of investments or repayments of loans, a realised gain in the year of £3.35 million.
- The Company invested a total of £5.85 million into five new growth capital investments and one follow-on investment during the year.

Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of terms on page 79.

Performance Summary

Cumulative NAV Total return performance over the last 3, 5 and 10 years is 24.2%, 30.0% and 112.8% respectively.

The table below shows the recent cumulative performance since launch as at the end of each of the last five years.

Reporting date as at	Net assets	NAV per share	Share price[1]	Cumulative dividends paid per share	Cumulative total return per share to shareholders		Dividends paid and proposed in respect of each year
					(NAV basis)	(Share price basis)	
	(£m)	(p)	(p)	(p)	(p)	(p)	(p)
31 December 2019	71.89	68.78	63.75[2]	124.80	193.58	188.55	10.00[3]
31 December 2018	75.08	70.25	62.00	113.80	184.05	175.80	7.00
31 December 2017	69.90	71.75	63.00	108.80	180.55	171.80	16.00
31 December 2016	63.15	83.53	74.75	89.80	173.33	164.55	14.50
31 December 2015	74.11	97.54	86.50	74.30	171.84	160.80	10.00

[1] Source: Panmure Gordon & Co (mid-market price). The discount on the Company's shares at 31 December 2019 was 5.0%, as the share price was based on the NAV per share at 30 September 2019 of 66.96 pence per share, having been adjusted for dividends paid up until 31 December 2019. In prior years the discount was 10.0%.

[2] The share price has been adjusted for a 4.00 pence dividend paid after the year end on 8 January 2020 which was ex-div at 31 December 2019.

[3] The figure of 10.00 pence includes the third interim dividend of 4.00 pence referred to below. Payment of this dividend will reduce the net asset value per share at 31 December 2019 of 68.78 pence by the amount of the dividend and increase cumulative dividends paid to 128.80 pence per share.

Dividends paid post year end in respect of the year ended 31 December 2019

A third interim dividend of 4.00 pence per share (all capital) was paid to Shareholders on 8 January 2020.

Detailed performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT shareholders are shown in a table on pages 75 to 77 of this Annual Report.

Chairman's Statement

I am pleased to present the annual results of Mobeus Income & Growth VCT plc for the year ended 31 December 2019.

Overview

This has been a year of excellent performance by the Company. New investments, successful realisations of investments and increases in the value of the existing portfolio have all contributed to this.

The Company has made investments into five new companies, provided follow-on funding to one existing portfolio company and has realised its investment in three portfolio companies, including the Company's first profitable exit of a younger, growth capital, investment. Furthermore, after the year end, the Company achieved its most successful exit to date, Auction Technology Group.

At the time of writing there remains significant uncertainty with regard to the lasting effects on the world economy of COVID-19 although it is clear that UK economic growth will reduce this year. Further information is contained within the Outlook on page 4, the Investment Adviser's Review on page 5 and Note 17 – Post Balance Sheet Events on page 69.

We are delighted with the strong support from investors for our 2019/20 fundraising launched on 25 October 2019, which was fully subscribed some three months' ahead of the scheduled close date of 31 March 2020. This liquidity also means that the Company is well placed to support its investments should they require further funding in the coming year. The Board appreciates the continued support from existing Shareholders and extends a warm welcome to new Shareholders.

Performance

As explained more fully on page 23 of the Strategic Report, the Company's NAV total return per share for the year ended 31 December 2019 was an exceptional 13.6% (2018: 4.9%) (being the closing NAV plus dividends paid in the year, divided by the opening NAV) while the share price total return was 20.5% (2018: 6.3%) enhanced by the reduction during the year from 10% to 5% (approximately) in the discount to the net asset value at which the shares trade (see Share buybacks section below). 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 in 2004) rose during the year by 5.2% from 184.05 pence to 193.58 pence.

This NAV total return for the year was primarily attributable to strong gains in the value of the portfolio of investee companies held at the year end and profitable exits of more mature investments, The Plastic Surgeon and ASL, as well as the maiden profitable exit of a younger growth capital investment, Redline Worldwide.

After the year end, the Company realised its holding in Pattern Analytics Limited (trading as Biosite), generating an overall return of 1.5x the original cost.

Shortly afterwards, Turner Topco Limited (trading as Auction Technology Group), a mature portfolio company, was realised, generating a return of 4.5x the original cost. In isolation and after allowing for tax on the income portion of proceeds, this would result in an uplift of 2.71 pence per share over the 31 December 2019 NAV of 68.78 pence.

Further information on performance during the year is contained in the Investment Adviser's Review on pages 5 to 7 and 16 to 19 and the Strategic Report on pages 22 to 25.

Dividends

The dividends paid in respect of the year ended 31 December 2019 total 10.00 pence (2018: 7.00 pence) per share, comprising of:

4.00 pence per share paid on 20 September 2019 comprising 2.50 pence from capital and 1.50 pence from income;

2.00 pence per share paid on 6 December 2019 from capital; and

4.00 pence per share paid on 8 January 2020 from capital.

The cumulative dividends paid since inception in 2004 are 128.80 pence (2018: 118.80 pence) per share.

The Company's target of paying a dividend of at least 4.00 pence per share in respect of each financial year has been achieved and often exceeded. Whilst the Board still believes this dividend target is attainable, it should be noted that the gradual move of the portfolio to a larger share of younger growth capital investments will lead to a reduction in dividends and interest received from portfolio companies. In turn, dividends in any given year will increasingly depend upon realised profits on sales of portfolio companies, bolstered by any distributions of special reserves, which is likely to result in a greater volatility of dividends.

To the extent that dividends are paid other than out of income or from gains on investments, for instance out of special distributable reserves, Shareholders should note this will result in a reduction in NAV over the period. Total dividends paid and payable in respect of the year are 10.00 pence per share comprising 1.50 pence (income) and 8.50 pence per share (capital) from special distributable reserves.

A full dividend history is contained in the Performance Data appendix on page 77 and on the Company's website. www.mobeus.co.uk/investor-area/vct-investors

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

Investment portfolio

The portfolio was valued at £51.70 million (2018: £48.20 million) at the year-end representing 116.9% of cost (2018: 103.1%).

Nineteen new growth capital investments totalling £22.15 million have been completed since the change in the VCT rules introduced in 2015. At the year end 45.2% (2018: 34.3%) of the portfolio was held in younger growth capital investments, while 54.8% (2018: 65.7%) of the value of the investment portfolio was held in more mature investments made before the rules changed.

During the year, £5.85 million was invested in five new growth capital investments and one existing portfolio company (analysed in the Investment Adviser's Review on pages 5 to 11 and explained within Note 8 to the Financial Statements).

The new growth capital investments totalling £5.27 million were made into the following companies:

- **Arkk Consulting**, a regulatory and reporting requirement service provider;
- **Parsley Box**, a supplier of home delivered ambient ready meals for the elderly;
- **Active Navigation**, a provider of enterprise-level file analysis software;
- **IPV**, a developer of media asset management software; and
- **Bleach**, an established and trusted brand in the hair colourants market.

In addition, one follow-on growth investment of £0.58 million was made into:

- **MPB Group**, an online marketplace for used camera and video equipment.

We expect follow-on investments to continue to be a feature of the growth capital investments as they seek to achieve scale.

Cash proceeds totalling £11.77 million for the year were received from portfolio companies that were either sold, repaid loans or settled other capital proceeds. Of this total, £8.88 million was received as cash proceeds from the sale of The Plastic Surgeon, ASL and Redline (the first growth capital investment to be profitably realised). Proceeds of £1.09 million were received from consideration proceeds relating to Entanet, an investment sold in a previous year, and from the partial realisation of Master Removers Group. A further £1.80 million was received as loan repayments.

For the year under review, the portfolio generated a net gain of £3.35 million on these realised investments. Within this, the principal gains were from The Plastic Surgeon, ASL and Redline sales (which were realised at a profit over opening valuations of £0.63 million, £1.64 million and £0.70 million respectively). Further gains of £0.38 million for the year were achieved by receipts of consideration from the sale of Entanet realised in a prior year as well as the partial exit from Master Removers Group.

The portfolio also achieved a net increase of £5.79 million on investments still held at the year-end, with positive increases from Auction Technology Group (subsequently realised as noted below), MPB Group and Proactive partially offset by valuation falls at Wetsuit Outlet, Supercarers and Master Removers Group.

After the year end, the Company realised its holding in Pattern Analytics Limited (trading as Biosite), another of its growth capital investments. The Company received £2.45 million in cash over the life of the investment and generated a return on original cost of 1.5x in the three years that this investment was held. These proceeds were the same as the year-end valuation of this investment.

Also after the year-end, the Company achieved a substantial gain over cost upon the sale of Auction Technology Group, receiving capital proceeds of £6.84 million compared to a value at the year-end of £4.96 million. This further appreciation in capital value of £1.88 million upon sale reflects the strategic premium paid by the acquirer of the business. The Company also received interest owed on completion of £1.78 million that has not been recognised in these 2019 accounts. Over the 11½ year life of the investment, total proceeds of £14.77 million have been received, an overall multiple over cost of 4.5x and an IRR of 29%.

These transactions and valuation movements are explained further in the Investment Adviser's Review on pages 5 to 10.

Review of longer-term performance

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 statistics prepared by Morningstar at 31 December 2019 over the last five years, the Company was ranked 8th on a NAV total return basis and 1st on a Share Price total return basis out of 38 generalist VCTs, both assuming dividends are reinvested (source: AIC). Additionally, the Company was ranked 2nd on a NAV total return basis and 3rd on a Share Price total return basis, out of 31 generalist VCTs, assuming dividends are reinvested, over the last ten years. The Board believes this to be a commendable performance.

Shareholders who invested in 2004 at the launch of the Company have seen a NAV cumulative total return of 193.58 pence per share compared with their initial investment cost of 100 pence per share, or a net cost of 60 pence per share (after initial income tax relief of 40 pence of their investment). As part of this return, 124.80 pence per share has been paid to Shareholders in dividends up to the year end. This represents an average annual yield on the initial 100 pence investment of 8.2% and 13.6% on the adjusted investment cost of 60 pence. The balance of the total return is the December 2019 NAV of 68.78 pence per share.

Industry and Regulatory Changes

Although no further changes have emerged in the year, a previous change, already announced, whereby 80% of the Company's total investments must be in qualifying investments, applies to the Company from 1st January 2020. The Board has therefore ensured that this requirement has been met at this year-end.

Fundraising

On 25 October 2019, the Company launched an offer for subscription of £10 million with an over-allotment facility of an additional £5 million, alongside offers from the other Mobeus advised VCTs. I am pleased to report that the Offer experienced strong demand such that the Company received subscriptions amounting to the full amount sought shortly after the Company's year-end in January 2020. In accordance with the Offer's prospectus, the first allotment under the Offer took place on 8 January 2020, which included all applications received up to 20 December 2019 totalling £12.70 million. The balance of subscriptions of £2.30 million were allotted before the end of the tax year on 2 April 2020.

Share buybacks

On 1 August 2019, the Board changed its share buyback policy objective of maintaining the discount to NAV at which the Company's shares may trade in the market from approximately 10% or less, to approximately 5% or less. This change will have contributed to the share price total return of 20.5%.

During the year, the Company made five purchases of its shares, buying back a total of 2,375,656 shares, allowing Shareholders who wanted to sell their shares to do so. The buybacks represented 2.2% (2018: 1.8%) of the issued share capital of the Company at the beginning of the year. Further details are included in the Strategic Report on page 24. The shares bought back were subsequently cancelled.

Shareholder Event

This year's annual Shareholder Event was held on Tuesday, 4 February 2020 at the National Gallery in Central London. Separate day time and evening sessions included presentations on the Mobeus advised VCTs' investment activity and performance. We have received positive feedback from many of the circa 400 people who attended this year's event and were pleased to hear that overall they found the day informative and worthwhile.

Fraud Warning

Boiler Room fraud and unsolicited communications to shareholders.

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

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

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

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

Annual General Meeting

The next Annual General Meeting ("AGM") of the Company will be held at 2:00 pm on Tuesday, 12 May 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU. Shareholders should note that it is likely that the Stay at Home Measures will still be in place at the time of the AGM and therefore gatherings of two people or more will not be permitted and Shareholders not allowed to attend the AGM meeting in person. The Board encourages Shareholders to submit their vote by proxy either by completing and returning the form enclosed or proxy votes may also be submitted electronically via Computershare's Investor Centre at: www.computershare.com/uk/individuals/im-a-shareholder/manage-your-shareholdings-online.

If the meeting cannot be held, the Company will make an RNS announcement advising of the changes, which will also be added to the Company's website: www.migvct.co.uk to which Shareholders should refer. The Notice of the meeting is included on pages 72 to 74 and an explanation of the resolutions to be proposed can be found in the Directors' Report on pages 31 to 32 of this Annual Report.

Outlook

While the effects of the COVID-19 outbreak and its recent impact on world economies generally are uncertain, I draw Shareholders' attention to the announcement of an unaudited NAV at 24 March 2020 of 58.95p per share (further details are contained on page 69). The outbreak is already an event of major significance for all economic activity. In conjunction with the Investment Adviser, we will continue to assess the consequences carefully and work to address issues as they arise. More information can be found on the next page in the Investment Adviser's Review.

While the short-term outlook for the UK economy is unpredictable, your Board considers that your Company is well positioned, with a portfolio still including relatively mature investments providing an income return, and an increasing proportion of younger, growth capital companies seeking to achieve scale. The strong results achieved for the year reflect the growth and valuation increases in both elements of the portfolio, underpinned by successful realisations. It is particularly pleasing to report the Company's realisations of two growth capital investments, Redline and Pattern Analytics (trading as Biosite), made since the VCT rule change in 2015.

Your Board again cautions that investing in younger growth capital investments involves increased risk and that returns from them may take longer to emerge and may be more volatile. Shareholders should expect these companies to take time to achieve their desired objectives and scale, but there also exists the potential for significant gains in some cases.

The Company still retains a significant portfolio of investments made before the rule change in 2015, many of which have the potential to be realised at a significant profit. The sale of Auction Technology Group after the year end is a particularly strong example. Shareholders are reminded that the Company's investments remain relatively high risk and their returns may remain volatile.

The successful fundraising in 2019/20 provides the Company with adequate funds to meet its cash needs (bolstered now by the sales of Biosite and Auction Technology Group) and to continue to make growth capital investments as and when markets stabilise.

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

C. W. Boothman

Clive Boothman
Chairman

6 April 2020

Investment Portfolio

Investment Adviser's Review

COVID-19 update after the year end

After the year end, the world has been in the midst of a COVID-19 pandemic. Many of the VCTs' portfolio companies are encountering very challenging trading conditions, the full extent and impact of which will emerge only over time. The Investment Adviser has reviewed and evaluated the impact of COVID-19 on each sector exposure and upon the value of the portfolio. As mentioned in the Chairman's Statement, an initial evaluation of the impact of COVID-19 on the valuation of the portfolio companies resulted in an unaudited NAV of 58.95 pence per share as at 24 March 2020. The Investment Adviser is fully engaged with the portfolio companies to ensure that all steps are being taken to assist each to trade through this crisis and restore and grow value thereafter. As part of this, Mobeus is reviewing the implications for new and follow-on investments with the recent fundraising and relatively high liquidity levels providing a solid foundation for such assessments.

Portfolio review

Activity in the year is summarised below:

	2019 £m	2018 £m
Opening portfolio value	48.48[1]	41.52
New and further investments	5.85	7.24
Disposal proceeds	(11.77)	(2.94)
Net realised gains / (losses)	3.35	(0.13)
Valuation movements	5.79	2.51[1]
Portfolio value at 31 December	**51.70**	**48.20**

[1] - These figures, for both tables, have been adjusted due to £0.28 million of consideration recognised as a debtor at the prior year-end, but received in this year. See Note 8 on pages 57 to 59 of the Notes to the Financial Statements for further details.

This has been a year of further solid progress building the growth capital portfolio with five investments into new growth businesses totalling £5.27 million and one existing growth portfolio company receiving follow-on funding totalling £0.58 million.

Net cash proceeds of £11.77 million were received, primarily from three realisations. After the end of the year, two further disposals have occurred, realising a further £10.96 million, the latter of which has delivered an exceptionally large return and profit over the life of that investment. This means five significant disposals have been achieved in nine months, which is unlikely to be repeated, in the near-term at least. Details of these movements for each investee company are provided at the end of this Investment Review.

Since the change in the VCT rules in 2015, the Company has invested £22.15 million in younger growth capital investments, bringing the proportion of the portfolio held in growth capital investments made after the rule change in 2015 to 45.2% by value at the year end.

As mentioned in the Chairman's Statement, investing in younger growth capital investments does involve increased risk. Returns from these companies are expected to take longer to materialise and may be more volatile.

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

Investment Portfolio Capital Movement	2019 £m	2018 £m
Increase in the value of unrealised investments	8.07	6.37
Decrease in the value of unrealised investments	(2.28)	(3.86)
Net increase in the value of unrealised investments	**5.79**	**2.51[1]**
Realised gains	3.35	0.98
Realised losses	-	(1.11)
Net realised gains / (losses) in the year	**3.35**	**(0.13)**
Net investment portfolio capital movement in the year	**9.14**	**2.38**

Valuation changes of portfolio investments still held

Within the valuation increases of £8.07 million, the principal contributors were: Auction Technology Group - £2.90 million, MPB Group - £1.09 million and Proactive Group - £1.03 million. Auction Technology Group, which the Company part realised in 2014, traded well above budget in 2019 with growth showing in all areas of its business. The sale of this business after the year end concluded an 11½ year partnership with the Company. MPB Group has grown its revenues substantially. In July it secured £9.00 million of further investment at a higher valuation, of which the Company contributed £0.58 million and a total of £2.00 million was provided by the Mobeus VCTs.

A small number of new growth investments (such as Proactive Group) have shown initial uplifts from cost, due in large part to the structure of the Company's investment, but, in some cases, also due to the underlying investee company performance. Proactive Group has made consistent positive progress in all its markets since investment. The principal driver of the value increase over the period however is the preference structure of the investment which allocates a greater share of economic value to the Company at the current stage of the business's development.

Within total valuation decreases of £(2.28) million, the main reductions were: Wetsuit Outlet - £(0.75) million, Supercarers - £(0.44) million and Master Removers Group - £(0.34) million. Wetsuit Outlet continues to disappoint post investment, although it is anticipated that measures recently implemented to restore margins will soon begin to improve profitability. Supercarers is performing well behind plan and is undertaking a restructure of its cost base. Finally, whilst Master Removers Group remains very profitable and cash generative, a slowdown in the London and South East property market over the last few months has impacted recent performance.

Growth capital investing involves companies which often have not achieved profitability, and as a result, have to be measured on other metrics. The table below shows the proportion of the portfolio that is represented by high growth but yet to be profitable companies (often valued by reference to revenue or gross profit multiple), compared with more mature, established companies with a history of profitability and which can therefore be valued on an earnings multiple:

Valuation methodology	2019 £m	2018 £m
Earnings multiple	30.94	33.70
Revenue multiple	14.14	8.91
Gross profit multiple	3.51	3.21
Recent investment price	2.98	0.42
Recent investment price (reviewed for impairment)	0.13	1.80
Other	-	0.16
Total	**51.70**	**48.20**

Realised gains and losses from sales of investments

The Company achieved net realised gains on the sale of investments of £3.35 million during the year mainly comprising three significant and profitable exits.

In May, the Company realised its long held investment in The Plastic Surgeon generating a gain in the year of £0.63 million which contributed to total proceeds over the life of the investment of 5.6x the cost of the investment.

Shortly afterwards, in June, ASL Technology Group was sold generating a gain in the year of £1.64 million and, including all proceeds received since investment, a multiple of cost of 2.2x.

In December, the Company realised its first growth capital investment made under the new VCT rules, Redline Worldwide, generating a gain of £0.70 million in the year. Over the life that this investment was held, a multiple of 1.6x cost has been achieved to date with further proceeds potentially receivable in due course. £0.10 million of these proceeds were received following the year end, bringing the multiple on cost achieved to 1.7x.

Finally, the Company achieved a further gain of £0.34 million arising from the disposal of Entanet in 2017, increasing the final return on cost to 2.8x, while the partial realisation of Master Removers Group during the year generated a gain of £0.04 million.

After the year end, in February, the Company exited investments held in Pattern Analytics (trading as Biosite) and Auction Technology Group ("ATG"). Pattern Analytics (trading as Biosite) was realised generating proceeds of £2.45 million over the life of the investment and contributed to a gain over original cost of 1.5x and ATG generated proceeds over the life of the investment of £14.77 million compared to an original cost of £3.27 million, a multiple on cost of 4.5x over the 11½ years this investment was held – an exceptional return for Shareholders.

Investment portfolio yield and capital repayments

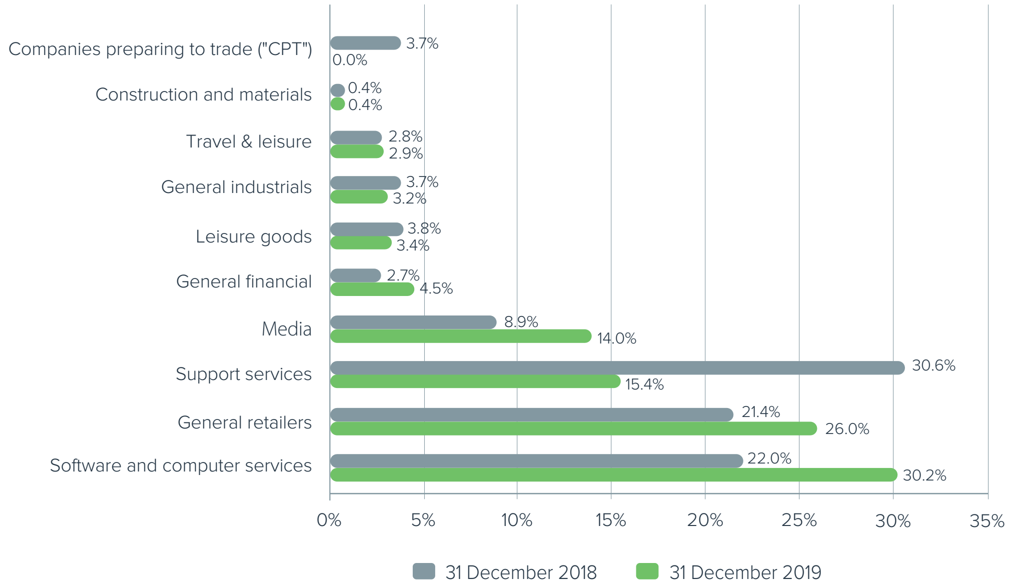
During the year under review, the Company received the following amounts in loan interest and dividend income:

Investment Portfolio Yield	2019 £m	2018 £m
Interest received in the year	2.17	2.36
Dividends received in the year	0.51	0.70
Total portfolio income in the year[1]	**2.68**	**3.06**
Portfolio value at 31 December	**51.70**	**48.20**
Portfolio Income Yield (Income as a % of Portfolio value at 31 December)	**5.2%**	**6.3%**

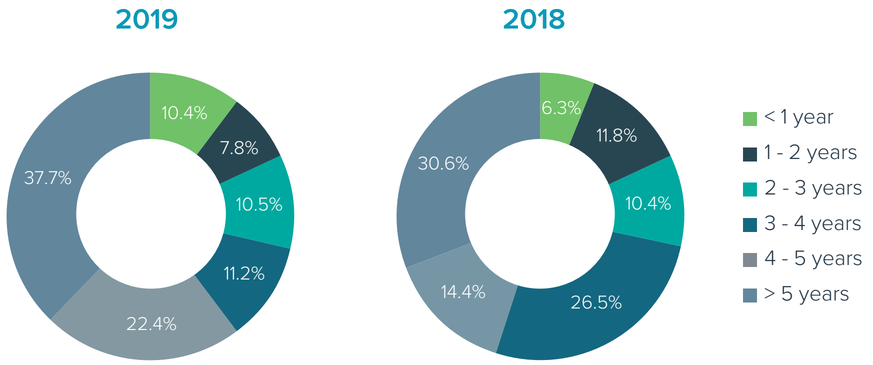
[1] Total portfolio income in the year is generated solely from investee companies within the portfolio. See Note 3 of the Financial Statements for all income receivable by the Company.

The Company also received loan stock repayments of £1.80 million, at cost.

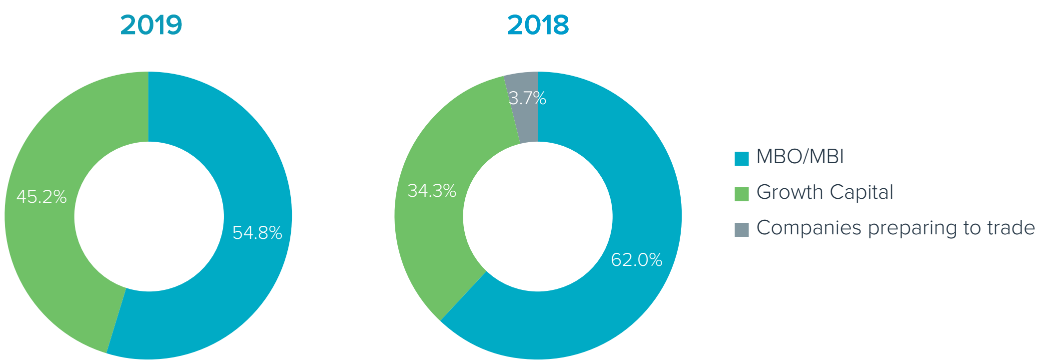
Investments by market sector



Age of the portfolio by value



Type of investment by value



Investments made after the 2015 rule change are all growth capital investments which are young businesses using the Company's investment for growth and development purposes (as defined under VCT legislation).

Investments made before the 2015 rule change include all investments made under the Investment Adviser's management buyout strategy ("MBO") strategy and management buy in ("MBI") strategies. This typically includes MBO and MBI investments which are more mature, but also contains some growth capital investments.

New investment in the year

A total of £5.27 million was invested into five new investments during the year as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Parsley Box	Home delivered, ambient ready meals for the elderly	May 2019	0.85

Parsley Box is a UK direct to consumer supplier of home delivered, ambient ready meals for the elderly. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and aim to contribute to a more independent and healthier lifestyle. The investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. The company's unaudited accounts for the period ended 31 March 2019 show revenues of £3.08 million and a loss before interest, tax and amortisation of goodwill of £(0.50) million.

	Company	Business	Date of investment	Amount of new investment (£m)
	Arkk Consulting	Regulatory and reporting requirement service provider	May 2019	1.45

Arkk Consulting (trading as Arkk Solutions) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. The investment will build on Arkk's reputation and customer base, to target the cloud-based period end reporting market by building the sales and marketing team. The company's audited accounts for the year ended 31 December 2018 show turnover of £3.36 million and a loss before interest, tax and amortisation of goodwill of £(0.34) million.

	Company	Business	Date of investment	Amount of new investment (£m)
	Active Navigation	File analysis software	November 2019	1.41

Data Discovery Solutions, trading as Active Navigation, is a file analysis software solution which makes it easier for companies to clean up network drives, respond to new data protection laws and dispose of redundant and out dated documents. Active Navigation's solution is used by significant blue chip customers, particularly those in highly regulated industries such as energy and professional services, as well as government entities in the USA, Canada, Australia and the UK. Active Navigation will seek to drive continued growth from its file analysis platform with the recruitment of experienced sales and professional services staff. The company's audited accounts for the year ended 30 June 2018 show revenues of £5.02 million and a profit before interest, tax and amortisation of goodwill of £1.45 million.

	Company	Business	Date of investment	Amount of new investment (£m)
	IPV	Media asset software	November 2019	0.89

IPV Limited ("IPV") has developed a media asset management software product called 'Curator', enabling enterprise level customers to receive and search hours of video footage, edit into multiple short clips and broadcast to online video platforms (such as YouTube) and company intranets, in a very short time. IPV's impressive list of blue-chip clients, such as Turner Sports, NASA and Sky, are looking to improve efficiency in managing their video content. The company has built an impressive senior management team of proven operators and is targeting a media asset management market in the US and UK worth an estimated £1 billion per annum. The investment will be used to build out a sales and marketing team and to fund lead generation for new direct and partner channels as well as supporting the existing partner network. The company's audited accounts for the year ended 31 December 2018 show revenues of £2.25 million and a loss before interest, tax and amortisation of goodwill of £(1.28) million.

	Company	Business	Date of investment	Amount of new investment (£m)
	Bleach	Hair colourants brand	December 2019	0.67

Bleach London Holdings ("Bleach") is an established branded, fast growing business which manufactures a range of haircare and colouring products. Bleach is regarded as a leading authority in the hair colourant market having opened one of the world's first salons focused solely on colouring and subsequently launched its first range of products in 2013. The investment was part of a wider £5.60 million investment round alongside Burda Principal Investments and angel investors. The funds will be used to drive continued growth in sales through retailers as well as capitalise on its strong social media presence whilst accelerating its growing direct to consumer channel. The company's unaudited accounts for the year ended 31 December 2018 show revenues of £3.75 million and a loss before interest, tax and amortisation of goodwill of £(0.01) million.

Further investments in existing portfolio companies in the year

The Company made a further investment totalling £0.58 million into one existing portfolio company during the year under review, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	MPB Group	Online marketplace for used camera and video equipment	July 2019	0.58

MPB is Europe's leading online marketplace for used camera and video equipment. Based in Brighton, its custom-designed pricing technology enables MPB to offer both buy and sell services through the same platform and offers a one-stop shop for all its customers. Having expanded into the US (opening a New York office) and German markets as part of the initial VCT investment round, this follow-on investment, alongside funds provided by the Proven VCTs, is to support its continued growth plan. Having more than doubled its sales over the last two years, this investment will help drive the company's objective to create a £100m+ turnover internationally diverse and profitable re-commerce business. The company's audited accounts for the year ended 31 March 2019 show turnover of £31.91 million and a loss before interest, tax and amortisation of goodwill of £(1.73) million.

Realisations during the year

The Company realised its investments in The Plastic Surgeon, ASL and Redline, during the year, generating an aggregate net realised gain for the year of £2.97 million. Net cash proceeds received from the sale of these investments totalled £8.88 million, as detailed below:

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
Plastic Surgeon FINE FINISHERS	The Plastic Surgeon	Supplier of snagging and finishing services to the property sector	April 2008 to May 2019	£4.15 million 5.6x cost

The Company sold its remaining investment in The Plastic Surgeon to Polygon Group for £2.32 million (realised gain in the year: £0.63 million), including a preference share repayment of £0.09 million in January 2019. Over the eleven years this investment was held, it generated proceeds of £4.15 million compared to an original investment cost of £0.74 million which is a multiple on cost of 5.6x and an IRR of 20.5%.

ASL MANAGED • DOCUMENT • SOLUTIONS	ASL	Printer and photocopier services	December 2010 to June 2019	£6.42 million 2.2 x cost

The Company sold its investment in ASL Technology for £5.18 million (realised gain in the year of £1.64 million). Over the eight and a half years this investment was held, it generated proceeds of £6.42 million compared to an original investment cost of £2.94 million, which is a multiple on cost of 2.2x and an IRR of 12.6%.

REDLINE® ASSURED SECURITY	Redline	Provider of security services to the aviation industry and other sectors	February 2016 to December 2019	£1.78 million 1.6x cost

The Company sold its investment in Redline Worldwide for £1.38 million (realised gain in the year of £0.70 million). Since investment in 2016, the investment has generated proceeds to date of £1.78 million compared to an original investment cost of £1.10 million, which is a multiple on cost to date of 1.6x and an IRR of 16.0%. Further proceeds may be receivable in due course.

There was a partial realisation of Master Removers Group ("MRG") which generated proceeds of £0.46 million and a realised gain of £0.04 million in the year. This occurred following a reorganisation of MRG's share capital resulting in the Company increasing its equity share in MRG from 5.7% to 8.6%.

Loan stock repayments and other receipts

The Company also received loan repayments totalling £1.80 million, most notably Hollydale Management Limited (£0.59 million), and consideration proceeds from an investment realised in a previous year of £0.63 million.

In addition to net realised gains for the year on the three disposals above of £2.97 million, there were also consideration gains of £0.34 million from an investment realised in a prior year and MRG's realised gain of £0.04 million, to equal the total realised gains for the year of £3.35 million, as shown in both tables in the Portfolio review section on page 5 of this review.

Investment Portfolio

Realisations after the year end

After the year end, the Company realised its investments in Biosite and Turner Topco Limited (trading as Auction Technology Group).

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
BIOSITE	Biosite	Workforce management and security services	November 2016 to February 2020	£2.45 million 1.5x cost
The Company sold its investment in Pattern Analytics Limited (trading as Biosite) to ASSA ABLOY for £2.34 million. Since investment in 2016, the investment has generated proceeds of £2.45 million compared to an original investment cost of £1.58 million, which is a multiple on cost of 1.5x and an IRR of 21.0%.				
atgmedia	Auction Technology Group	SaaS based online auction marketplace platform	October 2008 to February 2020	£14.77 million 4.5x cost
The Company sold its investment in Turner Topco Limited (trading as Auction Technology Group) to TA Associates for £8.62 million (including £1.78 million loan interest due on completion). This investment generated proceeds of £14.77 million over the life of the investment (including proceeds received following a partial realisation from a sale to ECI Partners in June 2014), compared to an original cost of £3.27 million. These returns generated a multiple on cost of 4.5x and an IRR of 28.9%.				

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Investment Adviser

6 April 2020

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Investment Portfolio

Principal investments in the portfolio at 31 December 2019 by valuation

Turner Topco Limited (trading as Auction Technology Group)

www.antiquestradegazette.com

Cost	£2,501,000

Valuation	£4,957,000

Basis of valuation
Earnings multiple

Equity % held
5.6%

Income receivable in year
£Nil

Business
Saas based online auction marketplace platform

Location
London

Original transaction
Secondary buyout

Audited financial information

Year ended	30 September 2018
Turnover	£22,205,000
Operating profit	£3,707,000
Net liabilities	£(33,062,000)
Year ended	30 September 2017
Turnover	£21,558,000
Operating profit	£3,110,000
Net liabilities	£(26,028,000)

Movements during the year

Sold after the year end, in February 2020.

Tovey Management Limited (trading as Access IS)

www.access-is.com

Cost	£3,264,000

Valuation	£4,720,000

Basis of valuation
Earnings multiple

Equity % held
12.9%

Income receivable in year
£249,227

Business
Provider of data capture and scanning hardware

Location
Reading

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2018
Turnover	£16,585,000
Operating profit	£659,000
Net liabilities	£(139,000)
Year ended	31 December 2017
Turnover	£14,421,000
Operating profit	£694,000
Net liabilities	£(76,000)

Movements during the year

None.

MPB Group Limited

www.mpb.com

Cost	£1,900,000

Valuation	£3,465,000

Basis of valuation
Revenue multiple

Equity % held
6.8%

Income receivable in year
£26,781

Business
Online marketplace for photographic and video equipment

Location
Brighton

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2019
Turnover	£31,909,000
Operating loss	£(1,733,000)
Net assets	£2,455,000
Year ended	31 March 2018
Turnover	£21,708,000
Operating loss	£(2,004,000)
Net assets	£3,619,000

Movements during the year

Follow on equity investment made in July 2019.

Virgin Wines Holding Company Limited

www.virginwines.co.uk

Cost	£2,439,000
Valuation	£3,128,000

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

Year ended	30 June 2019
Turnover	£42,456,000
Operating profit	£2,011,000
Net assets	£2,763,000
Year ended	30 June 2018
Turnover	£39,888,000
Operating profit	£1,270,000
Net assets	£2,569,000

Movements during the year

None.

EOTH Limited (trading as Equip Outdoor Technologies)

www.equipuk.com

Cost	£1,298,000
Valuation	£2,931,000

Basis of valuation
Earnings multiple

Equity % held
2.3%

Income receivable in year
£325,000

Business
Branded outdoor equipment and clothing (Rab and Lowe Alpine)

Location
Alfreton, Derbyshire

Original transaction
Growth capital

Audited financial information

Year ended	31 January 2019
Turnover	£60,584,000
Operating profit	£14,096,000
Net assets	£26,302,000
Year ended	31 January 2018
Turnover	£54,161,000
Operating profit	£4,404,000
Net assets	£17,082,000

Movements during the year

None.

Vectair Holdings Limited

www.vectairsystems.com

Cost	£139,000
Valuation	£2,926,000

Basis of valuation
Earnings multiple

Equity % held
12.0%

Income receivable in year
£182,144

Business
Designer and distributor of washroom products

Location
Basingstoke, Hampshire

Original transaction
Management buyout

Audited financial information

Year ended	31 October 2018
Turnover	£22,274,000
Operating profit	£2,338,000
Net assets	£7,856,000
Year ended	31 October 2017
Turnover	£21,248,000
Operating profit	£2,065,000
Net assets	£6,918,000

Movements during the year

None.

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

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

Principal investments in the portfolio at 31 December 2019 by valuation

Investment Portfolio

Preservica Limited

www.preservica.com

Cost £2,099,000

Valuation £2,705,000

Basis of valuation
Revenue multiple

Equity % held
14.5%

Income receivable in year
£53,977

Business
Seller of proprietary digital archiving software

Location
Abingdon, Oxfordshire

Original transaction
Growth capital

Audited financial information

Year ended	31 March 2019
Turnover	£3,583,000
Operating loss	£(2,220,000)
Net assets	£978,000
Year ended	31 March 2018
Turnover	£2,851,000
Operating loss	£(1,930,000)
Net assets	£1,131,000

Movements during the year

None.

Pattern Analytics Limited (trading as Biosite)

www.biositesystems.com

Cost £1,583,000

Valuation £2,341,000

Basis of valuation
Gross profit multiple

Equity % held
6.6%

Income receivable in year
£82,618

Business
Workforce management and security services for the construction industry

Location
Solihull

Original transaction
Growth capital

Audited financial information

Year ended	31 July 2019
Turnover	£11,645,000
Operating profit	£338,000
Net assets	£1,166,000
Year ended	31 July 2018
Turnover	£9,756,000
Operating loss	£(643,000)
Net assets	£1,775,000

Movements during the year

Sold after the year end, in February 2020.

Proactive Group Holdings Inc

www.proactiveinvestors.co.uk

Cost £927,000

Valuation £2,331,000

Basis of valuation
Revenue multiple

Equity % held
3.2%

Income receivable in year
£17,939

Business
Provider of media services and investor conferences for companies primarily listed on secondary public markets

Location
London

Original transaction
Growth capital

Financial information (unaudited)

Year ended	30 June 2018
Turnover	£4,753,000
Operating loss	£(332,000)
Net liabilities	£(1,421,000)
Year ended	30 June 2017
Turnover	£3,987,000
Operating profit	£529,000
Net liabilities	£(1,721,000)

Movements during the year

None.

Media Business Insight Holdings Limited

www.mb-insight.com

Cost £3,282,000

Valuation £2,283,000

Basis of valuation
Earnings multiple

Equity % held
19.0%

Income receivable in year
£365,655

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

Location
London

Original transaction
Management buyout

Audited financial information

Year ended	31 December 2018
Turnover	£11,420,000
Operating profit	£1,466,000
Net liabilities	£(941,000)
Year ended	31 December 2017
Turnover	£12,292,000
Operating profit	£718,000
Net liabilities	£(197,000)

Movements during the year

None.

Vian Marketing Limited (trading as Red Paddle Co)

www.tushingham.com

Cost £1,189,000

Valuation £1,768,000

Basis of valuation
Earnings multiple

Equity % held
9.3%

Income receivable in year
£74,671

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

Location
Totnes, Devon

Original transaction
Growth capital and equity release

Audited financial information

Year ended	28 February 2019
Turnover	£14,845,000
Operating profit	£1,848,000
Net assets	£3,435,000
Year ended	28 February 2018
Turnover	£13,582,000
Operating profit	£1,594,000
Net assets	£2,748,000

Movements during the year

None.

CGI Creative Graphics International Limited

www.cgi-visual.com

Cost £1,808,000

Valuation £1,677,000

Basis of valuation
Earnings multiple

Equity % held
7.8%

Income receivable in year
£180,018

Business
Vinyl graphics to global automotive, recreation vehicle and aerospace markets

Location
Kempston, Bedfordshire

Original transaction
Management buyout

Audited financial information

Year ended	28 February 2019
Turnover	£13,940,000
Operating profit	£511,000
Net liabilities	£(2,692,000)
Year ended	28 February 2018
Turnover	£14,880,000
Operating profit	£813,000
Net liabilities	£(1,518,000)

Movements during the year

None.

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

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

Investment Portfolio Summary

as at 31 December 2019

	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							
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	Electronic and electrical equipment	Oct-15	2,979	4,435	27.6%	6.1%	43.4%
MPB Group Limited Online marketplace for used photographic and video equipment	General retailers	Jun-16	1,900	3,465	60.7%	4.7%	23.6%
Virgin Wines Holding Company Limited Online wine retailer	General retailers	Nov-13	2,439	3,128	4.4%	4.4%	42.0%
Vectair Holdings Limited Designer and distributor of washroom products	Support services	Jan-06	139	2,926	45.0%	4.1%	24.0%
Preservica Limited Seller of proprietary digital archiving software	Software and computer services	Dec-15	2,099	2,705	(1.9)%	3.8%	48.4%
EOTH Limited (trading as Equip Outdoor Technologies) Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	2,607	23.5%	3.6%	8.0%
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	Software and computer services	Nov-16	1,583	2,341	-	3.3%	23.9%
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	General financial	Jan-18	927	2,331	79.1%	3.2%	11.4%
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	Leisure goods	Jul-15	1,189	1,768	(3.0)%	2.5%	31.5%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreational vehicle and aerospace markets	General industrials	Jun-14	1,808	1,677	(6.6)%	2.3%	26.9%

[1] This percentage change in 'like for like' valuations is a comparison of the 31 December 2019 valuations with the 31 December 2018 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new investments in the year.

[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 accounts on page 60.

[3] New investment in year.

Blue	Investment made prior to 2015 VCT rule change
Green	Investment made after 2015 VCT rule change

	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]
My TutorWeb Limited Digital marketplace connecting school pupils seeking one-to-one online tutoring	Support services	May-17	1,534	1,534	-	2.1%	30.8%
Ibericos Etc. Limited (trading as Tapas Revolution) Spanish restaurant chain	Travel & Leisure	Jan-17	1,245	1,519	12.3%	2.1%	25.0%
Arkk Consulting Limited Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	Software and computer services	May-19	1,446	1,477	2.1%[3]	2.1%	33.6%
Data Discovery Solutions Limited (trading as Active Navigation) Provides the global market leading file analysis software for information governance, security and compliance	Software and computer services	Nov-19	1,413	1,413	*New investment*	2.0%	28.5%
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	Media	Jan-15	2,518	1,407	65.4%	2.0%	67.5%
Tharstern Group Limited Software based management information systems	Software and computer services	Jul-14	1,377	1,395	3.3%	1.9%	52.5%
Buster and Punch Holdings Limited Industrial inspired lighting and interiors retailer	General retailers	Mar-17	668	1,166	34.7%	1.6%	20.0%
Rota Geek Limited Workforce management software	Support services	Aug-18	571	1,067	19.2%	1.5%	17.1%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Support services	Apr-06	492	1,054	1.4%	1.5%	52.5%
Master Removers Group 2019 Limited (formerly Master Removers Group Limited) (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	Support services	Dec-14	418	943	(44.9)%	1.3%	30.5%
Parsley Box Limited Supplier of home delivered, ambient ready meals for the elderly	General retailers	May-19	854	900	5.4%[3]	1.3%	22.0%
IPV Limited Provider of media asset software	Software and computer services	Nov-19	890	890	*New investment*	1.2%	26.6%
Bleach London Holdings Limited Hair colourants brand	General retailers	Dec-19	674	674	*New investment*	0.9%	15.6%
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	Software and computer services	Nov-18	421	660	56.7%	0.9%	14.6%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	General retailers	Jul-17	2,174	624	(12.9)%	0.9%	27.5%

Investment Portfolio Summary

as at 31 December 2019

	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]
RDL Corporation Limited Recruitment consultant for the pharmaceutical, business intelligence and IT industries	Support services	Oct-10	1,558	458	(38.6)%	0.6%	45.2%
Jablite Holdings Limited Manufacturer of expanded polystyrene products	Construction and materials	Apr-15	502	126	(23.2)%	0.2%	40.1%
Veritek Global Holdings Limited Maintenance of imaging equipment	Support services	Jul-13	2,045	-	(100.0)%	0.0%	50.8%
Racoon International Group Limited Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	-	-	0.0%	36.0%
BookingTek Limited Direct booking software for hotels	Software and computer services	Oct-16	771	-	(100.0)%	0.0%	14.9%
Supercarers Limited Online platform that connects people seeking care home from experienced independent carers	Support services	Mar-18	580	-	(100.0)%	0.0%	18.7%
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers and floral sundries	General retailers	Dec-09	350	-	-	0.0%	23.2%
Total qualifying investments			**39,777**	**44,690**		**62.1%**	
Non-qualifying investments							
Turner Topco Limited (trading as Auction Technology Group) SaaS based online auction marketplace platform	Media	Oct-08	2,501	4,957	141.4%	6.9%	15.5%
Media Business Insight Limited A publishing and events business focused on the creative production industries	Media	Jan-15	764	876	-	1.2%	67.5%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	General retailers	Jul-17	571	571	-	0.8%	27.5%
EOTH Limited (trading as Equip Outdoor Technologies) Branded outdoor equipment and clothing (Rab and Lowe Alpine)	General retailers	Oct-11	298	324	-	0.5%	8.0%

[1] This percentage change in 'like for like' valuations is a comparison of the 31 December 2019 valuations with the 31 December 2018 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new investments in the year.

[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 8 to the accounts on page 57.

	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]
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	Electronic and electrical equipment	Oct-15	285	285	(100.0)%	0.4%	43.4%
H Realisations (2018) Limited (formerly Hemmels Limited) Company specialising in sourcing, selling and servicing of high price classic cars	General retailers	Mar-18	27	-	-	0.0%	0.0%
Total non-qualifying investments			**4,446**	**7,013**		**9.8%**	
Total investment portfolio			**44,223**	**51,703**		**71.9%**	
Current asset investments and cash at bank[3]			20,175	20,175		28.1%	
Total investments			**64,398**	**71,878**		**100.0%**	
Other assets				226		0.3%	
Current liabilities				(216)		(0.3)%	
Net assets				**71,888**		**100.0%**	

Portfolio split by type			
Investment made prior to 2015 VCT rule change	**23,875**	28,366	54.8%
Investment made after 2015 VCT rule change	**20,348**	23,337	45.2%
	44,223	51,703	100.0%

[3] Disclosed as Current asset investments and Cash at bank within Current assets in the Balance sheet on page 47.

Blue	Investment made prior to 2015 VCT rule change
Green	Investment made after 2015 VCT rule change

Investment Portfolio

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.

Summary of Investment Policy

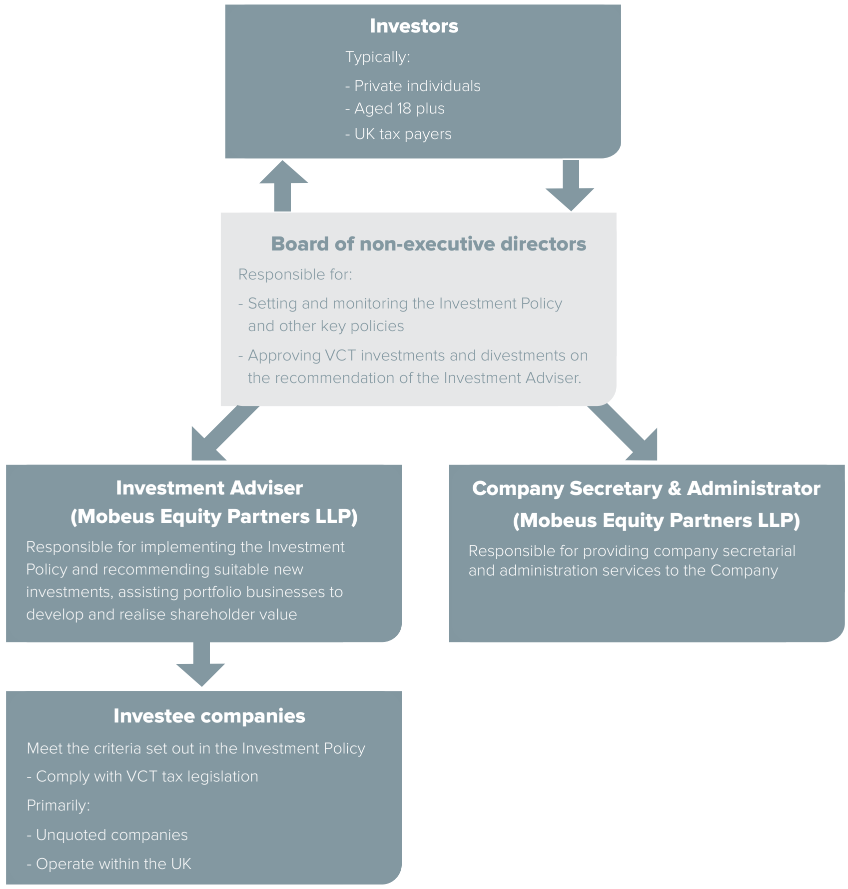
The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income, to generate capital gain upon sale and to reduce the risk of high exposure to equities. To spread the risk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

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

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

The full text of the Company's Investment Policy is available in Key Policies on page 26 of this Strategic Report.

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



The Company and its business model

The Company is a Venture Capital Trust and its Objective and Investment Policy are designed to ensure that it continues to qualify as a VCT, and continues to be approved as such 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.

As a fully listed company on the London Stock Exchange, the Company is required to comply with the listing rules governing such companies. The listing also fulfills a requirement for VCT approval and to maintain its VCT status.

The Company is an externally advised Fund with a Board comprising non-executive directors only. 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. Further details are contained in the Section 172(i) Statement on page 25.

The Company usually invests alongside three other VCTs advised by Mobeus in proportion to the relative net assets of each VCT at the date the investment proposal is submitted to each Board.

The total percentage of equity held in each investment by all funds advised by Mobeus is shown in the Investment Portfolio Summary on pages 16 to 19.

Private individuals invest in the Company to benefit from both income and capital returns from the portfolio. 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 maintain its status as a VCT, the Company must meet a number of conditions, the most important of which are that:

- the Company must hold at least 80%, by VCT tax value[1], of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising. For the Company's accounting periods beginning on or after 1 January 2020, this percentage increased to 80%. From that date, total investments also includes funds raised up to 31 December 2017;
- all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011, are in aggregate required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules);
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity; and
- VCTs are now required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period.

Since 6 April 2019:

- the period for reinvestment of proceeds on disposal of qualifying investments increased from 6 to 12 months.

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

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

In addition, VCTs may not:

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

[1] VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 16 to 19.

Performance and Key Performance Indicators

The Board has identified six key performance indicators that it uses to assess the Company's progress. Some of these are classified as alternative performance measures ("APMs") in line with Financial Reporting Council ("FRC") guidance. See Glossary of terms for details on page 79. APMs are measures of performance in addition to the data reported in the Financial Statements:

1 Relative shareholder total returns;
2 Relative and Absolute 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 Company has a target of maintaining performance in the top quartile of this peer group.

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 2019	Total return (share price basis) %	Ranking (AIC generalist VCTs)
1 year	22.5	3 out of 44
3 years	42.2	5 out of 45
5 years	68.0	1 out of 38
10 years	352.2	3 out of 31

Source: AIC 31 December 2019

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.

On 1 August 2019, the discount to the prevailing NAV at which the Company's shares trade narrowed from approximately 10% to 5%.

Overall, the Board considers relative shareholder total returns to be very good.

2 Relative NAV total returns

The Board also monitors relative net asset value ("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 Company has a target of maintaining performance in the top quartile of this peer group with particular emphasis placed upon the longer-term five and ten year periods.

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 2019	Total return (NAV basis)[1] %	Ranking (AIC generalist VCTs)
1 year	11.4	6 out of 44
3 years	28.7	6 out of 45
5 years	42.8	8 out of 38
10 years	173.3	2 out of 31

Source: AIC 31 December 2019

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.

[1] The one-year NAV Total return per share above of 11.4% differs to that shown in the Chairman's Statement and opposite of 13.6%. There are two reasons for this difference. Firstly, the figure of 13.6% assumes dividends were paid out as cash rather than invested in further shares. Secondly, the AIC data does not include the Company's year end NAV figure of 68.78 pence per share because this figure will not have been disclosed until the publication of this Report. These two reasons apply for the 3, 5, and 10 year cumulative NAV Total return % figures also shown on page 1.

Overall, the Board considers relative NAV total returns to be good.

Absolute NAV Returns for the year

		2019 (pence per share)	2018 (pence per share)
Total return (p)	Closing NAV per share	68.78	70.25
	Plus: dividends paid in year (note 1)	11.00[1]	5.00
	NAV Total return for year	**79.78**	**75.25**
	Less: opening NAV per share	70.25	71.75
	Increase in NAV Return for year per share (note 2)	**+9.53**	**+3.50**
	% NAV Total return for year	+13.6%	+4.9%

[1] Dividends paid in the year were the final dividend of 5.00 pence per share for the year ended 31 December 2018, paid in May 2019 and the interim dividend of 4.00 pence per share for the year under review, paid in September and the interim dividend of 2.00 pence per share for the year under review paid in December 2019.

The analysis of the source of the NAV Return of 9.53 pence per share is set out below:

Note 2: NAV Return per share for the year is comprised of: Year ended 31 December	2019 (pence per share)	2018 (pence per share)
Gross portfolio capital returns	8.75	2.50
Gross income returns	2.73	3.01
Costs (including tax charge)	(2.01)	(1.93)
Other movements	0.06	(0.08)
Increase in NAV return for the year as above	**9.53**	**3.50**

The contributions from gross portfolio capital returns and gross income returns are shown before deducting attributable costs. They are explained below under review of financial results for the year. Costs are referred to in section 6 on page 25.

The NAV return for the year of 9.53 pence per share is split between its capital and revenue elements (expressed in £ millions) under Review of financial performance for the year below.

The Company does not consider it appropriate to set a specific annual or cumulative return target for the year. However, shareholders should note that the Board assesses these returns against the Company's ability to meets its current annual dividend target of 4.00 pence per share (explained in section 3 Dividend Policy).

Review of financial performance for the year

For the year ended 31 December	2019 (£ millions)	2018 (£ millions)
Capital return	8.16	1.72
Revenue return	1.74	2.11
Total return	**9.90**	**3.83**

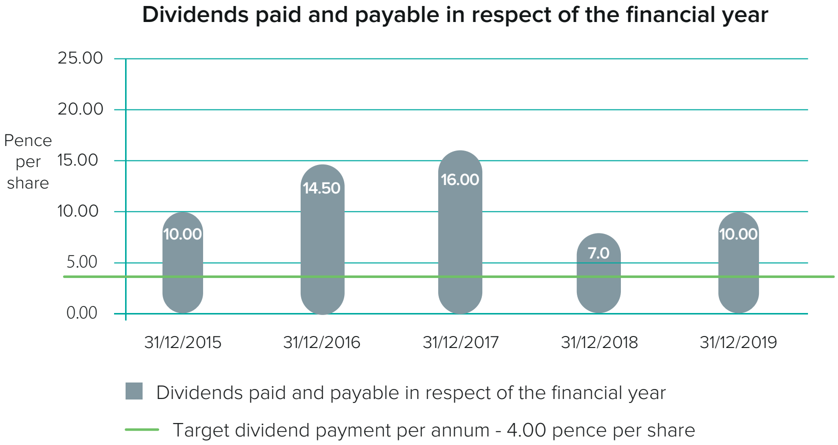
The capital profit for the year of £8.16 million (7.80 pence of NAV return for the year per share, net of costs charged to capital) is due to a net increase in the unrealised valuation of portfolio companies as well as realised gains from ASL, The Plastic Surgeon and Redline. The increase in capital return from £1.72 million to £8.16 million is principally due both to higher realised gains on disposals in 2019 compared to 2018 (£3.48 million), as well as higher net unrealised gains in 2019 (£3.00 million).

The revenue profit for the year of £1.74 million (1.67 pence of NAV return for the year per share, net of costs charged to revenue) is derived from income, primarily loan interest, outweighing revenue expenses. The reason for the reduction over the year is due to a fall in dividends received, as well as a reduction in loan interest as a result of realisations.

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 ten financial years, the last five of which are shown below. However, the ability of the Company to pay dividends in the future cannot be guaranteed and will be subject to performance and available cash and reserves.



Dividends per share paid and declared in respect of the financial year ended 31 December 2019 are 10.00 pence.

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

4 Management of share price discount to NAV

The Board recognises that shareholders may wish to sell their shares from time to time and that the secondary market for VCT shares can be limited. Subject to applicable regulation and market conditions and the Company having sufficient available funds and distributable reserves, it is the Board's current intention to pursue a buy back policy with the objective of maintaining the discount to the latest published NAV per share at which the shares trade at approximately 5% or less. The Board's priority will remain to act prudently and in the interests of remaining shareholders.

The discount for the Company's shares at 31 December 2019 was 5.0% (2018: 10.0%) based upon the share price shown in the Performance Summary on page 75 and the NAV at 30 September 2019 of 66.96 pence per share, having been subsequently adjusted by dividends paid up until 31 December 2019.

The Board stated its intent with effect from 1 August 2019, to maintain the discount to NAV at which the Company's shares may trade in the market at approximately 5% or less, reducing this from the previous 10% discount rate. Continuing shareholders benefit from the difference between the NAV and the price at which the shares are bought back and cancelled.

Shareholders granted the Directors authority to buy back up to 16.01 million of the Company's shares, representing 14.99% of the shares in issue at the date of the notice of the meeting, at the AGM held on 8 May 2019. Shares bought back under this authority are cancelled and the Directors do not intend to exercise this authority unless they believe that in doing so it would result in an increase in net assets per share, which would be in the interests of shareholders generally. A resolution to renew this authority will be proposed at the forthcoming AGM, further details of which can be found on page 32.

During the year ended 31 December 2019, shareholders holding 2,375,656 shares, representing 2.2% of the issued share capital of the Company at the beginning of the year, expressed their desire to sell their shares. The Company instructed its brokers, Panmure Gordon (UK) Limited, to purchase these shares at prices at a discount to the latest previously announced NAV per share in line with the stated discount policy at the time. The Company subsequently purchased these shares at prices ranging from 57.50 pence to 64.54 pence per share and cancelled them.

5 Compliance with VCT legislation

In making their investment in a VCT, shareholders become eligible for a number of tax benefits under VCT tax legislation, as long as the Company also complies with VCT tax legislation. To achieve this, the Company must meet a number of tests set by the VCT tax legislation.

The principal tests are summarised in the panel entitled "Summary of VCT Regulation" on page 21. Throughout the year ended 31 December 2019, and at the date of this report, the Company continued to meet these tests.

6 Management of expenses

Shareholders will be aware there are a number of costs involved in operating a VCT. Although shareholders do not bear costs in excess of the expense cap of 3.25%, the Board aims to maintain the ratio before any performance fees at not more than 3.00%.

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

Financial year	2019	2018	2017	2016	2015
Ongoing charges ratio	**2.59%**	2.47%	2.71%	2.72%	2.58%

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

The Ongoing Charges Ratio for the year has increased slightly from last year primarily due to a decline in average net assets over the year combined with higher fees and other expenses as explained below.

Investment Adviser fees and other expenses

Investment Adviser fees have increased from £1.56 million to £1.63 million, charged to both revenue (increase of £0.02 million) and capital (increase of £0.05 million). This was mainly due to the net asset basis, upon which Investment Adviser's fees are calculated (quarterly in arrears) being higher for most of the year, but was also partly due to only one quarter's fees in 2019 being reduced by 1% of the over-allotment facility of £10 million in the 2017/18 Offer compared to three quarters in 2018. Other expenses (all charged to revenue) have increased by £0.02 million to £0.41 million. This was a combination of a rise in professional fees and audit fees offset by a fall in trail commission fees due to a fall in the number of eligible shares.

Section 172(1) Statement

Under Section 172 of the Companies Act 2006 the directors of a company are required to act in the way they consider will most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to include these factors:

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

In discharging our section 172 duties we have regard to these factors set out above (although we do not have any employees). We also have regard to other factors where relevant. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

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

During the period we received information to help the Board to understand the interests and views of the Company's key stakeholders; investors, investee companies and service providers to the Company, including the Investment Adviser. This information was distributed in a range of different formats including in reports and presentations on the Company's financial and operational performance, non-financial KPIs, risk and the outcomes of specific engagement's with stakeholders (for example, the Investor event held on 4 February 2020). As a result of this, we have received useful feedback which allows us to understand the nature of stakeholder concerns and to comply with our section 172 duty to promote the success of the Company. The Board engages with the key stakeholders in a variety of ways, including annual and half–yearly reports and accounts, quarterly announcements of results, an annual Shareholder Event and Annual General Meeting and information provided on the Investment Adviser's website as well as ad hoc communications with investors.

We set out below some examples of how this has worked in 2019.

- In deciding to enter into a fundraising for the 2019/2020 tax year, the Board considered:
  - the impact of dilution on shareholder's holdings;
  - the ability to adhere to the Company's dividend policy;
  - the effect on the Net Asset Value and the ability of the Company to be able to meet HMRC's VCT investment rules and timelines;
  - the costs involved in issuing a prospectus;
  - the risk to performance of paying Investment Adviser fees on uninvested cash versus the potential damage to the Company if insufficient liquidity precluded the optimal investment decisions;
  - the advantages and disadvantages of a joint prospectus across the four VCTs that Mobeus advises.
- The decision to narrow the discount to net asset value at which the Company's shares traded actively considered balancing the interests of exiting and remaining shareholders. Likewise, the Board considered the advantages to shareholders of meeting requests to buy back shares with the requirement for the Company to have adequate liquidity.
- Academic studies on the VCT sector have concluded that it assists the overall economy and encourages entrepreneurship. The Board considers that the Company's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefiting the community and the economy more generally. The investment proposals considered by the Board include any relevant information on any social, employee, ethical or environmental matters relevant to that investment.

Key policies

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

Investment policy

The Investment policy is designed to meet the Company's overall 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.

Other key policies

Diversity policy

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 experience. The Board currently comprises one male and two female directors. The Company does not have any senior managers or employees. The Board has made a commitment to continue to consider diversity in making future appointments.

Further policies

In addition to the Investment policy and Diversity policy above and the policies on payment of dividends and share buybacks which were discussed earlier in this section, the Board has considered its obligations and responsibilities as a VCT and where appropriate the Company has adopted a number of further policies relating to:

- Anti-bribery
- Whistleblowing
- Social and environmental responsibility

These further policies are explained in the Directors' Report on pages 30 and 31 of this Annual Report.

Principal risks, risk management and regulatory environment

The Directors acknowledge the Board's responsibilities for the Company's internal control systems and have instigated systems and procedures for identifying, evaluating and managing the significant risks faced by the Company. The Board's risk appetite is cognitive of the risks and rewards of investing in small unquoted companies. A key risk management review 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 the impact of leaving the EU during 2020, an economic recession, a movement in sterling or in interest rates and the impact of COVID-19, 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 and availability of labour under new immigration plans.
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 regularly reviewed by the Board and the Investment Adviser. • The Board receives regular reports from its VCT Status Adviser who has been retained by the Board to monitor the Company'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, its VCT Status Adviser and the Board. Please see the Chairman's Statement on page 3 for the latest details of the impact of recent VCT legislation.
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.
Valuations and stock market	The majority of the Company's assets are minority holdings in unquoted companies, which are inherently difficult to value. Changes in valuations are taken to Profit and Loss account, so any inaccuracy in valuations will affect both the Income Statement and the Balance Sheet.	• The Board receives quarterly valuation reports from the Investment Adviser. • The Investment Adviser alerts the Board about any adverse movements.
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.

Risk	Possible consequence	How the Board manages risk
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 under 'credit risk' in Note 15 to the accounts on page 64.
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 regular dialogue with the Investment Adviser to ensure that (1) the team is adequately resourced; and (2) Partners and staff are well-incentivised and trained.

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 majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well-diversified, although the impact of COVID-19 is likely to impose considerable demands upon the liquidity of many of these companies in the near-term. The Board believes the recent fundraising will assist the Company in meeting those needs for liquidity, where justified. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. Accordingly, the Board believes that the Company's cash position, bolstered by the recent fundraising and two disposals since the year-end, is adequate to enable the Company to continue as a going concern under any plausible stress scenario. The Board's assessment of liquidity risk, and details of the Company's policies for managing financial risk and its capital, are shown in Notes 15 and 16 on pages 62 to 69. Accordingly, the Directors believe that it is appropriate to continue to apply the going concern basis of accounting in preparing the annual Financial Statements.

Furthermore, the Directors have considered whether there are any material uncertainties that the Company may face during the twelve months from the date of approval of the financial statements that may impact on its ability to operate as a going concern. In particular, the Directors have continued to consider the impact of changes to VCT legislation. No further material uncertainties have been identified by the Board.

Viability Statement

The Directors have assessed the prospects of the Company over the three-year period to 31 December 2022. The Directors believe a three-year period is appropriate given the frequency with which it is necessary to review and assess the impact of past, current and proposed regulatory changes. The Directors' assessment 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 Company's principal risks and how these are managed, as described above and on the preceding page.

The Directors have carried out a robust assessment comparing emerging and principal risks facing the Company and these are listed above. Subsequent to this review they have a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due, for the next three years.

The Board has focused upon the range of future investments that the Company will be permitted to fund under current VCT legislation. 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 more than adequate following the recent fundraising activity and recent investment disposals.

Subsequent to this review, the Board has 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".

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 the last allotment of shares. As shares were last allotted in April 2020, this factor has not affected the Board's assumptions for the next three years.

Future Prospects

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

By order of the Board

C. W. Boothman

Clive Boothman
Chairman

6 April 2020

Board of Directors

Clive Boothman

Independent, Non-executive Chairman

Date of Appointment: 1 August 2015

Clive has over 35 years' experience in the financial services industry, initially qualifying as a Chartered Accountant. He was with Schroders from 1983 for seventeen years during which time he was variously Managing Director of Schroder Unit Trusts Limited for ten years and Managing Director of their international Private Client Group for the final two years. Since leaving Schroders, he has been Chief Executive of the stockbroker Gerrard Limited (2000 – 2001) and the fund platform Cofunds Limited (2002 – 2003). From 2004 – 2014 he helped establish and was non-executive Chairman of Investment Funds Direct Limited, an investment wrap platform. From 2016 to March 2020 he was a director and then Chairman of Professional Partners Administration Limited and its sister company, WAY Group Limited, which are Dorset-based companies providing a range of financial services. Since 2014 he has been non-Executive Chairman of Platform One Group Limited, a UK and International wrap platform and a director of a number of its subsidiaries. He is currently also Treasurer of the Veteran Car Club of Great Britain.

Bridget Guérin

Independent, Non-executive Director and Chair of Nomination and Remuneration and Management Engagement Committees

Date of Appointment: 1 July 2004

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 GAM Systematic Multi Strategy Fund, GAM Systematic Global Equities Fund, GAM Systematic Core Macro Fund and GAM Systematic Discovery Fund all of which are Cayman Funds. Bridget is Chairman of Schroder Income Growth Fund plc and is a non-executive director of Invesco Perpetual UK Smaller Companies Fund, both of which are London listed investment trusts. She is also a director of Charles Stanley Group plc and 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.

Catherine Wall

Independent, Non-executive Director and Chair of Audit Committee

Date of Appointment: 1 July 2014

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 a director of Greenwood & Coope Limited (trading as Cormar Carpets). She is also a member of the Investment Panel for Westminster Abbey. From mid 2020 she will become a non executive director of Zotefoams PLC.

Directors' Report

The Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2019.

The Corporate Governance Statement on pages 33 to 34, including the Report of the Audit Committee on pages 35 and 36, form part of this Directors' Report.

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

The Company is registered in England and Wales as a Public Limited Company (registration number 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 36,295 shares for the 2018/2019 tax year (2018: 11,155,262 shares). The Company launched an Offer for Subscription ("Offer") on 25 October 2019 alongside the three other Mobeus-advised VCTs. An allotment of shares in respect of this Offer for the Company was carried out on 8 January 2020 and 19,480,843 new Ordinary shares were issued. The final allotment of shares in respect of the Offer for Subscription was carried out on 2 April 2020 and 3,752,450 new Ordinary shares were issued and the Offer closed.

Buyback of shares

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

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

At the Annual General Meeting of the Company held on 8 May 2019, shareholders granted the Company authority, pursuant to section 701 of the Companies Act, to make market purchases of up to 16,019,194 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 and a resolution to renew this authority will be proposed to shareholders at the forthcoming Annual General Meeting to be held on 12 May 2020.

During the year under review, the Company bought back 2,375,656 (2018: 1,715,113) of its own shares at an average price of 62.84 (2018: 61.69) pence per share and a total cost of £1,492,825 including expenses (2018: £1,058,135). All shares bought back by the Company were subsequently cancelled.

Issued share capital

The issued share capital of the Company as at 31 December 2019 was £1,045,265 (2018: £1,068,659) and the number of shares in issue at this date was 104,526,507 (2018: 106,865,868).

Substantial interests

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

Dividends

Shareholders received three interim dividends in respect of 2019 of 4.00 pence on 20 September 2019, 2.00 pence per share on 6 December 2019 and 4.00 pence per share on 8 January 2020.

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

Directors

The Board has considered its composition and is satisfied that it comprises a good balance of experience in the different areas of the Company's activity. This matter will be kept under continuing review.

The names, dates of appointment and brief biographical details of each of the Directors are given on page 29 of this Annual Report. Further details of each Director's interests in the Company's shares are set out on page 39 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 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 12 May 2020.

Disclosure of Information to the Auditor

So far as each of the Directors in office at 31 December 2019 are aware, there is no relevant audit information of which the external auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' and officers' liability insurance

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

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. No such indemnity is currently in place.

Anti-bribery policy

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 www.migvct.co.uk.

Anti-Tax Evasion

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

Whistleblowing policy

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

Environmental and social responsibility, human rights and global greenhouse gas emissions

The Board recognises its obligations 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 its size and operations to develop policies on environmental and social responsibility, human rights and greenhouse emissions.

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

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.

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 62 to 68 of this Annual Report.

Post balance sheet events

For a full list of the post balance sheet events that have occurred since 31 December 2019, please see Note 17 to the Financial Statements on page 69. This includes funds raised under the Offer for Subscription launched in October 2019.

Articles of association

The Company may amend its articles of association by special resolution in accordance with section 21 of the Companies Act. No amendments are proposed for approval at the forthcoming AGM.

Annual General Meeting

The Notice of the Annual General Meeting of the Company, currently scheduled to be held at 2.00 pm. on Tuesday, 12 May 2020 at **The Clubhouse, 8 St James's Square, London SW1Y 4JU** is set out on pages 72 to 74 of this Annual Report. Given the current Stay at Home measures, it is likely that these may still be in place at the time of the AGM and therefore gatherings of two people or more will not be permitted and Shareholders not allowed to attend the AGM meeting in person. Shareholders are strongly advised to consult the Company's website or RNS Announcements in the week prior to the meeting for an update. The Board encourages Shareholders to vote by proxy, in case physical attendance at the AGM proves to be impractical. 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 at: https://www.computershare.com/uk/individuals/im-a-shareholder/manage-your-shareholdings-online. Those shareholders who have elected to receive information from the Company by email will have received a link to this site.

Resolutions 1 to 9 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour. Resolutions 10 and 11 are being proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting. The following provides an explanation of the business to be proposed at the meeting.

Resolution 1 – To receive the Annual Report and Financial Statements

The Directors are required to present the Financial Statements, Directors' report and Auditor's report for the financial year ended 31 December 2019 to the meeting.

Resolution 2 – To approve the Directors' Annual Remuneration Report

Under section 420 of the Companies Act 2006 (the "Act"), the Directors must prepare an annual report detailing the remuneration of the Directors and a statement by the Chairman of the Nomination and Remuneration Committee (together the "Directors' Remuneration Report"). The Act also requires that a resolution be put to shareholders each year for their approval of that report. The Directors' Remuneration Report can be found on pages 37 to 40. Resolution 2 is an advisory vote only.

Resolution 3 – To approve the Remuneration Policy

Under section 439A of the Act, the Company is required to put the remuneration policy to Shareholders for approval every three years and is subject to a binding shareholder vote. The Directors' remuneration policy was previously approved in 2017 and renewed approval is therefore sought at this meeting.

No changes are proposed to the Remuneration Policy which is set out below:

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.

Full details of Directors' remuneration can be found in the Directors' Remuneration Report on pages 38 to 39 of this Annual Report

Resolutions 4 to 6 – To re-elect the Directors

All Directors have agreed to retire annually from the Board under the requirements of principle 7 of the AIC Code and the Company's policy on tenure. This is in line with the recommendation of provision 18 of the revised UK Corporate Governance Code, published in July 2018, and which applies to the Company from 1 January 2019 onwards. Being eligible, each of the Directors are offering themselves for re-election.

The Board does not believe that the length of service of any of the non-executive directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board.

Directors' Report

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

Bridget Guérin – Following a review of her performance, the remaining Directors agree that Bridget continues to make a substantial contribution to the work of the Board as Chair of the Nomination and Remuneration and Management Engagement Committees and continues 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 agree that Catherine has continued to make a substantial contribution to the work of the Board as Chair of the Audit Committee during the year and has demonstrated strong leadership in her role. The remaining Directors have no hesitation in recommending her re-election to shareholders.

Resolution 7 – To reappoint BDO LLP as auditor of the Company, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to determine the remuneration of the auditor

At each meeting at which the Company's accounts are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the reappointment of BDO LLP. This resolution also gives authority to the Directors to determine the remuneration of the auditor. For further information, please see the Report of the Audit Committee on pages 35 to 36.

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

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

Resolution 8 will enable the Directors to allot new shares up to an aggregate nominal amount of £425,866 representing approximately one-third of the existing issued share capital of the Company as at the date of the notice convening the Annual General Meeting.

Under section 561(1) of the Companies Act, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 9 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

(i) with an aggregate nominal value of up to, but not exceeding, £63,879 in connection with offer(s) for subscription; and

(ii) otherwise than pursuant to (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% 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 proposed in resolution 9.

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

Both of these authorities, unless previously renewed, varied or revoked will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the Annual General Meeting of the Company to be held in 2021. 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 by shareholders at the Annual General Meeting of the Company held on 8 May 2019.

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

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to the purchase of an aggregate of 19,151,194 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 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 that 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 2021, except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

Voting rights of shareholders

Each shareholder has one vote on a show of hands, and one vote per share held on a poll, 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 held by them have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time fixed for 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.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary

6 April 2020

Corporate Governance Statement

This Corporate Governance Statement forms part of the Director's Report.

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2019 ("the AIC Code") for the financial year ended 31 December 2019.

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

The current version of the AIC Code was endorsed by the Financial Reporting Council (FRC) in February 2019. The FRC has confirmed that in adopting the AIC Code, the Company will meet its obligations in relation to the reporting requirements of the Financial Conduct Authority's Listing and Disclosure and Transparency Rules on corporate governance and the 2018 UK Corporate Governance Code published in July 2018.

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

Statement of compliance

The Board considers that the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code throughout the year under review in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2. 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 and the Company has no executive directors, employees or internal operations. The Board has therefore concluded, for the reasons set out in the AIC Guide, and explained in the UK Code, that the specific provisions of the UK Code that relate to the requirements for an internal audit function, the role of the chief executive, senior independent director and executive directors' pay are not relevant to the Company. The Company has therefore not reported further in respect of these provisions.

Internal control

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

The system aims to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include 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 Mobeus, the management of the investment portfolio, the day-to-day accounting, company secretarial and administration requirements and to Computershare Investor Services for 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 Mobeus on 6 August 2019. The Board has identified no significant problems with the Company's internal control mechanisms.

Financial risk management

The main risks arising from the Company's financial instruments are 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 62 to 68 of this Annual Report.

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 22 to 25. The Board concluded that the Investment Adviser has performed consistently well over the medium term and has returned a good level of performance in respect of the year under review and has done well executing the transition to the growth capital investment strategy. Alongside the completion of nineteen growth capital investments and, during the year achieving the first profitable growth capital exit, the Board was also pleased to note that the Investment Adviser has continued to recruit experienced growth capital investors to increase resource and coverage in this area.

Corporate Governance Statement

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 2019/20 fundraising activity and the annual shareholder events. The Board believes that the Investment Adviser has continued to exercise independent judgement while producing valuations which reflected fair value.

Overall, the Board continues to believe that the Investment Adviser possesses the experience, knowledge and resources that are required to support the Board in achieving the Company's long-term investment objectives. The Directors therefore believe that the continued appointment of Mobeus as Investment Adviser to the Company on the terms currently agreed is in the interests of shareholders and this was formally approved by the Board on 5 November 2019.

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 52 to 54 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.

Fees paid to the Investment Adviser

The fees paid to the Investment Adviser are set out in Note 4 to the Financial Statements on pages 52 to 53.

In addition, the Investment Adviser received fees totaling £425,708 during the year ended 31 December 2019 (2018: £402,777), being £146,336 (2018: £128,406) in arrangement fees and £279,372 (2018: £274,371) in non-executive directors 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.

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 directly responsible to the Board, under its instruction, for accessing and dealing with these documents.

The Board and its Committees

The Directors of the Company are all independent Non-executive directors.

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; considering Shareholder communications, 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.

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.

Full descriptions of the work of the Audit and Nomination and Remuneration Committee are set out in the Report of the Audit Committee and the Director's Remuneration Report on pages 35 to 36 and 37 to 40 respectively, of this Annual Report.

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 three 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.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary

6 April 2020

Report of the Audit Committee

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

The Audit Committee is chaired by Catherine Wall and comprises all three independent Directors.

The composition of the Committee, their skills and experience are reviewed annually, or as and when required, and the Committee confirm that the current members are independent and appropriate, and the Chair possesses relevant financial experience.

The Committee's Key objectives are:

- monitoring and governance of the appropriateness of the Company's financial reporting;
- the performance of the auditor; and
- the internal controls and risk management.

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 ("IPEV") 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 investee company 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 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 and as described in more detail in the Corporate Governance Statement on page 33. It received reports by exception on the Company's progress against its internal controls at its annual and half-year results meetings and reviews a schedule of key risks at each meeting. A full review of the internal controls in operation by the Company was undertaken by the Committee on 6 August 2019.

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 27 to 28 of the Strategic Report. The Committee monitors these controls and reviews any incidences of non-compliance.

Compliance with the VCT tests

The Company has engaged Philip Hare & Associates LLP ("PHA") as its VCT Status Tax Adviser to advise on its compliance with the legislative requirements relating to VCTs. PHA produce 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.

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 is 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 again considered the 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 financial institutions with whom the Company's cash resources have been placed. The Committee took into account factors such as maturity, interest rate and credit rating across a number of financial institutions. The Board has a policy of spreading risk by placing funds across a number of financial institutions. During the year, the Board added funds to a number of AAA rated money market funds, as VCT legislation prevents cash being held in bank deposits on more than 7 days' notice.

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

Report of the Audit Committee

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

Non-audit services

The Committee reviews the nature and extent of services supplied by the auditor to ensure that its independence and objectivity is maintained. The work undertaken by the auditor does not involve undertaking any management role in preparing the information reported in the Financial Statements.

During the year the auditor continued to provide the Company with certain non-audit services, namely iXBRL tagging and a review of the 2019 Half Year Report. The auditor ceased to supply tax compliance services to the Company in 2017 and these services are now being supplied by Philip Hare & Associates LLP.

Re-appointment of the external auditor

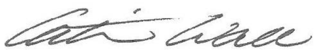
The Committee undertook a review of the Auditor's performance during the 2019 audit and considered the effectiveness of the audit process. When assessing the effectiveness of the process, the Committee considers whether the auditor:

- met the agreed audit plan;
- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
- 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;
- charged justifiable fees in respect of the scope of services provided; and
- handled key audit issues effectively and responded robustly to the Committee's questions.

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

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

By order of the Board



Catherine Wall
Chairman of the Audit Committee

6 April 2020

Reports of the Directors

Directors' Remuneration Report

I am pleased to introduce the Director's Remuneration Report for the financial year ended 31 December 2019.

Over the following pages we have set out the Company's forward-looking Directors' Remuneration Policy. The Directors' Annual Remuneration Report sets out in more detail how this Policy is being implemented.

The Board, on the recommendation of the Nomination and Remuneration Committee ("the Committee") has reviewed the fees paid to the Directors and decided not to make any changes to the level of fees paid to the Directors at the current time. As part of this review, it considered information on the fees paid to directors of a peer group of VCTs of a similar size operating in its sector. The fees paid to the Directors have remained unchanged since 2014 following a phased introduction of increases from 2011 to 2014.

Following a review of the composition of the Board, the Directors have confirmed their belief that the current Board of three directors have the skills and experience to run the Company effectively, although an additional director may be appointed if the workload or mix of skills required make this necessary.

The tables on pages 38 and 39 show the remuneration paid to each of the non-executive directors who have served during the year, and to be paid to in 2020.

I would welcome any comments you may have.

Bridget Guérin
Nomination and Remuneration Committee Chairman

6 April 2020

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 and Directors' interests on page 39 and this is explained further in its report to shareholders on pages 42 to 45.

Directors' Remuneration Policy

The Remuneration Policy is set by the Board on the recommendation of 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 38.

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 them 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. It is current Company policy not to pay travel or subsistence expenses to Directors in relation to their work for the Company although this is kept under review.

Recruitment Remuneration

Any new director who may subsequently be appointed to the Board will be remunerated 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 and encourages 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.

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. 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

Directors' Remuneration Report

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.

Shareholder approval of the Directors' remuneration policy

A resolution to approve the Directors' Remuneration Policy as set out in the Annual Report for the year ended 31 December 2016 was approved by Shareholders on a show of hands at the AGM of the Company held on 10 May 2017. Proxy votes in favour of the resolution represented 92.9% of the votes received (including those who appointed the Chairman to vote as his discretion) (against 7.1%). This policy applied throughout the year ended 31 December 2019.

The Board is required to ask shareholders to approve the Remuneration Policy every three years. The Directors will therefore recommend that shareholders approve the Policy again at the forthcoming AGM of the Company.

Directors' Annual Remuneration Report

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

A resolution to approve the Directors' Annual Remuneration Report as set out in the Annual Report for the year ended 31 December 2018 was approved on a show of hands by Shareholders at the AGM of the Company held on 8 May 2019. The Company also received proxy votes in favour of the resolution representing 96.8% of the votes submitted (including those who appointed the Chairman to vote at his discretion) (against: 3.17%).

An ordinary resolution for the approval of the Annual Remuneration Report will be proposed at the AGM of the Company to be held on 12 May 2020.

Future policy

The table below illustrates how the Company's Objective is supported by its Remuneration Policy. It sets out details of each component of each Directors' pay package and the maximum amount receivable during the forthcoming year by each Director. The Nomination and Remuneration Committee and the Board review the fees paid to Directors annually in accordance with the Remuneration Policy set out on page 37 and may decide that an increase in fees is appropriate in respect of subsequent years.

Director	Role	Components of Pay Package	Maximum payment per annum	Performance conditions
Clive Boothman	**Chairman**	**Director's fee**	**£25,000**	None
		Supplement payable to Company Chairman	£15,000	
		Total	**£40,000**	
Bridget Guérin	**Nomination & Remuneration Committee, 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**	
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 fees payable	**£105,000**	

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.

Reports of the Directors

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 once during the year under review with full attendance from all its members.

No new appointments to the Board were made during the year under review.

In considering nominations, the Committee is responsible for making recommendations to the Board concerning the appointment of new 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.

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	2019 £	2018 £
Clive Boothman	40,000	40,000
Bridget Guérin	30,000	30,000
Catherine Wall	35,000	35,000
Total	**105,000**	**105,000**

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 on: 31 December 2019	Shares held on: 31 December 2018
Clive Boothman[1]	81,983	81,983
Bridget Guérin	204,673	204,673
Catherine Wall[1]	53,386	53,386

[1] Catherine Wall and Clive Boothman hold some of their shares in the Company in nominee accounts.

Relative importance of spend on Directors' fees

Year ended	31 December 2019 £	31 December 2018 £
Total directors' fees	105,000	105,000
Dividends paid and payable in respect of the year	10,508,059	7,502,811
Share buybacks	1,492,825	1,058,135
Directors' fees as a share of:		
Closing net assets	0.1%	0.1%
Dividends paid and payable in respect of the year	1.0%	1.4%
Total fees and expenses[1]	5.2%	5.4%

[1] This figure is the combined total of Investment Adviser's fees and Other expenses disclosed in the Income Statement

Directors' Remuneration Report

Directors' attendance at Board and Committee meetings in 2019

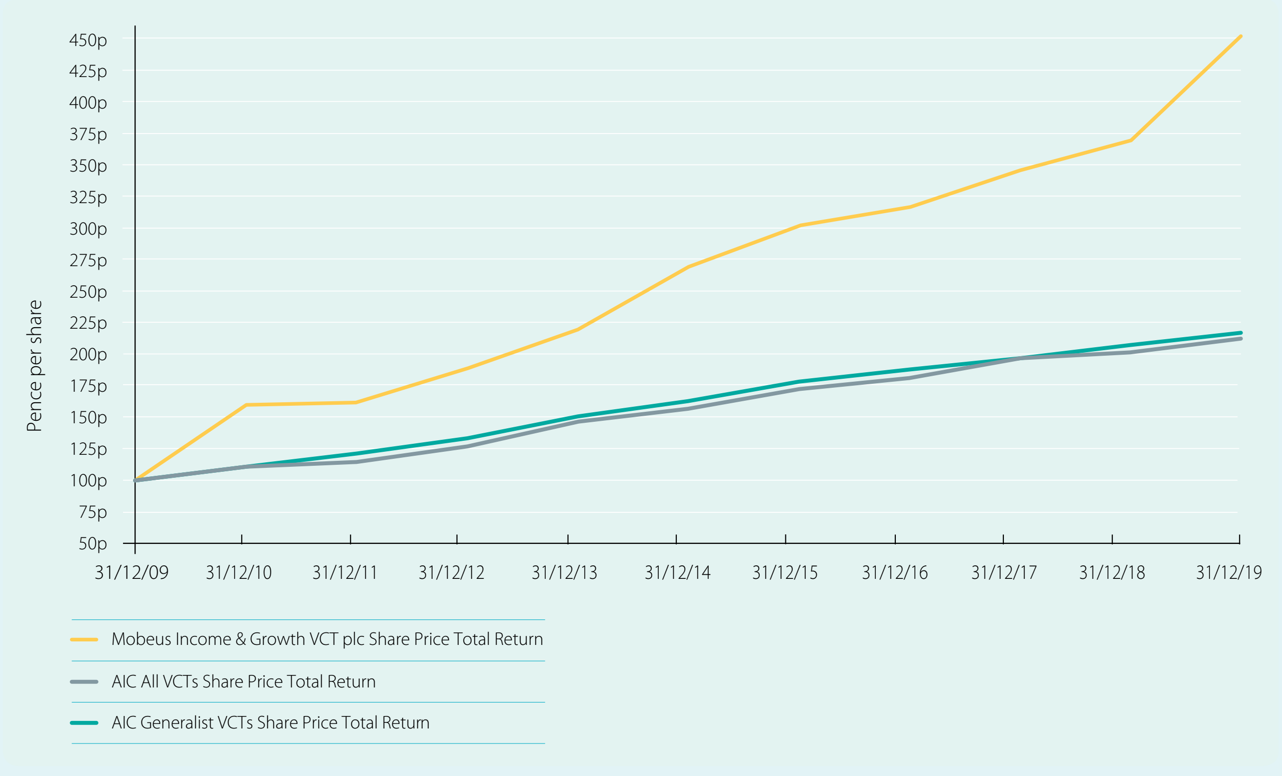
The table below sets out the Directors' attendance at quarterly Board meetings and Committee meetings held during the year to 31 December 2019. In addition to the quarterly Board meetings, the Board met on other occasions to consider specific issues as they arose.

Directors	Board Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings		Management Engagement Committee Meeting	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Clive Boothman	4	4	4	3	1	1	1	1
Bridget Guerin	4	4	4	4	1	1	1	1
Catherine Wall	4	4	4	4	1	1	1	1

Company performance

The graph below 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 ten years compared with that of an index of all VCTs and an index of generalist VCTs which are members of the AIC, based on figures provided by Morningstar. The Board considers these indices to be the most appropriate indices against which to measure the Company's relative performance over the medium to long-term. The total returns have each been re-based to 100 pence at 31 December 2009.

Share Price Total Return Performance Graph



The Company's share price total return performance benefited from a narrowing of the discount at which the shares traded at the start of the period, as a result of a share buyback policy.

An explanation of the recent performance of the Company is given in the Chairman's Statement on pages 2 and 3, in the Investment Adviser's Review on pages 5 and 6 and in the Strategic Report on pages 22 to 26.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary

6 April 2020

Statement of Directors' Responsibilities

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

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

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

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

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

Website publication

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

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

The Directors confirm to the best of their knowledge that:

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

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

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

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

The names and functions of the Directors are stated on page 29.

For and on behalf of the Board

C. W. Boothman

Clive Boothman
Chairman

6 April 2020

Reports of the Directors

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

Opinion

We have audited the financial statements of Mobeus Income & Growth VCT plc ("the Company") for the year ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

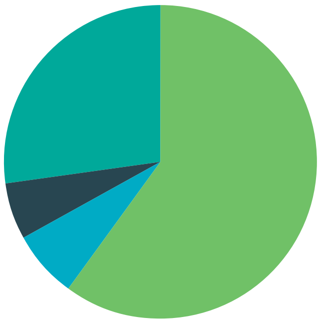
We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

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

Key audit matters

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

Key audit matter	How we addressed the Key Audit Matter in the Audit
Valuation of unquoted investments We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations. There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company. The Company's accounting policy for assessing the fair value of investments is disclosed on page 57 in note 8 and disclosures regarding the fair value estimates are given on pages 58 and 59 in note 8.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. A breakdown of the investment portfolio valuation technique is shown below.



For all Investments in our sample we:

- Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and FRS 102;
- Recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies;

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

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

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

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

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

Key observations:

Based on the procedures performed we did not identify any indications to suggest that the valuation of the unquoted investment portfolio was materially misstated.

Our application of materiality

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

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

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

Materiality measure (Basis)	Purpose	Key considerations	2019 Quantum (£)	2018 Quantum (£)
Financial Statement Materiality 2% value of investments	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	● The value of investments ● The level of judgement inherent in the valuation ● The range of reasonable alternative valuation	1,030,000	960,000
Performance materiality 75% of materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	● Financial statement materiality ● Risk and control environment ● History of prior errors	770,000	720,000

We have set a lower testing threshold for those items impacting revenue return of £203,000 which is based on 10% of revenue return before tax.

In prior year we set a formal specific materiality threshold for those items impacting revenue return of £210,000 which is based on 10% of revenue return before tax.

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of 12,000 (2018: £10,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following a recommendation of the Audit Committee, we were appointed by The Board of Directors to audit the financial statements for the year ended 30 September 2004 and subsequent financial periods. Following a re-tender we were reappointed as auditors in respect of the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 16 years, covering the periods ending 30 September 2004 to 31 December 2019.

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

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

Use of our report

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

BDO LLP

Peter Smith
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
statutory auditor
London, UK

6 April 2020

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

Financial Statements

Income Statement for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 Revenue £	Capital £	Total £	Year ended 31 December 2018 Revenue £	Capital £	Total £
Net investment portfolio gains	8a	-	9,144,246	9,144,246	-	2,667,292	2,667,292
Income	3	2,854,837	-	2,854,837	3,219,294	-	3,219,294
Investment Adviser's fees	4a	(406,306)	(1,218,918)	(1,625,224)	(390,531)	(1,171,593)	(1,562,124)
Other expenses	4c	(411,005)	-	(411,005)	(387,232)	-	(387,232)
Profit on ordinary activities before taxation		2,037,526	7,925,328	9,962,854	2,441,531	1,495,699	3,937,230
Taxation on profit on ordinary activities	5	(293,485)	231,594	(61,891)	(331,416)	222,603	(108,813)
Profit for the year and total comprehensive income		**1,744,041**	**8,156,922**	**9,900,963**	**2,110,115**	**1,718,302**	**3,828,417**
Basic and diluted earnings per ordinary share	7	**1.65p**	**7.71p**	**9.36p**	**1.98p**	**1.62p**	**3.60p**

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the unrealised gains and realised gains/(losses) 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 2014 Statement of Recommended Practice ("SORP") (updated in October 2019) by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

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

The notes on pages 51 to 69 form part of these Financial Statements.

Balance Sheet as at 31 December 2019

Company No. 5153931

	Notes	31 December 2019 £	31 December 2018 £
Fixed assets			
Investments at fair value	8	51,703,161	48,195,051
Current assets			
Debtors and prepayments	10	225,562	793,953
Current asset investments	11	12,914,124	23,310,315
Cash at bank and in hand	11	7,261,618	3,181,475
		20,401,304	27,285,743
Creditors: amounts falling due within one year	12	(216,090)	(402,812)
Net current assets		20,185,214	26,882,931
Net assets		**71,888,375**	**75,077,982**
Capital and reserves			
Called up share capital	13	1,045,265	1,068,659
Capital redemption reserve		11,304	32,191
Share premium reserve		-	43,644,698
Revaluation reserve		8,719,606	5,285,632
Special distributable reserve		45,731,919	12,681,614
Realised capital reserve		14,528,747	8,818,475
Revenue reserve		1,851,534	3,546,713
Equity shareholders' funds		**71,888,375**	**75,077,982**
Basic and diluted net asset value per ordinary share	14	**68.78p**	**70.25p**

The notes on pages 51 to 69 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 6 April 2020 and were signed on its behalf by:

C. W. Boothman

Clive Boothman
Chairman

Financial Statements

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

	Notes	Non-distributable reserves: Called up share capital £	Non-distributable reserves: Capital redemption reserve £	Non-distributable reserves: Share premium reserve £	Non-distributable reserves: Revaluation reserve £	Distributable reserves: Special distributable reserve (note a) £	Distributable reserves: Realised capital reserve (note b) £	Distributable reserves: Revenue reserve (note b) £	Total £
At 1 January 2019		**1,068,659**	**32,191**	**43,644,698**	**5,285,632**	**12,681,614**	**8,818,475**	**3,546,713**	**75,077,982**
Comprehensive income for the year									
Profit for the year		-	-	-	5,793,216	-	2,363,706	1,744,041	9,900,963
Total comprehensive income for the year		**-**	**-**	**-**	**5,793,216**	**-**	**2,363,706**	**1,744,041**	**9,900,963**
Contributions by and distributions to owners									
Shares issued under Offer for Subscription (note c)	13	363	-	24,637	-	-	-	-	25,000
Shares bought back (note d)	13	(23,757)	23,757	-	-	(1,492,825)	-	-	(1,492,825)
Dividends paid	6	-	-	-	-	(8,183,525)	-	(3,439,220)	(11,622,745)
Total contributions by and distributions to owners		**(23,394)**	**23,757**	**24,637**	**-**	**(9,676,350)**	**-**	**(3,439,220)**	**(13,090,570)**
Other movements									
Cancellation of share premium reserve (note e)		-	(44,644)	(43,669,335)	-	43,713,979	-	-	-
Realised losses transferred to special reserve (note a)		-	-	-	-	(987,324)	987,324	-	-
Realisation of previously unrealised appreciation		-	-	-	(2,359,242)	-	2,359,242	-	-
Total other movements		-	(44,644)	(43,669,335)	(2,359,242)	42,726,655	3,346,566	-	-
At 31 December 2019		**1,045,265**	**11,304**	**-**	**8,719,606**	**45,731,919**	**14,528,747**	**1,851,534**	**71,888,375**

Note a: 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. The transfer of £987,324 to the special reserve from the realised capital reserve above is the total of realised losses incurred by the Company in the year. As at 31 December 2019, the Company has a special reserve of £45,731,919, £21,526,433 of which relates to reserves from shares issued on or before 5 April 2014, or that arise from shares issued more than three years ago. Share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which shares were issued.

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

Note c: 36,295 new Ordinary Shares were allotted during the year, raising net funds of £25,000 for the Company.

Note d: During the year, the Company purchased 2,375,656 of its own shares at the prevailing market price for a total cost of £1,492,825, which were subsequently cancelled. This differs from the figure shown in the Statement of Cash Flows by £122,542 which was a creditor from the previous year.

Note e: The cancellation of £43,669,335 from the Share Premium Reserve and £44,644 from the Capital Redemption Reserve (as approved at the General Meeting on 10 May 2019 and by the court order dated 30 July 2019) has increased the Company's special reserve out of which it can fund buybacks of shares as and when it is considered by the Board to be in the interests of the Shareholders, and to absorb any existing and future realised losses, or for other corporate purposes.

Statement of Changes in Equity for the year ended 31 December 2018

	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 2018	**974,257**	**15,040**	**35,856,430**	**2,786,782**	**19,058,094**	**8,147,387**	**3,061,787**	**69,899,777**
Comprehensive income for the year								
Profit/(loss) for the year				2,796,306	-	(1,078,004)	2,110,115	3,828,417
Total comprehensive income for the year	**-**	**-**	**-**	**2,796,306**	**-**	**(1,078,004)**	**2,110,115**	**3,828,417**
Contributions by and distributions to owners								
Shares issued under Offer for Subscription	111,553	-	7,788,268	-	(82,001)	-	-	7,817,820
Shares bought back	(17,151)	17,151	-	-	(1,058,135)	-	-	(1,058,135)
Dividends paid	-	-	-	-	(3,242,978)	(541,730)	(1,625,189)	(5,409,897)
Total contributions by and distributions to owners	**94,402**	**17,151**	**7,788,268**	**-**	**(4,383,114)**	**(541,730)**	**(1,625,189)**	**1,349,788**
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,993,366)	1,993,366	-	-
Realisation of previously unrealised appreciation	-	-	-	(297,456)	-	297,456	-	-
Total other movements	-	-	-	(297,456)	(1,993,366)	2,290,822	-	-
At 31 December 2018	**1,068,659**	**32,191**	**43,644,698**	**5,285,632**	**12,681,614**	**8,818,475**	**3,546,713**	**75,077,982**

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

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

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

Revenue reserve - Income and expenses that are revenue in nature are accounted for in this reserve, as well as 25% of the Investment Adviser fee together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

The notes on pages 51 to 69 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash flows from operating activities			
Profit after tax for the financial year		9,900,963	3,828,417
Adjustments for:			
Net investment portfolio gains		(9,144,246)	(2,667,292)
Tax charge for current year	5	61,891	108,813
Decrease in debtors		285,660	12,155
Decrease in creditors		(17,589)	(14,106)
Net cash inflow from operations		**1,086,679**	**1,267,987**
Corporation tax paid		(108,482)	(190,374)
Net cash inflow from operating activities		**978,197**	**1,077,613**
Cash flows from investing activities			
Acquisitions of investments	8	(5,853,554)	(7,238,337)
Disposals of investments	8	11,772,421	6,396,046
No change/(increase) in bank deposits with a maturity over three months		-	(130)
Net cash inflow/(outflow) from investing activities		**5,918,867**	**(842,421)**
Cash flows from financing activities			
Shares issued as part of Offer for subscription	13	25,000	8,104,504
Issue costs as part of Offer for Subscription		-	(286,684)
Equity dividends paid	6	(11,622,745)	(5,409,897)
Share capital bought back	13	(1,615,367)	(982,450)
Net cash (outflow)/inflow from financing activities		**(13,213,112)**	**1,425,473**
Net (decrease)/increase in cash and cash equivalents		**(6,316,048)**	**1,660,665**
Cash and cash equivalents at start of year		25,486,108	23,825,443
Cash and cash equivalents at end of year		**19,170,060**	**25,486,108**
Cash and cash equivalents comprise:			
Cash equivalents	11	11,908,442	22,304,633
Cash at bank and in hand	11	7,261,618	3,181,475

The notes on pages 51 to 69 form part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2019

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') (updated in October 2019) issued by the Association of Investment Companies.

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 2019 has been classified as capital and has been included within gains on investments.

	2019 £	2018 £
Income from bank deposits	29,674	23,663
Income from investments		
– from equities	505,401	699,029
– from OEIC funds	151,532	132,832
– from loan stock	2,161,352	2,321,462
– from interest on preference share dividend arrears	6,878	40,205
	2,825,163	3,193,528
Other income	-	2,103
Total income	**2,854,837**	**3,219,294**
Total income comprises		
Dividends	656,933	831,861
Interest	2,197,904	2,385,330
Other income	-	2,103
	2,854,837	**3,219,294**

Total loan stock interest due but not recognised in the year was £580,811 (2018: £905,181).

Notes to the Financial Statements for the year ended 31 December 2019

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 would be charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth.

	Revenue 2019 £	Capital 2019 £	Total 2019 £	Revenue 2018 £	Capital 2018 £	Total 2018 £
Mobeus Equity Partners LLP						
Investment Adviser's fees	406,306	1,218,918	1,625,224	390,531	1,171,593	1,562,124

Under the terms of a revised investment management agreement dated 20 May 2010 (amended and restated on 9 November 2016), 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 (2018: £nil). With effect from 1 April 2018, the Investment Adviser's fee upon the net funds raised from use of the over-allotment facility of £10 million under the 2017/18 offer had been reduced from 2% to 1% per annum for one year.

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

In line with common practice, Mobeus 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 £425,708 during the year ended 31 December 2019 (2018: £402,777), being £146,336 (2018: £128,406) for arrangement fees and £279,372 (2018: £274,371) 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.

Incentive agreement

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 a year in excess of a "Target Rate" comprising firstly, an annual dividend paid in a year 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 in each year 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 daily weighted average Net Asset Value ("NAV") per share throughout such year equalling or exceeding the daily weighted average Base NAV per share throughout the same year. The performance fee will be payable annually.

At 31 December 2019, the annual dividend target is 8.01 pence per share and as cumulative dividends paid were 11.00 pence, this target was met. However, the average NAV per share was 70.54 pence for the year, which was less than the average base NAV per share for the year of 92.09 pence. Accordingly, no performance incentive fee is payable for the year (2018: nil).

b) Offer for subscription fees

	2019 £	2018 £
Funds raised across the four Mobeus VCTs	-	19.64
of which the funds raised by MIG VCT were	-	8.10
Offer costs payable to Mobeus at 3.25% of funds raised by MIG VCT	-	0.26

Under the terms of an Offer for Subscription, with the other Mobeus advised VCTs, launched on 6 September 2017, Mobeus was entitled to fees of 3.25% of the investment amount received from investors. This amount (for 2018 only) totalled £0.64 million for the final two allotments during 2018 across all four VCTs (£0.26 million for the Company), out of which all the costs associated with the allotment were met, 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.

	2019 £	2018 £
Directors' remuneration (including NIC of £7,916 (2018: £8,002)) - note a)	112,916	113,002
IFA trail commission	75,439	81,025
Broker's fees	14,400	14,400
Auditor's fees – Audit of Company (excluding VAT)	29,213	24,088
– audit related assurance services - note b) (excluding VAT)	6,663	4,613
– tax compliance services - note b) (excluding VAT)	1,845	1,922
Registrar's fees	55,221	55,030
Printing	33,095	28,084
Legal & professional fees	24,501	10,422
VCT monitoring fees	9,000	9,000
Directors' insurance	6,644	7,630
Listing and regulatory fees	31,571	29,526
Sundry	10,497	8,490
Other expenses	**411,005**	**387,232**

Note a): See analysis in the Directors' Remuneration Report on pages 38 to 39, which excludes the NIC above. The key management personnel are the three non-executive Directors. The Company has no employees.

Note b): The audit related assurance services are in relation to the review of the Financial Statements within the Company's Half Year Report. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained. In this regard, while iXBRL services are carried out by the auditor, the majority of compliance tax services are carried out by another firm, so are included within legal and professional fees.

Notes to the Financial Statements for the year ended 31 December 2019

5 Taxation 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.

Tax relief relating to Investment Adviser fees is allocated between revenue and capital where such relief can be utilised. The Company is an Investment Trust and Investment Trust companies are exempt from tax on capital gains if they meet the HMRC criteria set out in section 274 of the ITA.

	2019 Revenue £	2019 Capital £	2019 Total £	2018 Revenue £	2018 Capital £	2018 Total £
a) Analysis of tax charge:						
UK Corporation tax on profits/(losses) for the year	293,485	(231,594)	61,891	331,416	(222,603)	108,813
Total current tax charge/(credit)	**293,485**	**(231,594)**	**61,891**	**331,416**	**(222,603)**	**108,813**
Corporation tax is based on a rate of 19.00% (2018: 19.00%)						
b) Profit on ordinary activities before tax	2,037,526	7,925,328	9,962,854	2,441,531	1,495,699	3,937,230
Profit on ordinary activities multiplied by main company rate of corporation tax in the UK of 19.00% (2018: 19.00%)	387,129	1,505,813	1,892,942	463,892	284,182	748,074
Effect of:						
UK dividends	(96,026)	-	(96,026)	(132,816)	-	(132,816)
Net investment portfolio gains not taxable	-	(1,737,407)	(1,737,407)	-	(506,785)	(506,785)
Expenditure not allowable for tax purposes	2,382	-	2,382	9	-	9
Underprovision in prior period	-	-	-	331	-	331
Actual current tax charge	**293,485**	**(231,594)**	**61,891**	**331,416**	**(222,603)**	**108,813**

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	2019 £	2018 £
Final	Income	2017	1.50p	17 May 2018	-	1,625,190
Final	Capital	2017	0.50p	17 May 2018	-	541,730
Final	Capital	2017	1.00p*	17 May 2018	-	1,083,459
Interim	Capital	2018	2.00p*	21 September 2018	-	2,159,518
Final	Income	2018	1.75p	17 May 2019	1,854,366	-
Final	Capital	2018	3.25p*	17 May 2019	3,443,822	-
Interim	Income	2019	1.50p	20 September 2019	1,584,854	-
Interim	Capital	2019	2.50p*	20 September 2019	2,641,423	-
Interim	Capital	2019	2.00p*	6 December 2019	2,098,280	-
					11,622,745	**5,409,897**
Proposed distributions to equity holders at the year end:				**Date Payable**		
Final	Income	2018	1.75p	17 May 2019	-	1,854,366
Final	Capital	2018	3.25p*	17 May 2019	-	3,443,822
Interim	Capital	2019	4.00p*	8 January 2020	4,183,502	-
					4,183,502	**5,298,188**

* These dividends were paid out of the Company's special distributable reserve.

On 2 April 2020, the Board declared a 6.00 pence per share interim dividend in respect of the year ending 31 December 2020 which will be payable on 7 May 2020 to Shareholders on the Register on 14 April 2020.

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 concerning the Company not retaining more than 15% of its income from shares and securities, is considered.

Recognised income distributions in the financial statements for the year						
Dividend	Type	For year ended 31 December	Pence per share	Date Payable	2019 £	2018 £
Revenue available for distribution by way of dividends for the year					**1,744,041**	**2,110,115**
Final	Income	2018	1.75p	17 May 2019	-	1,854,366
Interim	Income	2019	1.50p	20 September 2019	1,584,854	-
Total income dividends for the year					**1,584,854**	**1,854,366**

Notes to the Financial Statements for the year ended 31 December 2019

7 Basic and diluted earnings per share

	2019 £	2018 £
Total earnings after taxation:	9,900,963	3,828,417
Basic and diluted earnings per share (note a)	**9.36p**	**3.60p**
Revenue earnings from ordinary activities after taxation	1,744,041	2,110,115
Basic and diluted revenue earnings per share (note b)	**1.65p**	**1.98p**
Net investment portfolio gains	9,144,246	2,667,292
Capital Investment Adviser fees less taxation	(987,324)	(948,990)
Total capital earnings	8,156,922	1,718,302
Basic and diluted capital earnings per share (note c)	**7.71p**	**1.62p**
Weighted average number of shares in issue in the year	105,785,777	106,350,801

Notes

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

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

c) Basic capital earnings per share is the total capital return 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 ("IPEV") guidelines, as updated in December 2018. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

(i) Each investment is considered as a whole on a 'unit of account' basis, alongside consideration of:-

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

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

or:-

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

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

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

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement. All figures are shown net of any applicable transaction costs incurred by the Company.

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

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

Accounting standards classify methods of fair value measurement as Levels 1, 2 and 3. This hierarchy is based upon the reliability of information used to determine the valuation. All of the unquoted investments are Level 3, i.e. fair value is measured using techniques using inputs that are not based on observable market data.

Notes to the Financial Statements for the year ended 31 December 2019

Movements in investments during the year are summarised as follows:

	Unquoted ordinary shares £	Unquoted preference shares £	Unquoted Loan stock £	Total £
Cost at 31 December 2018	21,631,195	27,663	25,080,727	46,739,585
Net unrealised gains at 31 December 2018	4,053,584	531,544	417,772	5,002,900
Permanent impairment in value of investments as at 31 December 2018	(3,520,524)	-	(26,910)	(3,547,434)
Valuation at 31 December 2018	**22,164,255**	**559,207**	**25,471,589**	**48,195,051**
Purchases at cost	5,853,554	-	-	5,853,554
Sale proceeds (note a)	(5,488,953)	(532,089)	(5,751,379)	(11,772,421)
Net realised gains on investments (note a)	3,023,764	-	327,266	3,351,030
Net unrealised gains on investments (note b)	5,414,517	302	661,128	6,075,947
Valuation at 31 December 2019	**30,967,137**	**27,420**	**20,708,604**	**51,703,161**
Cost at 31 December 2019	23,351,076	27,108	20,845,314	44,223,498
Net unrealised gains/(losses) at 31 December 2019	8,829,094	312	(109,800)	8,719,606
Permanent impairment in cost of investments as at 31 December 2019 (note c)	(1,213,033)	-	(26,910)	(1,239,943)
Valuation at 31 December 2019	**30,967,137**	**27,420**	**20,708,604**	**51,703,161**

See notes on next page.

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

Company	Type	Investment cost £	Disposal proceeds £	Valuation at 31 December 2018 £	Realised gain in year £
ASL Technology Holdings Limited	Realisation	2,942,292	5,178,595	3,542,398	1,636,197
The Plastic Surgeon Holdings Limited	Realisation	39,302	2,323,469	1,694,490	628,979
Redline Worldwide Limited	Realisation	1,087,629	1,381,323	676,692	704,631
Master Removers Group Limited	Part Realisation	195,926	463,743	428,080	35,663
Entanet Holdings Limited	Contingent Consideration	-	628,291	-	345,560
Hollydale Management Limited	Realisation	937,920	586,200	586,200	-
Backhouse Management Limited	Realisation	787,020	302,700	302,700	-
Barham Consulting Limited	Realisation	787,020	302,700	302,700	-
Creasy Marketing Services Limited	Realisation	787,020	302,700	302,700	-
McGrigor Management Limited	Realisation	787,020	302,700	302,700	-
Newquay Helicopters (2013) Limited	Realisation	18,492	-	-	-
		8,369,641	**11,772,421**	**8,138,660**	**3,351,030**

Net realised gains on investments of £3,351,030 together with net unrealised gains on investments of £6,075,947 equal net investment portfolio gains of £9,426,977. This figure is more than that shown in the Income Statement of £9,144,246. The difference of £282,731 is the estimated fair value of contingent consideration in relation to the sale of Entanet Holdings in a prior year, recognised at the 31 December 2018 balance sheet date. The full undiscounted value of £314,146 was subsequently received, along with a further sum of £314,146 later in the year.

Note b) The major components of the net increase in unrealised valuations of £6,075,947 in the year were increases of £2,903,598 in Turner Topco Limited (trading as Auction Technology Group), £1,091,030 in MPB Group Limited, £1,029,871 in Proactive Group Holdings Inc, £907,590 in Vectair Holdings Limited, and £736,734 in Tovey Management Limited (trading as Access IS). This increase was partly offset by falls of £747,504 in Manufacturing Services Investment Limited (trading as Wetsuit Outlet), £435,016 in Supercarers Limited, £341,480 in Master Removers Group 2019 Limited, £288,308 in RDL Corporation Limited and £192,724 in BookingTek Limited.

The increase 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.

Note c) During the year, permanent impairments of the cost of investments have reduced from £3,547,434 to £1,239,943 due to the members' voluntary liquidation of six investee companies in the year, all of which had been permanently impaired previously.

Notes to the Financial Statements for the year ended 31 December 2019

9 Significant interests

At 31 December 2019 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (Ordinary Shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	Percentage of investee company's total equity	% of equity held by all funds managed by Mobeus[1,2]
Media Business Insight Limited[3]	1,312,905	1,969,358	3,282,263	19.0%	67.5%
Tovey Management Limited (trading as Access IS)[4]	1,191,303	2,072,379	3,263,682	12.9%	43.4%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	1,372,362	1,372,362	2,744,724	7.6%	27.5%
Turner Topco Limited (trading as Auction Technology Group)	6,676	2,494,411	2,501,087	5.6%	15.5%
Virgin Wines Holding Company Limited	58,008	2,381,344	2,439,352	12.2%	42.0%
Preservica Limited	1,499,355	599,742	2,099,097	14.5%	48.4%
Veritek Global Limited	54,950	1,990,325	2,045,275	15.0%	50.8%
MPB Group Limited	1,611,946	287,840	1,899,786	6.8%	23.6%
CGI Creative Graphics International Limited	594,236	1,213,296	1,807,532	7.8%	26.9%
Pattern Analytics Limited (trading as Biosite)	757,336	826,185	1,583,521	6.6%	23.9%
RDL Corporation Limited	271,044	1,287,290	1,558,334	14.1%	45.2%
My Tutorweb Limited	1,534,200	-	1,534,200	8.4%	30.8%
Arkk Consulting Limited	1,446,508	-	1,446,508	9.7%	33.6%
Data Discovery Solutions Limited (trading as Active Navigation)	1,413,000	-	1,413,000	8.1%	20.5%
Tharstern Group Limited	427,196	949,324	1,376,520	15.3%	52.5%
Ibericos Etc. Limited (trading as Tapas Revolution)	415,097	830,400	1,245,497	6.9%	25.0%
Vian Marketing Limited (trading as Red Paddle Co)	359,278	829,672	1,188,950	9.3%	31.5%
Proactive Group Holdings Inc	702,333	224,240	926,573	3.2%	11.4%
IPV Limited	890,382	-	890,382	7.9%	26.0%
Parsley Box Limited	854,400	-	854,400	6.3%	22.0%
BookingTek Limited	688,236	82,619	770,855	4.1%	14.9%
Bleach London Holdings Limited	673,544	-	673,544	4.4%	15.6%
Buster and Punch Holdings Limited	469,859	198,133	667,992	5.7%	20.0%
Supercarers Limited	580,020	-	580,020	5.2%	18.7%
Rota Geek Limited	571,000	-	571,000	4.9%	17.1%
Jablite Holdings Limited	453,747	48,192	501,939	12.1%	40.1%
Blaze Signs Holdings Limited	472,125	19,672	491,797	20.8%	52.5%
Kudos Innovations Limited	420,600	-	420,600	4.1%	14.6%
Master Removers Group 2019 Limited	418,518	-	418,518	8.6%	30.5%
CB Imports Group Limited	350,000	-	350,000	11.6%	23.2%
Vectair Holdings Limited	138,074	500	138,574	12.0%	24.0%

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

[1] - 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

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

[3] - Includes a loan of £764,797 to Media Business Insight Limited

[4] - Includes a loan of £284,682 to Access IS Limited

Financial Statements

10 Debtors

	2019 £	2018 £
Amounts due within one year:		
Accrued income	210,953	471,589
Prepayments	14,577	17,991
Other debtors (note)	32	304,373
	225,562	**793,953**

Note) Other debtors of £304,373 last year included £282,731, being the estimated fair value of contingent consideration in relation to the sale of Entanet Holdings in a prior year. The full, undiscounted value of £314,146 was received in 2019.

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

	2019 £	2018 £
OEIC Money market funds	11,908,442	22,304,633
Cash equivalents per Statement of Cash Flows	11,908,442	22,304,633
Bank deposits that mature after three months but are not immediately repayable	1,005,682	1,005,682
Current asset investments	**12,914,124**	**23,310,315**
Cash at bank	**7,261,618**	**3,181,475**

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	7,761	123,933
Other creditors	-	17,272
Corporation tax	61,891	108,482
Accruals	146,438	153,125
	216,090	**402,812**

Notes to the Financial Statements for the year ended 31 December 2019

13 Called up Share capital

	2019 £	2018 £
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 104,526,507 (2018: 106,865,868)	**1,045,265**	**1,068,659**

On 28 January 2019, 36,295 new Ordinary shares were allotted for funds of £25,000.

During the year the Company purchased 2,375,656 (2018: 1,715,113) of its own shares for cash (representing 2.2% (2018: 1.8%) of the shares in issue at the start of the year) at the prevailing market price for a total cost of £1,492,825 (2018: £1,058,135). These shares were subsequently cancelled by the Company. This differs to the figure shown in the Statement of Cash Flows of £1,615,367 by £122,542. This is due to £122,542 included in creditors at the previous year end.

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 104,526,507 (2018: 106,865,868) Ordinary shares, being the number of Ordinary shares in issue on that date.

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

15 Financial Instruments

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

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

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

The accounting policy for determining the fair value of investments is set out in Note 8 to the Financial Statements. The composition of investments held is shown below and in Note 8.

The fair value of Cash at bank and Current asset investments equates to their carrying value in the Balance Sheet. Loans and receivables and other financial liabilities are stated at amortised cost which the Directors consider is equivalent to fair value.

Classification of financial instruments

	2019 (Fair value) £	2018 (Fair value) £
Financial assets		
Assets at fair value through profit and loss:		
Investment portfolio	51,703,161	48,195,051
Loans and receivables		
Accrued income	210,953	471,589
Current asset investments	12,914,124	23,310,315
Cash at bank	7,261,618	3,181,475
Other debtors	32	304,373
Financial liabilities		
Liabilities at amortised cost or equivalent		
Other creditors	(154,199)	(294,330)
Total for financial instruments	71,935,689	75,168,473
Non financial instruments	(47,314)	(90,491)
Net assets	**71,888,375**	**75,077,982**

The investment portfolio consists entirely of unquoted investments. The investment portfolio has a 100% (2018: 100%) concentration of risk towards small UK based, £ denominated, companies which represent 71.9% (2018: 64.2%) 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 28.1% (2018: 35.3%) of net assets at the year end.

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

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 turnover or an increase in costs. The Board is of the view that the Investment Adviser mitigates this risk as the investment in an investee company is held as part of a portfolio of such companies so that the performance of one company does not significantly affect the value of the portfolio as a whole. The Investment Adviser also usually takes a seat on the Board of each investee company such that it is able to monitor its progress on a regular basis and contribute to the strategic direction of the company.

Liquidity risk

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

To counter these risks to the Company's liquidity, the Investment Adviser maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds and bank deposits which amounted to £12,914,124 at the year end and which are all accessible at varying points over the next three months. The Board also receives regular cash flow projections in order to manage this liquidity risk.

Notes to the Financial Statements for the year ended 31 December 2019

The table below shows a maturity analysis of financial liabilities:

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2019 Total £
Other creditors	**77,541**	**76,658**	-	-	**154,199**

Financial liabilities	<3 months £	3-6 months £	6-12 months £	over 12 months £	2018 Total £
Other creditors	**206,890**	**87,440**	-	-	**294,330**

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:

	2019 £	2018 £
Loan stock investments	20,708,604	25,471,589
Current asset investments	12,914,124	23,310,315
Accrued income	210,953	471,589
Other debtors	32	304,373
Cash at bank	7,261,618	3,181,475
	41,095,331	**52,739,341**

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 typically held in companies with turnover under £50 million, which may be considered less stable than larger, longer established businesses. The Investment Adviser undertakes extensive financial and commercial due diligence before recommending an investment to the Board. The Investment Adviser usually takes a seat on the Board of each investee company and the Board of the VCT receives regular updates on each company at each quarter end.

The accrued income shown above of £210,953 was all due within six months of the year-end, with £51,288 still receivable three 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	2019 £	2018 £
0 to 1 year	5,722,505	4,041,186
1 to 2 years	4,952,122	10,424,342
2 to 3 years	6,578,770	5,540,759
3 to 4 years	3,455,207	3,261,535
4 to 5 years	-	2,203,767
Total	**20,708,604**	**25,471,589**

Included within loan stock investments above are loans at a carrying value of £3,849,648 which are past their repayment date but have been renegotiated, and loans at a carrying value of £1,817,670 which are past their repayment date but have not 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 are 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 £	2019 Total £
Loans to investee companies past due	1,359,974	-	2,740,783	4,100,757

	0-6 months £	6-12 months £	over 12 months £	2018 Total £
Loans to investee companies past due	-	-	3,014,902	3,014,902

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. However, as the six OEIC money market funds holding £11,908,442 are all triple A rated funds along with bank deposits of £3,617,584 at four 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 £4,649,716 is held with NatWest Bank plc, so the risk of default is considered to be low.

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

Market price risk

Market price risk arises from uncertainty about the future valuations of the unquoted portfolio held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies (investment risk), as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £51,703,161, 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 multiples, such as price earnings ratios prevailing in quoted comparable sectors (discounted for points of difference from quoted comparators or multiples of revenues or gross margin of comparable companies), their valuations are exposed to changes in the multiples that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's objective, as set out in the Strategic Report. 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 sterling denominated investments in small companies.

All assets held 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.

Notes to the Financial Statements for the year ended 31 December 2019

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 the investments had been valued 20% higher or lower. This sensitivity has been applied to those investments in the portfolio which are valued on a multiple basis which is £48.60 million of the £51.70 million total investment portfolio, excluding investments still valued at the price of recent investment.

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

The impact of a change of 20% (2018: 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.

	2019 Profit and net assets £	2018 Profit and net assets £
If multiples of earnings, revenues or gross margins used in valuations rose/fell 20% (2018: 20%) with all other variables constant – increase/(decrease)	5,904,380 / (6,419,465)	5,747,353 / (6,051,381)
Increase / (decrease) in earnings, and net asset value, per Ordinary share (in pence)	5.50p / (5.79)p	5.38p / (5.66)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 2019 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate (see note) %	Average period to maturity (years)
Equity shares	30,967,137	-	-	30,967,137		
Preference shares	-	27,420	-	27,420	-	1.2
Loan stocks	-	20,708,604	-	20,708,604	8.8	1.9
Current asset investments	-	-	12,914,124	12,914,124	0.7	
Cash	-	-	7,261,618	7,261,618	0.3	
Debtors	210,985	-	-	210,985		
Creditors	(154,199)	-	-	(154,199)		
Total for financial instruments	31,023,923	20,736,024	20,175,742	71,935,689		
Non-financial instruments	(47,314)	-	-	(47,314)		
Net assets	**30,976,609**	**20,736,024**	**20,175,742**	**71,888,375**		

The interest rate profile of the Company's financial net assets at 31 December 2018 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate (see note) %	Average period to maturity (years)
Equity shares	22,164,255	-	-	22,164,255		
Preference shares	-	559,207	-	559,207	6.2	3.0
Loan stocks	-	24,393,389	1,078,200	25,471,589	8.7	2.1
Current asset investments	-	-	23,310,315	23,310,315	0.7	
Cash	-	-	3,181,475	3,181,475	0.6	
Debtors	775,962	-	-	775,962		
Creditors	(294,330)	-	-	(294,330)		
Total for financial instruments	22,645,887	24,952,596	27,569,990	75,168,473		
Non-financial instruments	(90,491)	-	-	(90,491)		
Net assets	**22,555,396**	**24,952,596**	**27,569,990**	**75,077,982**		

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.

Cash flow interest rate sensitivity

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

	2019 Profit and net assets £	2018 Profit and net assets £
If interest rates rose / fell by 1%, with all other variables held constant – increase / (decrease)	163,424 / (163,424)	223,317 / (223,317)
Increase / (decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.16p / (0.16)p	0.21p / (0.21)p

Currency risk

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

Fair value hierarchy

The tables below set out fair value measurements using FRS102 s11.27 fair value hierarchy.

All investments held are valued as Level 3, valued with reference to inputs that do not come from observable market data, as was the case in the previous year.

The valuation techniques used by the Company are explained in the accounting policies in Note 8.

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

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 2019	22,164,255	559,207	25,471,589	48,195,051
Purchases	5,853,554	-	-	5,853,554
Sales	(5,488,953)	(532,089)	(5,751,379)	(11,772,421)
Total gains/(losses) included in the Income Statement:				-
- on assets sold	3,023,764	-	327,266	3,351,030
- on assets held at the year end	5,414,517	302	661,128	6,075,947
Closing balance at 31 December 2019	**30,967,137**	**27,420**	**20,708,604**	**51,703,161**

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 quoted market share prices can have a significant effect on the fair value measurements of the Level 3 investments, as they may not be wholly offset by the adjustment for points of difference.

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

	31 December 2019 £	31 December 2018 £
Valuation methodology		
Multiple of earnings, revenues or gross margin, as appropriate	48,600,751	45,186,321
Recent investment price	2,976,926	2,217,600
Net asset value	125,484	163,390
Recent investment price (reviewed for impairment)	-	627,740
	51,703,161	**48,195,051**

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 December 2018 and 31 December 2019:

Change in valuation methodology (2018 to 2019)	Carrying value as at 31 December 2019 £	Explanatory note
Recent investment price to multiple basis	658,962	Sufficient time has elapsed since investment to move to a more appropriate basis for determining 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 2019 IPEV guidelines. The Directors believe that, within these parameters, these are the most appropriate methods of valuation which would be reasonable as at 31 December 2019.

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.

The Company is required to maintain 70% (80% from 1 January 2020 onwards) of its capital invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed, as measured by VCT tax legislation. 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 8 January 2020, 19,480,843 new Ordinary Shares were allotted under the Company's Offer for Subscription for applications received and accepted up to and including 20 December 2019, raising net funds of £12.27 million.

On 7 February 2020, Pattern Analytics Limited (trading as Biosite) was sold by the Company, realising £2.34 million of proceeds.

On 13 February 2020, cash proceeds of £8.62 million were received upon the sale of Turner Topco Limited (trading as Auction Technology Group) by the Company.

On 2 April 2020, the Board declared an interim dividend of 6.00 pence per share for the year ending 31 December 2020, payable to shareholders on the register on 14 April 2020, on 7 May 2020.

On 2 April 2020, a further 3,752,450 new Ordinary Shares were allotted under the Company's Offer for Subscription raising further net funds of £2.21 million. Following this allotment, the Offer for Subscription was closed. In total, net funds raised from the Offer are £14.48 million.

COVID-19 Impact

Since the Balance sheet date, the scale of the COVID-19 pandemic began to affect the UK and most other world economies significantly. In line with countries whose infection rates took hold earlier, the UK Government has now prohibited most non-essential movement of people, goods and services. This has severely affected UK trade and business but it remains too early to predict when these restrictions may be eased and thus what the eventual impact of these restrictions will be.

The VCT Board and Investment Adviser have nonetheless evaluated the extent of the impact on the Company, its portfolio of investee companies and their future to date. On 26 March 2020, the Company announced an unaudited net asset value ("NAV") based upon an evaluation of available information held as at 24 March 2020, which is shown below:

	31 December 2019	24 March 2020	%
NAV per share	64.78p[1]	58.95p	(9.0)%

[1] - The NAV per share at 31 December 2019 has been reduced from that reported on the Balance sheet by a dividend of 4.00 pence per share paid on 8 January 2020.

Due to the rapidly evolving nature of the impact of COVID-19, there will be further information that emerges, while the impact of known information evaluated at 24 March 2020 may have since changed. Both known and as yet unknown information may affect the portfolio companies further in ways that cannot be predicted with any certainty by the Board or the Investment Adviser. As a result, any further movements in NAV per share from that reported above may occur but the Board is unaware of any matter that will have caused NAV per share to have changed significantly since 24 March 2020.

Shareholder Information

Communication with Shareholders

We aim to communicate regularly with our Shareholders. The May Annual General Meeting provides a useful platform for the Board to meet Shareholders and exchange views. Your Board welcomes your attendance at general meetings if practicable and circumstances allow, to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts.

The Adviser holds an annual Shareholder Event and further information on the most recent event is given in the Chairman's Statement on page 3.

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

Financial calendar

12 May 2020	Annual General Meeting
September 2020	Announcement of Half-Year Results and circulation of Half-Year Report for the six months ended 30 June 2020 to Shareholders.
31 December 2020	Year end

Annual General Meeting

The Company's next Annual General Meeting will be held at 2:00 p.m. on **Tuesday, 12 May 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU**. Shareholders should note that the impact of COVID-19 and the Stay at Home measures currently in place could mean that the AGM cannot be held on 12 May 2020. If this is the case, the Company will make an RNS announcement advising of any changes, which will also be added to the Company's website: www.migvct.co.uk to which Shareholders should refer. A copy of the notice of the meeting can be found on pages 72 to 74. Shareholders are encouraged to submit their votes by proxy rather than attend the meeting in person, a proxy form for the meeting is included with Shareholders' copies of this Annual Report or can be lodged online at www.investcentre.co.uk/eproxy.

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 provided under Corporate Information on page 80 of this Annual Report.

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

Selling your shares

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

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

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

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

Shareholder enquiries

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

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

Full contact details for each of Mobeus and Computershare are included under Corporate Information on page 80 of this Annual Report.

Fraud Warning

Boiler Room fraud and unsolicited communications to shareholders.

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

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

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

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

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Mobeus Income & Growth VCT plc ("the Company") will be held at **2.00 pm on Tuesday, 12 May 2020 at The Clubhouse, 8 St James's Square, London SW1Y 4JU** ("Annual General Meeting") for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions. An explanation of the business to be proposed is included in the Directors' Report on pages 31 to 32 of this Annual Report:

1. To receive and adopt the annual report and financial statements of the Company for the year ended 31 December 2019 ("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 approve the remuneration policy as set out in the Annual Report.

4. To re-elect Clive Boothman as a Director of the Company.

5. To re-elect Bridget Guérin as a Director of the Company.

6. To re-elect Catherine Wall as a Director of the Company.

7. To re-appoint BDO LLP of 150 Aldersgate Street, London, EC1A 4AB as auditor of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to determine the remuneration of the auditor.

8. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot Ordinary shares of 1 penny each in the capital of the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £425,866, provided that the authority conferred by this resolution shall (unless renewed, varied or revoked by the Company in general meeting) expire on the date falling fifteen months after the passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2021, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

9. That, subject to the passing of resolution 8 set out in this notice and in substitution for any existing authorities, the Directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority conferred upon them by resolution 8 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities:

   (i) with an aggregate nominal value of up to, but not exceeding, £63,879 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, 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 2021, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

10. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to and accordance with section 701 of the Act 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 19,151,194 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing of this resolution;

    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 (excluding expenses) shall be the higher of (a) an amount equal to 5% above the average of the middle market quotations for a Share in the Company taken from the London Stock Exchange

Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (EC2273/2003);

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 2021; 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.

By order of the Board

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Company Secretary

Dated: 6 April 2020

Registered Office:
30 Haymarket
London SW1Y 4EX

Notes to the Notice of the Annual General Meeting

1. **As it may not be possible for you to attend the meeting due to Government restrictions, you are encouraged to lodge your proxy form and appoint the Chairman of the meeting as your proxy as any other appointed proxy may also not be allowed to attend the meeting.** 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@mobeus.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 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 7 May 2010 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 (i.e. the registered Shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore, any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your financial adviser or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

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.

Notice of the Annual General Meeting

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 7 May 2020. 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 3 April 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 127,759,800 Ordinary shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 3 April 2020 were 127,759,800.
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 2019

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 December 2019. 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 2019 63.75p[1]

NAV per share as at 31 December 2019 68.78p

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[3] (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	Total return per share to Shareholders since allotment (NAV basis) (p)
Funds raised 2004/05					
Between 5 October 2004 and 29 June 2005	100.00	**60.00**	124.80	**188.55**	**193.58**
Funds raised 2011 (Linked offer)					
21 January 11	98.00	**68.60**	103.50	**167.25**	**172.28**
28 February 11	102.30	**71.61**	103.50	**167.25**	**172.28**
22 March 11	102.30	**71.61**	103.50	**167.25**	**172.28**
01 April 11	102.30	**71.61**	103.50	**167.25**	**172.28**
05 April 11	102.30	**71.61**	103.50	**167.25**	**172.28**
10 May 11	100.60	**70.42**	103.50	**167.25**	**172.28**
06 July 11	95.30	**66.71**	98.50	**162.25**	**167.28**
Funds raised 2012 (Linked offer)					
08 March 12	101.20	**70.84**	98.00	**161.75**	**166.78**
04 April 12	101.20	**70.84**	98.00	**161.75**	**166.78**
05 April 12	101.20	**70.84**	98.00	**161.75**	**166.78**
10 May 12	101.20	**70.84**	98.00	**161.75**	**166.78**
10 July 12	95.50	**66.85**	91.75	**155.50**	**160.53**
Funds raised 2013 (Linked offer)					
14 January 13	94.60	**66.22**	86.75	**150.50**	**155.53**
28 March 13	97.40	**68.18**	86.75	**150.50**	**155.53**
04 April 13	97.40	**68.18**	86.75	**150.50**	**155.53**
05 April 13	97.40	**68.18**	86.75	**150.50**	**155.53**
10 April 13 pre RDR[4]	99.80	**69.86**	86.75	**150.50**	**155.53**
10 April 13 post RDR[4]	97.40	**68.18**	86.75	**150.50**	**155.53**
07 May 13	95.40	**66.78**	84.75	**148.50**	**153.53**
Funds raised 2014 (Linked offer)					
09 January 14	100.01[5]	**70.01**	80.75	**144.50**	**149.53**
11 February 14	100.28[5]	**70.20**	80.75	**144.50**	**149.53**
31 March 14	106.71[5]	**74.70**	80.75	**144.50**	**149.53**
03 April 14	107.19[5]	**75.03**	80.75	**144.50**	**149.53**
04 April 14	106.54[5]	**74.58**	80.75	**144.50**	**149.53**
06 June 14	108.50[5]	**75.95**	77.50	**141.25**	**146.28**

1 - Source: Panmure Gordon & Co (mid-price basis), when the latest announced NAV was 66.96 pence, and adjusted for the 2.00 pence dividend paid on 6 December 2019. The share price of 63.75 has been adjusted for a 4.00 pence dividend paid after the year end on 8 January 2020 which was ex-div at 31 December 2019.

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 77.

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

5 - Average effective offer price. Shares were allotted pursuant to the 2013/14, 2014/15, and 2017/18 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

Performance Data at 31 December 2019

Allotment date(s)	Allotment price (p)	Net allotment price[1] (p)	Cumulative dividends paid per share[2] (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)
Funds raised 2015 (Joint offer)					
14 January 15	96.90[3]	**67.83**	60.50	**124.25**	**129.28**
17 February 15	98.37[3]	**68.86**	60.50	**124.25**	**129.28**
10 March 15	99.40[3]	**69.58**	60.50	**124.25**	**129.28**
Funds raised 2017 (Joint offer)					
28 September 17	74.70[3]	**52.29**	20.00	**83.75**	**88.78**
20 October 17	74.89[3]	**52.42**	20.00	**83.75**	**88.78**
09 November 17	75.82[3]	**53.07**	20.00	**83.75**	**88.78**
20 November 17	76.98[3]	**53.89**	20.00	**83.75**	**88.78**
21 November 17	76.90[3]	**53.83**	20.00	**83.75**	**88.78**
24 January 18	72.68[3]	**50.88**	16.00	**79.75**	**84.78**
13 March 18	72.64[3]	**50.85**	16.00	**79.75**	**84.78**

[1] - 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.

[2] - For derivation, see table on page 77.

[3] - Average effective offer price. Shares were allotted pursuant to the 2013/14, 2014/15, and 2017/18 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

MIG 3 VCT Fundraising

Share price as at 31 December 2019 **67.93p[1]**

NAV per share as at 31 December 2019 **73.29p**

Shareholders in the former Matrix Income & Growth 3 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 basis) (p)	(NAV basis) (p)
Funds raised 2006					
Between 24 January 2006 and 5 April 2006	100.00	**60.00**	119.83	**187.76**	**193.12**

[1] - Source: Panmure Gordon & Co (mid-price basis), 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 on page 77.

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)	2017 (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	
31 May 2016	7.00	7.46[1]	7.00	7.00	7.00	7.00	7.00	
20 September 2016	8.50	9.06[1]	8.50	8.50	8.50	8.50	8.50	
31 March 2017	6.00	6.39[1]	6.00	6.00	6.00	6.00	6.00	
13 September 2017	9.00	9.59[1]	9.00	9.00	9.00	9.00	9.00	
08 December 2017	4.00	4.26[1]	4.00	4.00	4.00	4.00	4.00	4.00
17 May 2018	3.00	3.20[1]	3.00	3.00	3.00	3.00	3.00	3.00
21 September 2018	2.00	2.13[1]	2.00	2.00	2.00	2.00	2.00	2.00
17 May 2019	5.00	5.33[1]	5.00	5.00	5.00	5.00	5.00	5.00
20 September 2019	4.00	4.26[1]	4.00	4.00	4.00	4.00	4.00	4.00
06 December 2019	2.00	2.13[1]	2.00	2.00	2.00	2.00	2.00	2.00
Total dividends paid[2]	**124.80**	**119.83**	**103.50**	**98.00**	**86.75**	**80.75**	**60.50**	**20.00**

[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 pages 75 to 76.

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
May 2016	New Investment Policy approved by shareholders to provide growth capital to investee companies
September 2017	The Company launched a fundraising to raise up to £25 million
March 2018	The Company closed its fundraising, having raised £25 million
October 2019	The Company launched a fundraising to raise up to £15 million
January 2020	The Company announced the fundraise was fully subscribed
April 2020	The Company closed its fundraising, having raised £15 million

Glossary of terms

Alternative performance measure ("APM")

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

Cumulative dividends paid (APM)

The total amount of dividend distributions by the Company over the time period specified. A list of all dividends paid since launch of the Company is shown as part of the Performance data appendix on page 77. Dividends paid in the year and dividends paid in respect of a year are shown in Note 6.

Cumulative total return (APM)

Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (Share price basis) both at the end date of a period under review, plus cumulative dividends paid up to that end date since launch in October 2004.

Internal Rate of Return ("IRR") (APM)

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

Net asset value or NAV

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

Net asset value per share or NAV per share

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

NAV Total Return (APM)

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

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

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

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

Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, shows Shareholders the annual percentage reduction in Shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the fund in the future. This is calculated by dividing Investment Adviser fees of £1,625,224 and other expenses of £315,553 (per note 4a and 4c on pages 52 and 53), the latter being reduced by IFA Trail commission fees and one off professional fees, by average net assets throughout the year of £74,947,998.

Realised gain in the year

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

Share price Total Return (APM)

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

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