

ProVen Growth & Income VCT plc

Annual Report and Accounts
for the year ended 29 February 2012



Managed by
Beringea LLP



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ProVen Growth & Income VCT plc

Principal Investment Objectives

- to achieve a total return significantly greater than that available from direct investment in quoted businesses by investing in a portfolio of carefully selected smaller companies with excellent growth prospects;
- to minimise the risk of each investment and the portfolio as a whole; and
- to obtain and maintain VCT status in order to secure the substantial tax benefits available for investment in a VCT.

Financial Highlights

82.2p	Ordinary Share net asset value per share at 29 February 2012
86.8p	'D' Share net asset value per share at 29 February 2012

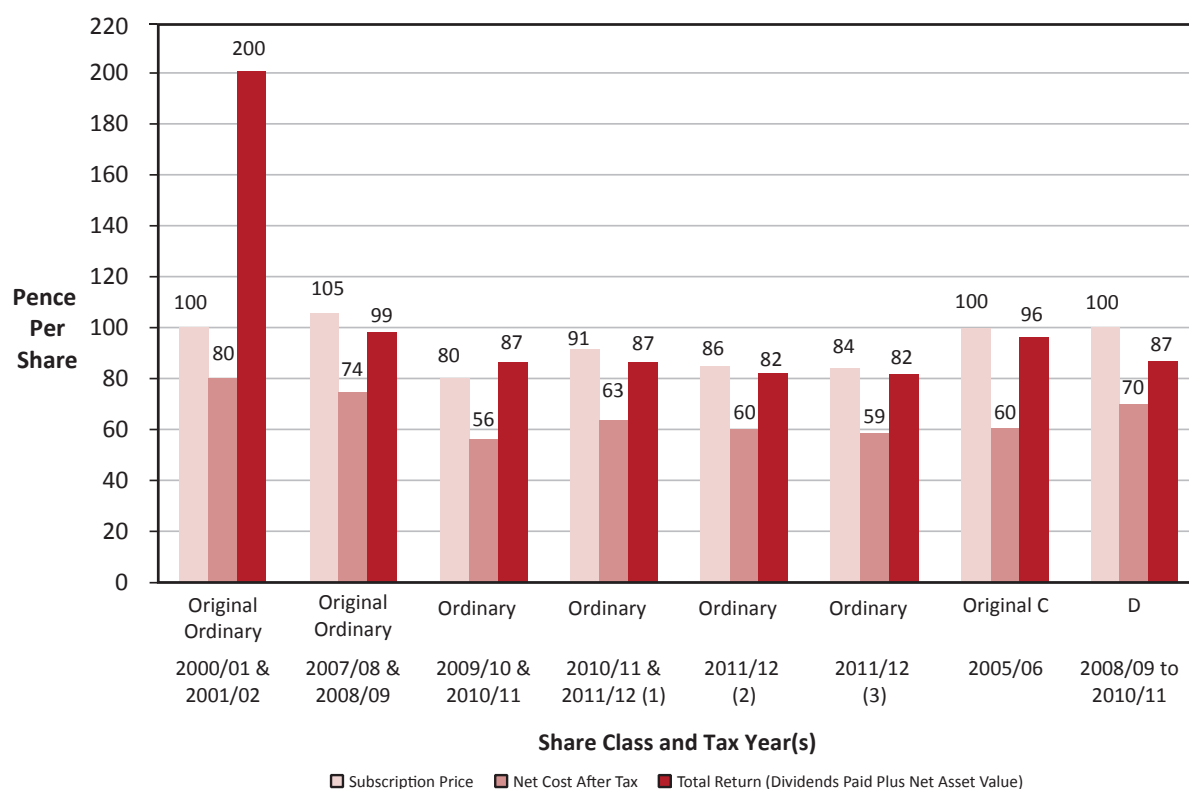
Fund Overview

Financial summary

As at 29 February	Ordinary Shares		'D' Shares	
	2012 pence	2011 pence	2012 pence	2011 pence
Net asset value per share	82.2	86.4	86.8	90.0
Dividends paid since share conversion/class launch	4.5	–	–	–
Total return (net asset value plus dividends paid since share conversion/class launch)	86.7	86.4	86.8	90.0
Year on year change in:				
Net asset value per share (adjusted for dividends paid)	0.3%		-3.6%	
FTSE All Share Index total return	1.5%		1.5%	

Shareholder investment and returns analysis

The chart below shows the original subscription price, net cost after tax (assuming full income tax relief at the rate ruling at the time of the investment) and total return (net asset value and dividends paid) for each share class and tax year fundraising, as at 29 February 2012. The ordinary share funds raised in 2011/2012 were issued at either (1) 90.6p per share, prior to 2 June 2011 or (2) 86.3p per share, after 2 June 2011 but prior to 24 August 2011 or (3) 84.4p per share, after 24 August 2011. No account has been taken of the possible benefit of any capital gains tax deferral (available for new investments up to and including tax year 2003/2004) or of additional shares that may have been available through early bird or financial intermediary discounts.



Chairman's Statement

I am pleased to present the Annual Report for ProVen Growth & Income VCT plc for the year ended 29 February 2012.

The year saw a continuation of the difficult economic conditions, with renewed fears of a Eurozone crisis fuelling more volatility in stock market prices and hindering a recovery in investor confidence. Some of the Company's portfolio companies have been impacted by this climate, however, a number of the stronger portfolio companies have been able to make headway, such that the Ordinary Share pool has been able to report an increase in NAV over the year (after adjusting for dividends paid).

Net asset value

Ordinary Shares

At 29 February 2012, the Company's Ordinary Share NAV stood at 82.2p per share. This represents an increase of 0.3p or 0.3% since 28 February 2011 after adjusting for the dividend of 4.5p per share which was paid in the year. Performance since original investment for the various groups of Shareholders that now hold Ordinary Shares is summarised in the table on page 5.

'D' Shares

The NAV of the Company's 'D' Shares stood at 86.8p at 29 February 2012, a decrease of 3.2p or 3.6% since 28 February 2011. No dividends have been paid to 'D' Shareholders to date. The fall in NAV is partly a function of the fact that the 'D' Share pool is still in the process of being invested and uninvested cash does not provide sufficient income to cover running costs.

Portfolio activity and valuation

Ordinary Share pool

Having raised a significant level of new funds at the start of the year, the Ordinary Share pool has seen a reasonable level of investment activity. Three new investments and three follow-on investments were completed during the year at a total cost of £2.9 million. The new investments were Cross Solar PV, Eagle-i Music and Utility Exchange Online. The Ordinary Share pool also exited from four investments, including Coolabi and Steak Media, which was acquired in a cash transaction and has resulted in a total gain of £439,000 against cost, with the possibility of further proceeds dependent on future performance.

The Board has reviewed the valuations of the unquoted investments at the year end and made a number of adjustments to the previous carrying values. The net movement on the portfolio was a gain for the year of £88,000. Further details are provided in the Investment Manager's Review and the Review of Investments.

'D' Share pool

The 'D' Share pool also has funds available for investment and continued to make progress in building its portfolio during the year. Two new investments and two follow-on investments were made at a total cost of £610,000.

As with the Ordinary Share pool, the Board has reviewed the unquoted valuations at the year end and made some adjustments to the carrying values. This has resulted in a net unrealised loss of £114,000. Further details are provided in the Investment Manager's Review and the Review of Investments.

Results

The total (loss)/return on ordinary activities for the year was as follows:

	Revenue £'000	Capital £'000	Total £'000
Ordinary Shares	199	(77)	122
'D' Shares	(37)	(226)	(263)
	162	(303)	(141)

Dividends

The Company paid an interim dividend of 4.5p per Ordinary Share on 29 July 2011. The Board is proposing to pay a final dividend of 4.5p per Ordinary Share in respect of the year ended 29 February 2012 on 31 August 2012 to Ordinary Shareholders on the register at 3 August 2012, subject to Shareholder approval at the AGM. No dividend is proposed in respect of the 'D' Shares.

Fundraising

During the year, the Company raised funds under its Ordinary Share offer for subscription which opened on 10 December 2010. The offer closed on 31 October 2011 having raised gross funds of £10.0 million.

'D' Shares – proposed conversion to Ordinary Shares

The Board has reviewed the current structure of the Company and believes there are significant benefits for both Shareholders and the Company in merging the Company's two share classes together. Having one share class will provide all Shareholders with exposure to a broader range of investments and reduce the potential impact of underperformance of any one investment. It will also simplify the task of managing the investments, reporting to Shareholders and administration.

The Board will put proposals to Shareholders to convert 'D' Shares into Ordinary Shares shortly. It is proposed that the 'D' Shares will be converted to Ordinary Shares based on the relative NAV of each share class at 31 August 2012. If these proposals are approved, the Company will have one Ordinary share class going forward.

Dividend policy

The subject on which I receive most correspondence is dividends. In the survey conducted last year, the Board asked Shareholders whether they would prefer (1) profits on investment disposals to be distributed as they arise or for dividends to be smoothed, and (2) distribution of the maximum amount each year, even if this reduces the NAV, or an amount which maintains or increases the NAV. Of the Shareholders who responded, a small majority of both the Ordinary Shareholders and 'D' Shareholders expressed a preference for realised profits to be distributed as soon as possible. However, when asked if the maximum possible dividend should be paid even if this reduces the net asset value per share, opinion was almost evenly split.

In anticipation of the merger of the Ordinary and 'D' Share classes proposed for later this year, the Board has decided to adopt a consistent dividend policy for both share classes. With the diversity of opinion expressed in the survey, it is impossible to provide a distribution policy which will satisfy all individual preferences. The Board has therefore decided to set an objective of paying a distribution each year which will equate to a yield of approximately 5% of net asset value. The ability to achieve this objective will, however, depend on there being sufficient reserves available for distribution, which in turn will depend on the level and timing of profitable realisations. It, therefore, cannot be guaranteed. In the event of there being a realisation from the portfolio which results in an exceptionally large gain, the Board may decide to pay a special dividend which is significantly in excess of the target yield of 5%.

The Board believes that this objective is consistent with the net asset value per share remaining broadly stable or increasing over time, although this will clearly depend on the returns from the Company's investments and cannot be guaranteed.

To enable Shareholders who do not want distributions to automatically reinvest dividends, the Board has decided to introduce a dividend reinvestment scheme ("DRIS"). Shareholders who would like to take advantage of this should complete the mandate form enclosed with these Accounts. To provide liquidity to Shareholders who wish to sell their shares, the share buyback offer will be maintained, dependant on there being sufficient liquidity and subject to the annual limit of 10% of each share class.

Share buybacks

In order to ensure liquidity in the market in the Company's shares, the Company has operated a policy of buying in its own shares that become available in the market.

During the year, the Company made market purchases of 823,563 Ordinary Shares for cancellation at an average price of 74.0p per share and 33,097 'D' Shares for cancellation at an average price of 85.7p per share.

The Board intends to continue to make purchases of its shares when they become available in the market and has a current policy of purchasing Ordinary Shares at a price equivalent to a 10% discount to the latest published NAV and at a 5% discount in respect of 'D' Shares in accordance with the policies set out in the relevant prospectuses. If the proposed conversion of 'D' Shares into Ordinary Shares described above is approved by Shareholders, the Company will only have Ordinary Shares in issue following the conversion. The discount of 10% to NAV will then apply to all share buybacks.

A special resolution to allow the Board to continue to purchase shares for cancellation will be proposed at the forthcoming AGM.

Shareholders who are considering selling their shares are reminded that the Company's Administrator, Downing LLP, is able to provide details of close periods and of the prices at which the Company has bought in shares. Contact details can be found on page 60.

Shareholders may be aware of "enhanced share buyback" schemes that have been offered by some VCTs, which allow investors who have held their share for more than 5 years to sell their shares back to the VCT at a nil or small discount to NAV and reinvest the proceeds in new shares issued by the VCT. This allows investors to effectively roll over their shareholding and obtain a further 30% income tax relief on the current value of their shares (assuming they hold the new shares for at least a further 5 years). The Board believes this is an attractive proposition for Shareholders and will consider offering such a scheme in the coming year.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 2:30 p.m. on 21 August 2012. Notice of the meeting is at the end of this document.

Seven items of special business will be proposed at the AGM as follows:

- one resolution in respect of share buybacks,
- two resolutions in connection with authority for the Directors to allot shares and
- four resolutions in connection with the introduction of the dividend reinvestment scheme.

Shareholder event

I would like to take this opportunity to draw your attention to the Investment Manager's annual shareholder presentation which is expected to be held in central London later in the year. This event provides Shareholders with an opportunity to meet the Investment Manager and, additionally, to hear directly from some of the portfolio companies and to meet other VCT shareholders. Further details of the event will be communicated to Shareholders in due course.

Outlook

The proposed merger of the Company's two share classes will, subject to Shareholder approval, result in all Shareholders holding a stake in a more diversified investment portfolio and in a Company which has a significant level of funds available for investment.

With the general economic outlook remaining gloomy, and uncertainties created by regulators and legislators, new investment activities are expected to remain challenging over the coming year. However, I believe that we have a number of interesting investments that have the potential to show meaningful profits and that the Investment Manager has the skill to deliver them. The Investment Manager also reports an attractive flow of potential investment opportunities, albeit at full prices, in sectors which have delivered good returns for the Company in the past and we therefore expect to see the Company being an active investor over the next 12 months.

Marc Vlessing
Chairman
25 June 2012

Investment Manager's Review

Introduction

Beringea is a specialist venture capital management company which manages £200 million in the UK and USA on behalf of a number of clients. In the UK, Beringea has a dedicated investment team managing over £90 million across four VCTs.

ProVen Growth & Income VCT has been managed by Beringea since its inception in 2001. The Company's launch coincided with a downturn in both the general stock market and, no doubt as a direct consequence, VCT fundraising generally. The initial fundraising was, therefore, a modest £7 million. Major fundraisings since 2006 have since added net new funds of £42 million. Since inception, the Company has invested £30 million in 50 small and medium sized companies and, at the year end, had £17 million of cash and liquid funds, the vast majority of which can be used to make further venture capital investments. At present, the Company has investments in 28 companies, averaging approximately £630,000 per investment.

ProVen Growth & Income VCT and other VCTs like it continue to make an important contribution to the development of UK business particularly at a time when traditional lenders are reluctant to advance credit. This support extends beyond purely financial support with our investment executives providing ongoing mentoring and strategic advice and identifying new key directors who can both support individual businesses and drive them to the next level.

Review of the year

The Company invested £3.5 million during the year (2011: £3.0 million). There were four additions to the portfolio and further funding was provided to five existing companies. The Company realised its investments in four portfolio companies: Coolabi, Steak Media, Lazurite and Prelude Media. The value of the existing portfolio was overall broadly unchanged over the year: upwards revaluations from Donatantonio, Chess Technologies and Blis Media were offset by valuation reductions for a number of investments including those in Fjordnet, Senselogix and Overtis. It is worth pointing out that these reductions can reflect both the performance of the individual companies and/or the wider performance of comparable sectors/companies used in valuing the investments.

Ordinary Share pool – portfolio activity and valuation

At 29 February 2012, the Company's Ordinary Share pool comprised 22 companies, of which 19 were unquoted and 3 quoted, at a valuation of £15.2 million and original acquisition cost of £14.4 million. In addition, the Ordinary Share pool had cash and liquidity funds of £12.1 million, the majority of which was raised in the financial year to 29 February 2012.

Three new investments were added to the portfolio during the year: Cross Solar, a residential rooftop solar energy company, Eagle-i Music, a music publishing business, and Utility Exchange which provides utility (electricity, gas and telecommunications) price comparison and contract switching for small businesses. Further investments were made in Overtis, Campden Media and Blis Media.



The generation of renewable energy from solar installations which benefit from government backed Feed-in Tariffs has been well documented and Cross Solar is managed by one of the most experienced teams in this sector. Some of the funds for this investment came from another investment, Lazurite, and it also received funding from other ProVen VCTs.

Eagle-i Music is the music publishing arm of Eagle Rock Entertainment Group Limited in which the ProVen VCTs already have an investment. Publishing remains one of the most lucrative and valuable areas within the music industry, in part due to lower reliance on physical goods sales for revenues. The Company invested through Prelude Media, and alongside ProVen Planned Exit VCT plc, to develop this division.



Utility Exchange has an experienced team of managers with over 20 years' background delivering business telecommunications services and 10 years' experience delivering business electricity and gas to all sizes of customers, from SMEs to large corporates.

We were pleased to conclude the disposal of Steak Media in May 2011 which we reported on in last year's annual report. The investment has to date returned 1.8 times the initial investment cost with the potential for further receipts dependent on future performance. The Company also disposed of its holding in Coolabi plc as a result of it delisting from AIM and becoming a private company.

The investments in Espresso Group and Donatantonio account for 16.9% of the net asset value of the Ordinary Share pool. Espresso continues to perform well as a provider of digital content to schools both in the UK and overseas. The company's strong cash flow generation in the UK has provided a firm base for expansion into overseas territories. Donatantonio, a wholesaler of Mediterranean foods, has, after a difficult period following the Company's initial investment, made very good progress under the direction of a very competent senior management team. Good progress was also made by Chess Technologies and Blis Media, the latter receiving further investment from the Company and a new external investor to fund its ongoing development.

'D' Share pool – portfolio activity and valuation



At 29 February 2012, the Company's 'D' Share pool comprised 9 unquoted companies at a valuation of £2.5 million and original cost of £2.7 million. In addition, the Company had cash and liquidity funds of £4.8 million.

New investments were made in Utility Exchange (described above) and APM Healthcare. Further follow-on funding was provided to Tossed and Senselogix. APM Healthcare is the holding company of Community Pharmacies (UK) Limited ("CPL") which is aiming to become a prominent niche player in the prescription pharmacy sector in partnership with GP practices. Since our investment, CPL has opened five new pharmacies. Staffed by professional pharmacists, the business encourages operating freedom to allow each outlet to provide exactly what local customers need, with support and expert guidance from a centralised head office.

The 'D' Share pool is valued near cost although at the individual company level there has been strong performance from the jewellery brand, Monica Vinader, which has enabled an upwards revaluation. MatsSoft and Tossed collectively account for 18.5% of the 'D' Share pool net assets.

Post year end developments

In April 2012, the 'D' Share pool received shares in Long Eaton Healthcare Limited, a Midlands based GP-centre pharmacy, by virtue of its investment in APM Healthcare. Funding for this investment was provided by ProVen Planned Exit VCT plc which is also managed by Beringea. Further follow on funding was also provided directly to APM Healthcare and to Utility Exchange, both in line with the original investment proposal.

In June 2012 the Company took the opportunity to realise its investment in Ashford Colour Press with realisation proceeds exceeding the valuation at 29 February 2012.

Overtis Group went through a technical restructuring after the year end whereby it entered administration and its assets and intellectual property were acquired by a new entity called Vigilant Applications. ProVen VCT rolled over £399,000 of its loan note investment in Overtis Group into the new entity. The investment in Overtis had been fully provided for at the year end and there is therefore no impact on the Company's net asset value.

Outlook

We continue to see an attractive flow of investment opportunities in a variety of sectors. Digital media continues to be an attractive area and one in which we have historically done well, with companies such as Mergermarket, Saffron Media and ILG Digital, and in which we think there are further good opportunities. Our experience and network of contacts in the sector makes us a natural choice for those digital media businesses seeking funding. Despite the challenges facing many UK businesses, the portfolio continues to perform well overall. We are also confident that further good investment opportunities lie ahead.

Beringea LLP

25 June 2012

Investment activity during the year is summarised as follows:

Additions

	Cost £'000
Ordinary Share pool	
Cross Solar PV Limited**	978
Eagle-i Music Limited	804
Blis Media Limited **	375
Overtis Group Limited	366
Utility Exchange Online Limited	268
Campden Media Limited	113
	2,904
'D' Share pool	
Utility Exchange Online Limited	234
APM Healthcare Limited	187
Tossed Limited	120
Senselogix Limited	69
	610
Total	3,514

Disposals

	Cost £'000	Market value at 01/03/11 £'000	Proceeds £'000	Profit/(loss) vs cost £'000	Realised gain/ (loss) £'000
Ordinary Share pool					
Lazurite Limited	1,000	930	902	(98)	(28)
Prelude Media Limited	1,000	925	876	(124)	(49)
Coolabi plc**	450	108	112	(338)	4
Steak Media Limited**	621	725	1,060	439	335
	3,071	2,688	2,950	(121)	262

** Partially non-qualifying investment

The 'D' Share pool did not make any disposals during the year.

All of the above investments, with the exception of Eagle-i Music Limited, were also held by ProVen VCT plc.

Cross Solar PV Limited, Eagle-i Music Limited and Campden Media Limited were also held by ProVen Planned Exit VCT plc.

APM Healthcare Limited was also held by ProVen Health VCT plc.

Proven VCT plc, ProVen Health VCT plc and ProVen Planned Exit VCT plc are all managed by Beringea LLP.

Investment Portfolio - Ordinary Share Pool

as at 29 February 2012

Ordinary Share portfolio of investments

The following investments were held at 29 February 2012:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Espresso Group Limited**	1,582	2,435	88	8.9%
Donatantonio Limited	1,366	2,337	627	8.6%
Fjordnet Limited	1,400	1,646	(777)	6.0%
Blis Media Limited**	621	1,373	651	5.0%
Chess Technologies Limited	900	1,096	414	4.0%
Charterhouse Leisure Limited**	1,000	1,057	87	3.9%
Cross Solar PV Limited**	978	978	–	3.6%
Eagle Rock Entertainment Group Limited	680	805	(102)	3.0%
Eagle-i Music Limited	804	804	–	2.9%
Campden Media Limited	757	776	79	2.8%
	10,088	13,307	1,067	48.7%
Other venture capital investments	4,262	1,861	(979)	6.8%
Total venture capital investments	14,350	15,168	88	55.5%
Liquidity funds		1,250		4.6%
Cash at bank and in hand		10,897		39.9%
Total Ordinary Share investments		27,315		100.0%

Other venture capital investments as at 29 February 2012 comprise:

Ashford Colour Press Limited, Baby Innovations S.A. t/a Steribottle*, Dianomi Limited, Immedia Group plc, Isango! Limited, MatsSoft Limited**, Overtis Group Limited, Pilat Media Global plc**, SPC International Limited, Sports Holdings Limited*, UBC Media Group plc** and Utility Exchange Online Limited.

* Non-qualifying investment

** Partially non-qualifying investment

With the exclusion of Pilat Media Global plc, UBC Media Group plc and Immedia Group plc, which are quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exclusion of Eagle-i Music Limited and Immedia Group plc, were also held by ProVen VCT plc.

Cross Solar PV Limited, Eagle-i Music Limited and Campden Media Limited were also held by ProVen Planned Exit VCT plc. Proven VCT plc and ProVen Planned Exit VCT plc are both managed by Beringea LLP.

All venture capital investments above are registered in England and Wales, with the exception of Baby Innovations S.A., which is registered in Madeira.

Review of Investments - Ordinary Share Pool

as at 29 February 2012

Further details of the ten largest venture capital investments (by value) within the Ordinary Share pool are as follows:

Espresso Group Limited

Espresso Group develops and delivers multimedia education content for schools. Over 9,000 primary schools, equal to approximately 45% of the UK primary school market, now subscribe to its flagship “Espresso for Schools” product. Following the acquisition of 4 Learning, the educational business of Channel 4, the company expanded into the UK secondary schools market. The company has now embarked on an international expansion strategy. It has an established presence in Sweden and a rapidly growing market penetration in the US.



www.espresso.co.uk

Cost:	£1,582,000	Valuation at 29/02/12:	£2,435,000
Investment comprises:		Valuation at 28/02/11:	£2,347,000
Ordinary shares:	£260,000	Valuation method:	Earnings multiple
'A' ordinary shares:	£220,000		
'B' ordinary shares:	£2,000		
Loan stock:	£1,100,000		
Audited accounts:	31/07/11 31/07/10	Dividend income:	–
Turnover:	£13.3m £13.3m	Loan note income:	£110,000
Loss before tax:	£(669,000) £(3,000)	Proportion of equity held:	7.5%
Net assets:	£5.8m £6.5m	Diluted equity:	7.3%

Donatantonio Limited

Donatantonio Limited is the UK market leader in the import and distribution of premium quality, authentic Mediterranean ingredients to the UK food manufacturing and food service sectors. Donatantonio's state-of-the-art facilities allow it to provide certification of food quality once the goods reach the UK. This means that the products supplied to food manufacturers are ready for immediate incorporation into finished products and do not require further testing by the manufacturer before production can begin.



www.donatantonio.com

Cost:	£1,366,000	Valuation at 29/02/12:	£2,337,000
Investment comprises:		Valuation at 28/02/11:	£1,710,000
Ordinary shares:	£17,000	Valuation method:	Earnings multiple
'A' ordinary shares:	£208,000		
Preference shares:	£45,000		
Loan stock:	£1,096,000		
Audited accounts:	31/01/11 31/01/10	Dividend income:	–
Turnover:	£18.7m £17.9m	Loan note income:	–
Profit/(loss) before tax:	£87,000 £(150,000)	Proportion of equity held:	24.1%
Net liabilities:	£(156,000) £(159,000)	Diluted equity:	24.1%

Fjordnet Limited

Fjord is an established digital design agency working across many sectors including telecommunications, media, finance and healthcare. It has worked on market leading flagship projects - including projects for the BBC, Nokia, Orange, Swisscom and Yahoo!. It was instrumental in bringing the hugely successful award-winning BBC iPlayer to mobile. The company has offices in London, Helsinki, Berlin, Paris, Madrid, Stockholm, New York and San Francisco.



www.fjordnet.com

Cost:	£1,400,000	Valuation at 29/02/12:	£1,646,000	
Investment comprises:		Valuation at 28/02/11:	£2,423,000	
Ordinary shares:	£700,000	Valuation method:	Earnings multiple	
Preference shares:	£300,000			
'B' preference shares:	£400,000			
Audited accounts:	31/12/10	31/12/09	Dividend income:	–
Turnover:	£15.3m	£11.9m	Loan note income:	n/a
Profit before tax:	£1.1m	£1.4m	Proportion of equity held:	14.6%
Net assets:	£3.9m	£3.4m	Diluted equity:	11.4%

Blis Media Limited (formerly Breeze Tech (UK) Limited)

Blis Media is a leading mobile marketing specialist featuring a roster of blue-chip clients. It was one of the first players in the UK to specialize in location based media, and retains a strong base of proprietary IP. Its cutting edge technology provides customers with an unprecedented level of audience granularity.



Blismobile Media

www.blismedia.com

Cost:	£621,000	Valuation at 29/02/12:	£1,373,000	
Investment comprises:		Valuation at 28/02/11:	£347,000	
Ordinary shares:	£23,000	Valuation method:	Price of recent investment	
'A' ordinary shares:	£22,000			
'C' ordinary shares:	£374,000			
Preference shares:	£101,000			
Loan stock:	£101,000			
Audited accounts*:	31/12/11	31/12/10	Dividend income:	–
Turnover:	£1,883,000	£1,131,000	Loan note income:	£8,100
Profit/(loss) before tax:	£108,000	£(141,000)	Proportion of equity held:	20.5%
Net assets:	£1,428,000	£449,000	Diluted equity:	20.5%

*The company filed full audited accounts for the first time to 31 December 2011; comparative figures for the prior year have therefore been provided

Chess Technologies Limited

Chess designs and manufactures electro-optical systems for use in defence applications worldwide. Chess's leading edge engineering skills and in-house development of innovative technologies enable it to produce an extensive range of standard and customised solutions for land, sea and air applications.



www.chess-dynamics.com

Cost:	£900,000	Valuation at 29/02/12:	£1,096,000
Investment comprises:		Valuation at 28/02/11:	£682,000
Ordinary shares:	£450,000	Valuation method:	Earnings multiple
Loan stock:	£450,000		
Audited accounts:	30/04/11 30/04/10	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	£36,000
Profit before tax:	Unpublished information	Proportion of equity held:	18.0%
Net assets:	£2.5m £2.5m	Diluted equity:	16.6%

Charterhouse Leisure Limited

Charterhouse Leisure trades under the name “Coal Grill & Bar”, a growing restaurant chain providing informal dining and drinking in a comfortable and modern atmosphere. The company has seven branches and has plans to rollout the chain nationwide. The core management team developed and ran the “Ma Potters” restaurant chain, a former ProVen Growth & Income VCT investment that was sold in 2007 for a total return of over 2.5 times the initial investment.



www.coalgrillandbar.co.uk

Cost:	£1,000,000	Valuation at 29/02/12:	£1,057,000
Investment comprises:		Valuation at 28/02/11:	£970,000
Ordinary shares:	£200,000	Valuation method:	Earnings multiple
Loan stock:	£800,000		
Audited accounts:	28/02/11 28/02/10	Dividend income:	–
Turnover:	£7.6m £4.9m	Loan note income:	£75,409
Loss before tax:	£(677,000) £(187,000)	Proportion of equity held:	27.7%
Net (liabilities)/ assets:	£(48,000) £611,000	Diluted equity:	21.0%

Cross Solar PV Limited

Cross Solar is a residential rooftop solar PV developer managed by ISIS Solar. ISIS is one of the UK's largest residential PV developers, being one of the first to market to offer installations free to homeowners. Through the scheme, homeowners receive all of their electricity for free for up to 25 years, and in return Cross Solar benefits from 25 year guaranteed Feed-in Tariffs.



Cost:	£978,000	Valuation at 29/02/12:	£978,000
Investment comprises:		Valuation at 28/02/11:	n/a
Ordinary shares:	£271,000	Valuation method:	Cost as reviewed for impairment
Preference shares:	£707,000		
Audited accounts:	No accounts filed	Dividend income:	–
		Loan note income:	–
		Proportion of equity held:	18.5%
		Diluted equity:	18.5%

Eagle Rock Entertainment Group Limited

Eagle Rock is a leading independent producer, publisher and distributor of music programming for television and DVD, comprising live concerts and documentaries. Eagle has an extensive catalogue of audio-visual IPR, which is available for multi-media exploitation including broadcast, broadband and telephony.



eagle rock entertainment ltd

www.eaglerockent.com

Cost:	£680,000	Valuation at 29/02/12:	£805,000
Investment comprises:		Valuation at 28/02/11:	£907,000
Ordinary shares:	£68,000	Valuation method:	Earnings multiple
Preference shares:	£612,000		
Audited accounts:	31/12/10 31/12/09	Dividend income:	£21,420
Turnover:	£27.0 m £27.3m	Loan note income:	n/a
Loss before tax:	£(578,000) £(643,000)	Proportion of equity held:	7.1%
Net assets:	£15.6m £16.9m	Diluted equity:	7.1%

Eagle-i Music Ltd

Eagle-i Music is the music publishing arm of the portfolio company, Eagle Rock Entertainment Group. ProVen Growth & Income VCT plc invested £804,000 in February 2012.



eagle-i music

www.eagle-imusic.com

Cost:	£804,000	Valuation at 29/02/12:	£804,000
Investment comprises:		Valuation at 28/02/11:	n/a
Ordinary shares:	£244,000	Valuation method:	Cost as reviewed for impairment
Loan stock:	£560,000		
Audited accounts:	No accounts filed	Dividend income:	–
		Loan note income:	–
		Proportion of equity held:	23.2%
		Diluted equity:	23.2%

Campden Media Limited

Campden Media is a magazine publisher and event organiser in the healthcare and private wealth management sectors. The company publishes a range of titles, many of which are endorsed by the relevant professional bodies. The business has a strong and proven management team and operates in sectors which are regarded as more resilient to adverse macro-economic movements.

Campden Media

www.campdenmedia.com

Cost:	£757,000	Valuation at 29/02/12:	£776,000
Investment comprises:		Valuation at 28/02/11:	£585,000
Ordinary shares:	£97,000	Valuation method:	Earnings multiple
'A' ordinary shares:	£1,000		
Loan stock:	£659,000		
Audited accounts:	31/12/10 31/12/09	Dividend income:	–
Turnover:	£6.8m £5.6m	Loan note income:	£37,814
Profit before tax:	£(94,000) £(651,000)	Proportion of equity held:	5.5%
Net assets:	£(1.3)m £(1.2)m	Diluted equity:	5.5%

References to the latest accounts refer to the latest annual report and accounts published by the investee company following the date of investment by ProVen Growth & Income VCT plc.

Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company’s size, and, in the interests of portfolio company confidentiality, is not disclosed here.

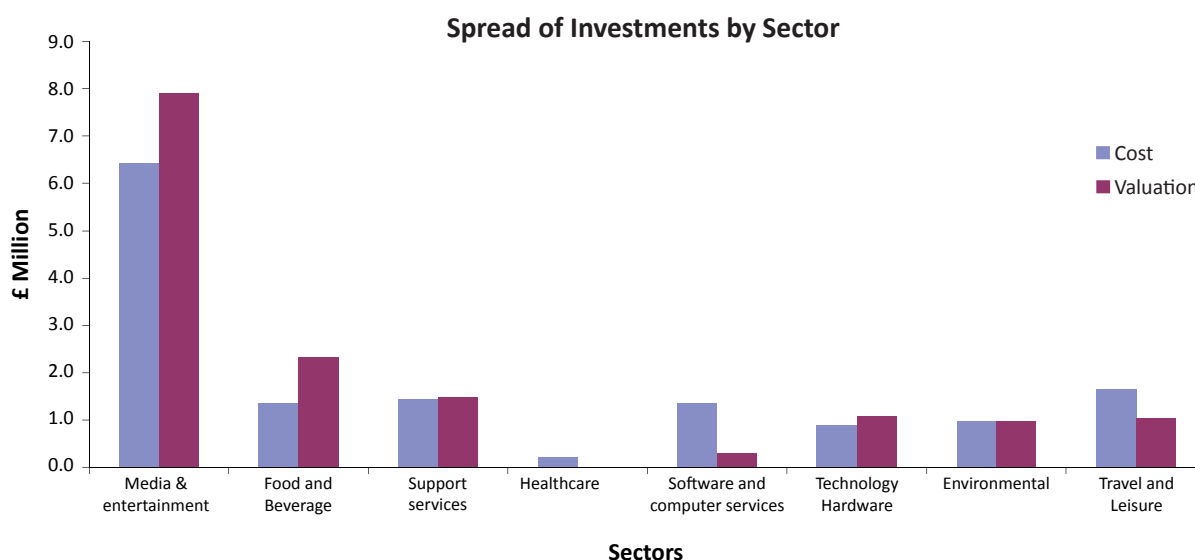
The proportion of equity held in each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of investments by commercial sector

The split of the Ordinary Share pool venture capital investments by commercial sector (by value and cost at 29 February 2012) is summarised as follows:

Analysis of investments by investment type

At 29 February 2012, the Ordinary Share pool assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:



Type of investment (by fair value)

VCT qualifying investments	54.6%
Other investments, including cash at bank and in hand and liquidity funds	45.4%
	100%

Investment Portfolio - 'D' Share Pool

as at 29 February 2012

'D' Share portfolio of investments

The following investments were held at 29 February 2012:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Venture capital investments				
Tossed Limited	624	671	47	9.3%
MatsSoft Limited**	650	650	–	9.0%
Monica Vinader Limited	138	315	177	4.4%
Utility Exchange Online Limited	234	234	–	3.2%
APM Healthcare Limited	187	187	–	2.6%
Speed-Trap Holdings Limited	295	181	(114)	2.5%
Cinergy International Limited	115	113	(2)	1.6%
Fjordnet Limited*	276	102	(84)	1.4%
Senselogix Limited	138	–	(138)	0.0%
Total venture capital investments	2,657	2,453	(114)	34.0%
Liquidity funds		1,250		17.4%
Cash at bank and in hand		3,505		48.6%
Total 'D' Share investments		7,208		100.0%

* Non-qualifying investment

** Partially non-qualifying investment

All venture capital investments above are unquoted.

All of the above investments were also held by ProVen VCT plc.

APM Healthcare Limited was also held by ProVen Health VCT plc.

Proven VCT plc and ProVen Health VCT plc are both managed by Beringea LLP.

All venture capital investments above are registered in England and Wales.

Review of Investments - 'D' Share Pool

Further details of the venture capital investments (by value) within the D Share pool are as follows:

Tossed Limited

Tossed operates a series of takeaway focused healthy eating establishments. There are currently eight locations in operation, including one franchise location, all based in London. ProVen Growth & Income VCT invested £504,000 in April 2010 and a further £120,000 in July 2011 alongside ProVen VCT plc.



www.tosseduk.com

Cost:	£624,000	Valuation at 29/02/12:	£671,000
Investment comprises:		Valuation at 28/02/11:	£504,000
Ordinary shares:	£219,000	Valuation method:	Earnings multiple
Preference shares:	£168,000		
Loan stock:	£237,000		
Audited accounts:	31/03/11	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	£1,156
Profit before tax:	Unpublished information	Proportion of equity held:	11.6%
Net assets:	£1.0m	Diluted equity:	11.6%

MatsSoft Limited

MatsSoft is a software company specialising in developing hosted Software as a Service (“SaaS”) business process management, workflow and customer and communications solutions, complete with a comprehensive suite of management information and configuration tools. MatsSoft has built a strong reputation by providing solutions for enterprise customers that deliver dramatic processing efficiencies whilst keeping customer satisfaction high through proactive communication



www.matssoft.co.uk

Cost:	£650,000	Valuation at 29/02/12:	£650,000
Investment comprises:		Valuation at 28/02/11:	£650,000
Ordinary shares:	£197,000	Valuation method:	Price of recent investment
'A' ordinary shares:	£236,000		
Loan stock:	£217,000		
Audited accounts:	31/12/10 31/12/09	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	£4,820
Profit before tax:	Unpublished information	Proportion of equity held:	10.0%
Net assets:	£219,000 £192,000	Diluted equity:	10.0%

Monica Vinader Limited

Monica Vinader is a high end, award-winning fashion jewellery brand. Designer Monica Vinader began producing jewellery in 2002 and commercialised the brand in 2006. The brand is regularly featured in glossy magazines such as Vogue, Harpers and Grazia and boasts a celebrity following of Cameron Diaz, Keira Knightley and Cheryl Cole.



www.monicavinader.com

Cost:	£138,000	Valuation at 29/02/12:	£315,000
Investment comprises:		Valuation at 28/02/11:	£138,000
Ordinary shares:	£69,000	Valuation method:	Revenue multiple
Loan stock:	£69,000		
Audited accounts:	31/07/11 30/04/10	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	–
Profit before tax:	Unpublished information	Proportion of equity held:	4.0%
Net assets:	£563,000 £113,000	Diluted equity:	4.0%

Utility Exchange Online Limited

Utility Exchange Online provides price comparison services for utilities, including heating and electricity, for small businesses. Unlike the domestic and large corporate markets, the small business market for utility comparison is underserved as a result of its complexity and manually intensive processes. UEO's automated quoting engine will be the first of its kind for business utility price comparison.



www.utility-exchange.co.uk

Cost:	£234,000	Valuation at 29/02/12:	£234,000
Investment comprises:		Valuation at 28/02/11:	n/a
'A' ordinary shares:	£95,000	Valuation method:	Cost as reviewed for impairment
Loan stock:	£139,000		
Audited accounts:	31/03/11 31/03/10	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	–
Profit before tax:	Unpublished information	Proportion of equity held:	10.2%
Net liabilities:	£(1.2)m £(232,000)	Diluted equity:	10.2%

APM Healthcare Limited

APM Healthcare is the holding company of Community Pharmacies (UK) Limited, a provider of integrated pharmacy services. The pharmacies operate at the heart of primary care in partnership with local surgery practices, but with expert support from a central head office.



www.apmhealthcare.co.uk

Cost:	£187,000	Valuation at 29/02/12:	£187,000
Investment comprises:		Valuation at 28/02/11:	n/a
'A' ordinary shares:	£57,000	Valuation method:	Cost as reviewed for impairment
Loan stock:	£130,000		
Audited accounts:	31/03/11 31/03/10	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	£12,224
Profit before tax:	Unpublished information	Proportion of equity held:	5.0%
Net assets:	£ Nil £2,000	Diluted equity:	5.0%

Speed-Trap Holdings Limited

Speed-Trap is a software company providing enterprise and SaaS solutions, which allows corporate digital platform owners to capture, analyse and interpret digital interactions with users of their platforms. The software also allows the customer to make real time decisions and to take proactive actions in response to this information via the digital platform.



www.speed-trap.com

Cost:	£295,000	Valuation at 29/02/12:	£181,000
Investment comprises:		Valuation at 28/02/11:	£295,000
'A' ordinary shares:	£115,000	Valuation method:	Price of recent investment with provision
Loan stock:	£180,000		
Audited accounts:	31/12/10	31/12/09	Dividend income:
			–
Turnover:	–	–	Loan note income:
			£10,852
Loss before tax:	£(72,000)	–	Proportion of equity held:
			3.0%
Net assets:	£4.8m	£4.0m	Diluted equity:
			3.0%

Cinergy International Limited

Cinergy provides competitive intelligence for MNOs and MNVOs regarding mobile deals available in the market as well as price comparison services for mobile phone packages for consumers



www.cinergize.com

Cost:	£115,000	Valuation at 29/02/12:	£113,000
Investment comprises:		Valuation at 28/02/11:	£115,000
Ordinary shares:	£11,000	Valuation method:	Revenue multiple
Loan stock:	£104,000		
Audited accounts:	31/12/10	31/12/09	Dividend income:
			–
Turnover:	£1.2m	£784,000	Loan note income:
			–
Loss before tax:	£(148,000)	£(98,000)	Proportion of equity held:
			0.3%
Net liabilities:	£(117,000)	£(47,000)	Diluted equity:
			0.3%

Fjordnet Limited

Fjord is an established digital design agency working across many sectors including telecommunications, media, finance and healthcare. It has worked on market leading flagship projects – including projects for the BBC, Nokia, Orange, Swisscom and Yahoo!. It was instrumental in bringing the hugely successful award-winning BBC iPlayer to mobile. The company has offices in London, Helsinki, Berlin, Paris, Madrid, Stockholm, New York and San Francisco.



www.fjordnet.com

Cost:	£276,000	Valuation at 29/02/12:	£102,000
Investment comprises:		Valuation at 28/02/11:	£185,000
'A' ordinary shares:	£276,000	Valuation method:	Earnings multiple
Audited accounts:	31/12/10	31/12/09	Dividend income:
			–
Turnover:	£15.3m	£11.9m	Loan note income:
			n/a
Profit before tax:	£1.1m	£1.4m	Proportion of equity held:
			1.9%
Net assets:	£3.9m	£3.4m	Diluted equity:
			1.2%

Senselogix Limited

Senselogix™ is an award winning provider of energy reduction for the buildings market. Senselogix deliver robust, intuitive hardware and software solutions designed to measure and manage electricity in commercial businesses, public sector, education and other office based environments, to eliminate electrical waste.



Cost:	£138,000	Valuation at 29/02/12:	–
Investment comprises:		Valuation at 28/02/11:	£69,000
Ordinary shares:	£138,000	Valuation method:	Full provision
Audited accounts:	31/03/11 31/03/10	Dividend income:	–
Turnover:	Unpublished information	Loan note income:	n/a
Profit before tax:	Unpublished information	Proportion of equity held:	6.1%
Net assets:	£170,000 £22,000	Diluted equity:	6.1%

www.senselogix.com

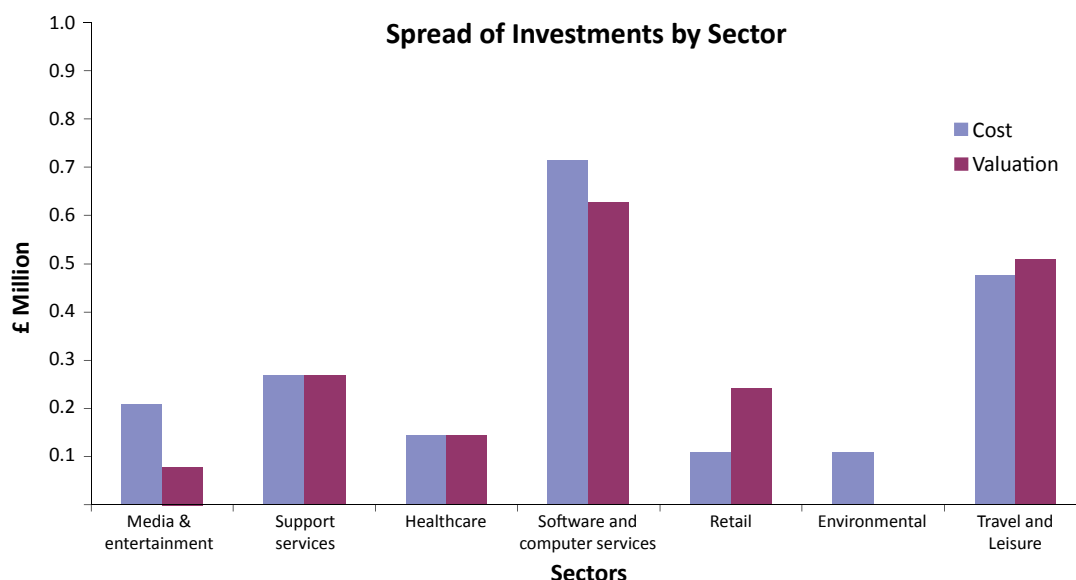
References to the latest accounts refer to the latest annual report and accounts published by the investee company following the date of investment by ProVen Growth & Income VCT plc.

Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio company confidentiality, is not disclosed here.

The proportion of equity held in each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of investments by commercial sector

The split of the 'D' Share pool venture capital investments by commercial sector (by value and cost at 29 February 2012) is summarised as follows:



Analysis of investments by investment type

At 29 February 2012, the 'D' Share pool assets were invested as follows; broadly in line with the investment policy.

Type of investment (by fair value)

VCT qualifying investments	29.9%
Other investments, including cash at bank and in hand and liquidity funds	70.1%
	100.0%

Board of Directors

Marc Vlessing, Chairman

Marc started his career as a corporate financier with County NatWest. In 1991, he set up Media Finance, a management consultancy business specialising in the media sector. In 1997, he became Chief Executive of Crescent Entertainment, which ran a group of London theatres and cinemas; subsequently he became Chief Executive of First Call International, the UK's largest independent ticketing business. He is currently Chairman of Octopus Eclipse VCT 2 plc and a principal in Pocket, a developer which helps people on low to moderate incomes own their first home.

Natasha Christie-Miller

Natasha has worked in the media sector for 17 years. For the last 11 years she has been at EMAP, recently rebranded as the Top Right Group plc. At EMAP Natasha has worked on a wide range of magazine titles such as Elle, Red and Heat and became Managing Director of the Retail portfolio in 2007. In 2010, Natasha became CEO of EMAP. Natasha joined the Board of ProVen Growth & Income VCT as a non-executive director in 2011.

Malcolm Moss

Malcolm is a Senior Managing Director of Beringea LLC and a founder of Beringea LLP. Over the last 20 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc, ProVen Growth & Income VCT plc and ProVen Planned Exit VCT plc, he sits on the investment committees of Beringea's three other venture capital funds and as a non-executive director on several other portfolio investments. Prior to founding Beringea, Malcolm gained Europe-wide industrial, planning and analytical experience in healthcare, engineering and financial services with, respectively, Baxter International, Uniroyal Inc. and Lloyds TSB Group.

James Stewart

James was formerly managing director of Creditanstalt Investment Bank AG's subsidiary in London, where he had previously established Creditanstalt Bankverein's development capital activity. He has been a non-executive director of a number of quoted and unquoted companies and he now works as an independent venture capitalist.

All the Directors are non-executive and, with the exception of Malcolm Moss, are considered by the Board to be independent of the Investment Manager as the Board considers that each of them has suitable experience to be able to exercise proper judgement.

Directors' Report and Business Review

The Directors present the Annual Report and Financial Statements of the Company for the year ended 29 February 2012.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by HM Revenue and Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain such approval. Approval for the year ended 29 February 2012 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

The Directors consider that the Company was not at any time, up to the date of this report, a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

The Company has no employees other than the Directors. The same was true in the previous year.

Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement and the Investment Manager's Review.

The total running costs of the Company exceeded revenue arising from the investments held (including cash at bank and liquidity funds) by £377,000 (2011: £269,000). The total expense ratio (excluding performance fees, recoverable VAT and provision for loan stock interest) in respect of the year ended 29 February 2012, compared to net assets at the year end was 2.9% (2011: 2.8%).

Results and distributions

	£'000	Pence per share
(Loss)/return on ordinary activities after tax for the year ended 29 February 2012 split as:		
Ordinary Shares	122	0.4p
'D' Shares	(263)	(3.2p)
	(141)	

During the year ended 29 February 2012, the Company paid an interim dividend of 4.5p per Ordinary Share of which 0.5p was revenue and 4.0p was capital (2011: no dividends were paid by the Company).

The Board is proposing to pay a final dividend of 4.5p per Ordinary Share for the year ended 29 February 2012.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares and 'D' Shares of the Company, at 28 February 2011, 29 February 2012 and at the date of this report were as follows:

Director		At the date of this report	29 Feb 2012	28 Feb 2011
Malcolm Moss	Ords	14,058	14,058	14,058
	'D' Shares	3,165	3,165	3,165
James Stewart	Ords	7,103	7,103	7,103
Marc Vlessing	Ords	15,682	15,682	15,682
	'D' Shares	4,148	4,148	4,148

Natasha Christie-Miller was appointed as director on 24 August 2011. She does not hold any Ordinary Shares or 'D' Shares at 29 February 2012 or at the date of this report. Nicholas Lewis resigned as director on 24 August 2011. He held 14,957 Ordinary Shares at 28 February 2011.

In accordance with developments in corporate governance practice, the Board has decided that it is best practice for all Directors to retire at each Annual General Meeting. Accordingly, all the Directors will retire at the forthcoming Annual General Meeting and, being eligible, are offering themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 24 together with the results for the period to date, in order to support the resolutions to reappoint all four Directors.

Each of the Directors has signed a letter of appointment which is terminable by three months' rolling notice on either side. To the extent permitted under the Companies Act 2006, the Company indemnifies each of the Directors against all costs, charges, losses, expenses and liabilities which might arise in the execution of their duties, save for certain exceptions. Each Director is required to devote such time to the affairs of the Company as the Board requires.

At the last AGM, on 24 August 2011, Directors were granted the authority to make market purchases of up to 14.9% of the issued share capital of the Company and to disapply pre-emption rights and allot up to a maximum nominal amount of £55,660 for Ordinary Shares and £8,255 for 'D' Shares. The authority to make market purchases was used as described on page 29.

Investment policy

The Company's investment policy covers several areas as follows:

Qualifying investments

The Company seeks to make investments in VCT-qualifying companies with the following characteristics:

- a strong, balanced and well-motivated management team with a proven track record of achievement;
- a defensible market position;
- good growth potential;
- an attractive entry price for the Company;
- the ability to structure the investment with a proportion of secured loan notes in order to reduce risk; and
- a clearly identified route for a profitable realisation within a 3-4 year period.

The Company invests in companies at various stages of development, including those requiring capital for expansion and in management buy-outs, but not in start-ups. Investments are spread across a range of different sectors.

In respect of the 'D' Share pool only, it is intended that 75% of the first tranche of funds raised under the first 'D' Share Linked offer are invested in qualifying investments from 29 February 2012 onwards and that by 28 February 2013, 75% of the funds raised under the second 'D' Share Linked offer will also be invested in qualifying investments.

Other investments

Funds not invested in qualifying investments will be held in cash, liquidity funds, fixed interest securities of A-rating or better or in investments originated in line with the Company's qualifying VCT policy but which do not qualify under the VCT rules for technical reasons.

Venture capital trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% (70% in the case of funds raised after 5 April 2011) of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital);
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and
7. A maximum unit size of £1 million in each VCT qualifying investment per tax year (in respect of funds raised prior to 6 April 2012).

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount which is equal to the nominal capital of the Company and its distributable and undistributable reserves, currently equal to £35.4 million (2011: £28.2 million). There are no plans to utilise this facility at the current time.

Environmental and social policy

The Board seeks to conduct the Company's affairs responsibly and considers relevant social and environmental matters where appropriate.

Investment management and administration fees

Beringea LLP ("Beringea") provides investment management services to the Company for an annual fee of 2.0% of the Ordinary Share net assets and the 'D' Share net assets per annum. Beringea is also entitled to receive performance incentive fees as described further below. The investment management agreement is terminable by either party at any time by one year's prior written notice.

The Board is satisfied with Beringea's approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of Beringea LLP as investment manager remains in the best interest of Shareholders.

In June 2011, Downing Management Services Limited ("DMS") transferred its business to a limited liability partnership, Downing LLP. The Company's Administration Agreement with DMS was novated to Downing LLP. The terms of the agreement, services provided by Downing LLP and the provision of a running costs cap are identical to those provided under the original agreement.

Downing LLP provides administration services to the Company for a fee of £37,000 (plus VAT and RPI adjustment) per annum.

The annual running costs (excluding any performance fees payable) of the Company, for the year, also subject to a cap of 3.6% of the Company's net assets. Any costs in excess of this are borne by Beringea LLP.

Performance incentive fees

Ordinary Shares

Subject to the exceptions noted below, Beringea is entitled to performance incentive fees if the Company has returned to investors a cumulative dividend equal to at least 4p per Ordinary Share per annum for the financial years starting 1 March 2009 and the performance value per Ordinary Share is at least 130p. Beringea is entitled to receive a performance incentive fee equal to 15% of the cumulative dividends paid on the Ordinary Shares after 1 March 2009 up to 4p per Ordinary Share per annum, plus 20% of the cumulative dividends paid after 1 March 2009 in excess of 4p per Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea in relation to the Ordinary Shares. Dividends paid on the 'C' Shares prior to their conversion into Ordinary Shares in October 2009 shall be treated as dividends on the Ordinary Shares.

In relation to dividends paid as the result of the realisation of investments made from the Original Ordinary Share fund, Beringea is entitled to receive an incentive fee equal to 15% of the cumulative dividends paid from 1 March 2006 up to 4p per Original Ordinary Share per annum, plus 20% of the cumulative dividends paid from 1 March 2006 in excess of 4p per Original Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea in relation to the Original Ordinary Shares. For the purposes of calculating this element of the performance incentive fee for dividends paid following the exchange of Original Ordinary Shares for Ordinary Shares, a pro-forma dividend per Original Ordinary Share will be calculated, based on the number of Original Ordinary Shares in issue immediately prior to the share conversion.

In relation to Ordinary Shares issued under the offer for subscription launched on 10 December 2010 ("the Offer"), providing that the Company has paid cumulative dividends equal to at least 4% of the weighted average subscription price of such shares per annum for the financial years starting 1 March 2014 and the performance value per Ordinary Share of such shares is at least 1.3 times the weighted average subscription price of such shares, Beringea is entitled to receive a performance incentive fee equal to 15% of the cumulative dividends paid on the Ordinary Shares issued under the Offer after 1 March 2014 up to 4% of the weighted average subscription price per share per annum, plus 20% of the cumulative dividends paid after 1 March 2014 in excess of 4% of the weighted average subscription price per share per annum, less the amount of any incentive fee previously paid to Beringea in relation to such shares.

No such fees were paid in respect of the Ordinary Shares in the year under review (2011: £nil).

'D' Shares

Beringea is entitled to receive performance incentive fees in respect of the 'D' Shares. These are first calculated in relation to the financial year starting on 1 March 2012 and provided that:

- (i) the Company has returned to holders of 'D' Shares who subscribed under the 'D' Share prospectus in aggregate an amount equal to 25p per £1 so subscribed; and
- (ii) the sum of the net asset value per 'D' Share plus distributions per 'D' Share paid since launch exceeds 130p, an annual performance incentive fee (inclusive of VAT if applicable) is payable equal to:
 - (i) 33% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2012 over and above 3 pence per 'D' Share per annum but less than 6 pence per 'D' Share per annum; plus
 - (ii) 20% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2012 in excess of 6 pence per 'D' Share per annum,

less the cumulative amount of any incentive fee previously paid to the Investment Manager.

No such fees were paid in respect of the 'D' Shares in the year under review or in the prior year.

VCT status

The Company has retained PricewaterhouseCoopers LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate, and regular review of the portfolio. Although PricewaterhouseCoopers works closely with the Investment Manager and Administration Manager, they report directly to the Board.

Compliance with the main VCT Regulations as at 29 February 2012 and for the year then ended is summarised as follows:

1. 70% of its investments in qualifying companies:	78.6%
2. At least 30% of the Company's qualifying investments in "eligible shares":	40.8%
3. At least 10% of each investment held in "eligible shares":	Complied
4. No investment constitutes more than 15% of the Company's portfolio:	Complied
5. Income is derived wholly or mainly from shares and securities:	79.3%
6. No more than 15% of the income from shares and securities is retained:	0.0%
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year):	Complied

Share capital

The Company has two classes of shares: Ordinary shares of 1.6187p each ("Ordinary Shares") and 'D' shares of 1p each ("D' Shares"). Each share class has a separate pool of assets attributable to it, with each class bearing a proportion of the running costs of the Company. Ordinary Shares and 'D' Shares rank *pari passu* with each other in terms of voting and other rights. The proportion of the Company's net assets attributable to the Ordinary Shares and 'D' Shares are 79.8% and 20.2% respectively.

At the 2011 AGM, Shareholders authorised the Company to make market purchases of its own shares of up to 14.9% of the share capital in issue at that date and to waive pre-emption rights and to issue Ordinary Shares up to a maximum nominal amount of £55,660 and 'D' Shares up to a maximum nominal amount of £8,255.

During the year, the Company repurchased 823,563 Ordinary Shares for a consideration of £612,355 and for an aggregate nominal amount of £13,331. The average price was 74.0p per Ordinary Share being 3.4% of the Ordinary Share capital. The Company also repurchased 33,097 'D' Shares for a consideration of £28,520 and for an aggregate nominal amount of £331. The average price was 85.7p per 'D' Share being 0.4% of the 'D' Share capital. These shares were subsequently cancelled.

Between 18 March 2011 and 31 October 2011, the Company issued 10,489,428 Ordinary Shares at 90.6p per share, 172,212 Ordinary Shares at 86.3p per share and 435,156 Ordinary at 84.4p per share under the terms of the prospectus dated 10 December 2010. The aggregate nominal value of the shares was £179,000 and the aggregate consideration for the shares was £10,020,000.

Creditor payment policy

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. Trade creditors of the Company at the year end amounted to £nil (2011: £nil).

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its investment objectives (as shown on page 4). The Board believes the Company's key performance indicators are NAV total return (NAV plus cumulative dividends paid to date) and dividends per share (see page 5).

In addition, the Board considers the Company's performance in relation to other VCTs.

Principal risks and uncertainties

The principal financial risks faced by the Company, which include market price risk, interest rate risk, credit risk and liquidity risk (being minimal) are summarised within note 18 to the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a venture capital trust, operates in a complex regulatory environment and therefore faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Services Authority and the Companies Act 2006, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. The Directors receive quarterly reports from the Managers which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial period.

Auditor

Deloitte LLP resigned as auditor to the Company in March 2012. The Board appointed PKF (UK) LLP as the Company's auditor with effect from March 2012. A resolution to re-appoint PKF (UK) LLP as the Company's auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 2:30 p.m. on 21 August 2012. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Substantial interests

As at 29 February 2012, and the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued Ordinary Share capital or 'D' Share capital.

Future developments

The Directors do not foresee any major changes in the activity undertaken by the Company in the coming year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to minimising the risks of investment and providing both capital growth and dividend income to Shareholders over the long term whilst maintaining VCT qualifying status. In the Chairman's Statement on page 7, the Company has announced plans to convert the 'D' Shares into new Ordinary Shares such that the Company will ultimately have one share class.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report, the directors' remuneration report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 24, confirms that to the best of each person's knowledge:

- that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that the management report included within the Directors' Report and Business Review, Chairman's Statement, Investment Manager's Review and Review of Investments 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.

Electronic publication

The financial statements are published on www.provenvcts.co.uk (maintained by the Investment Manager) and also on www.downing.co.uk.

Corporate governance

The Company's compliance with, and departure from, the Financial Reporting UK Corporate Governance Code (www.frc.org.uk) is shown on pages 32 to 35.

The Corporate Governance Statement describes how the principles and supporting principles within the UK Corporate Governance Code, published in June 2010, have been applied by the Company throughout the year ended 29 February 2012, except where disclosed within the Corporate Governance Statement.

Statement as to disclosure of information to the Auditor

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have 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 it has been communicated to the Auditor. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Grant Whitehouse
Company Secretary
39 Earlham Street
London WC2H 9LT

25 June 2012

Statement of Corporate Governance

The Directors support the relevant principles of the UK Corporate Governance Code issued in June 2010, being the principles of good governance and the code of best practice, as set out in the UK Corporate Governance Code.

Application of the Principles of the Code

The Board attaches importance to matters set out in the UK Corporate Governance Code and applies its principles. However, as a venture capital trust company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive.

The Board

The Company has a Board comprising four non executive directors. The Chairman and senior director is Marc Vlessing. Natasha Christie-Miller, James Stewart and Marc Vlessing are considered to be independent directors by the Board. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 24.

In accordance with Company policy, all of the Directors are offering themselves for re-election at the next AGM.

Full Board meetings take place quarterly and the Board meets more regularly to address specific issues including considering recommendations from the Investment Manager and reviews, periodically, the terms of engagement of all third party advisers (including the Investment Manager and Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 29 February 2012.

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
	held	attended	held	attended	held	attended
Marc Vlessing	4	4	1	1	1	1
Natasha Christie-Miller	3	3	–	–	–	–
Nicholas Lewis	1	1	1	1	1	1
Malcolm Moss	4	4	1	1	1	–
James Stewart	4	4	1	1	1	1

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

The Board has not appointed a nomination committee as it considers itself to be small and it comprises wholly non-executive directors. Appointments of new directors are dealt with by the full Board.

Board performance evaluation

An evaluation of the performance of the Board, each of its committees and of the non-executive directors was conducted using a series of questionnaires. A broad range of standard topics was covered including the programme of regular Board or Committee business, Board behaviours and strategy. Different questions

are used for assessing the skills and contributions of each of the Chairman and non-executive directors. The survey will be updated each year including the approach to risk, Board training and Directors' ability to provide effective challenge.

The Board considered whether to introduce an external facilitator to manage the evaluation. However, it concluded that the Company Secretary was well placed to devise updated questions that are relevant and appropriate to the Company and that, having attended Board and Committee meetings throughout the year, he and the Chairman would also understand and ensure a full and frank discussion around any concerns raised. The Chairman has reviewed the results of the questionnaire and followed up relevant matters with each Director. The outcome of the 2012 Board review has confirmed that the Directors consider the Board to have a good balance of skills and to be working well.

Remuneration Committee

The Board has appointed a remuneration committee comprising of all Directors and chaired by Marc Vlessing. The committee generally meets once a year and at other times as required and has specific terms of reference in order to fulfil its duties in respect of matters relating to remuneration.

Audit Committee

The Company has an audit committee comprising James Stewart as Chairman, Natasha Christie-Miller and Marc Vlessing. This Committee has defined terms of reference and duties. The Committee met once during the year with all members being in attendance. Each of the members of the Audit Committee has recent and relevant financial experience as evidenced by their biographies on page 24.

The Audit Committee is responsible for reviewing the annual accounts and normally will also review the half yearly accounts. It is also responsible for reviewing the terms of appointment of the Auditor, together with their remuneration, as well as reviewing the effectiveness of the Company's internal control and risk management systems.

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken to ensure that auditor objectivity and independence is safeguarded. During the year, in addition to the audit, PKF (UK) LLP provided corporation tax compliance services on behalf of the Company. The Committee considers that PKF (UK) LLP is well placed to provide this service given the knowledge gained from the work undertaken during the audit of the Company.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation, the audit feedback documentation and from correspondence and discussions with the engagement partner of PKF (UK) LLP. Based on the assurance obtained, the Committee is satisfied with the performance of the current Auditor and recommends to Shareholders that they be re-appointed as Auditor for the forthcoming year.

The Committee reviewed the internal financial controls and concluded that they were still appropriate to the Company. They also considered the need for an internal audit function and concluded that this function would not be an appropriate control for a venture capital trust.

As the Company has had no staff, other than the Directors, there are no procedures in place in respect of C3.4 of the UK Corporate Governance Code.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major shareholders if so requested. A shareholder presentation for all the ProVen VCTs is also held each year and Shareholders are invited to attend.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Administration Manager or the Investment Manager collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the Audit and Remuneration Committees and terms and conditions of appointment of non-executive directors are available to Shareholders upon request.

Financial reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Directors' Report on pages 30 and 31 and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 39.

Internal control

The Board has adopted an Internal Control Manual ("Manual") for which they are responsible, which has been compiled to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls in place to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and it reviews the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year. The Board did not undertake a formal review of the Manual during the year but has reviewed it since the year end.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to the following advisers:

Investment Management	Beringea LLP
Administration	Downing LLP

Share capital

The rights and obligations attaching to the Company's shares, including the power of the Company to buy back shares and details of any significant shareholders, are set out in the Chairman's Statement on pages 7 and 8 and the Directors' Report on page 30 respectively.

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 Chairman's Statement on page 6, the Investment Manager's Review on page 9, and the Directors' Report and Business Review on page 25. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 44, the Cash Flow Statement on page 45 and the Directors' Report on page 27. In addition, note 18 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources both at the year end and at the date of this report, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Compliance statement

The Listing Rules require the Board to report on compliance with the fifty-two UK Corporate Governance Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 29 February 2012 with the provisions set out in Section 1 of the UK Corporate Governance Code:

- a. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than at the Annual General Meeting. (B.4.1, B.4.2,E.1.1)
- b. The Directors do not have service contracts in place (B.2.3). The Directors have agreed letters of appointment in place with a three month notice period
- c. Due to the size of the Board, the Company does not have a formal nomination committee. Relevant matters were dealt with by the full Board. (B.2.1)
- d. As the Company has had no staff, other than Directors, there are no procedures in place relating to whistleblowing. (C.3.4)
- e. Due to the size of the Company, the Audit Committee has concluded that an internal audit function is not appropriate. (C.3.5)

By order of the Board

Grant Whitehouse

Secretary

39 Earlham Street

London WC2H 9LT

25 June 2012

Directors' Remuneration Report

The Board and Remuneration Committee have prepared this report in accordance with the requirements of the Companies Act 2006. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 21 August 2012.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on pages 39 and 40.

Remuneration Committee

The Remuneration Committee comprises all members of the Board and is chaired by Marc Vlessing.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £100,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time-to-time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.
- The Directors shall be entitled to be repaid all reasonable travel, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or of Committees of the Board or General Meetings and if in the opinion of the Directors, it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time-to-time determine.

Directors' remuneration, as shown in the following table, is set at a level designed to reflect the time commitment and high level responsibility borne by the non-executive directors and should be broadly comparable with that paid by similar companies.

Directors' agreements

Each of the Directors has an agreed letter of appointment whereby they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive Director. A three month rolling notice applies.

Directors' remuneration (audited)

Directors' remuneration for the year under review was as follows:

	Year ended 29 Feb 2012 £'000	Year ended 28 Feb 2011 £'000
Marc Vlessing (Chairman from 24 August 2010)	30.0	25.2
Andrew Davison (former Chairman, resigned 24 August 2010)	–	9.5
Natasha Christie-Miller (Director from 24 August 2011)	11.6	–
Nicholas Lewis (former Director, resigned 24 August 2011)	10.9	19.0
Malcolm Moss	15.0	15.0
James Stewart	22.5	21.3
	90.0	90.0

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The remuneration levels for the forthcoming year are expected to be at the following rates:

	Annual Rate £'000
Marc Vlessing (Chairman)	30.0
Natasha Christie-Miller	22.5
James Stewart	22.5
Malcolm Moss	15.0
	90.0

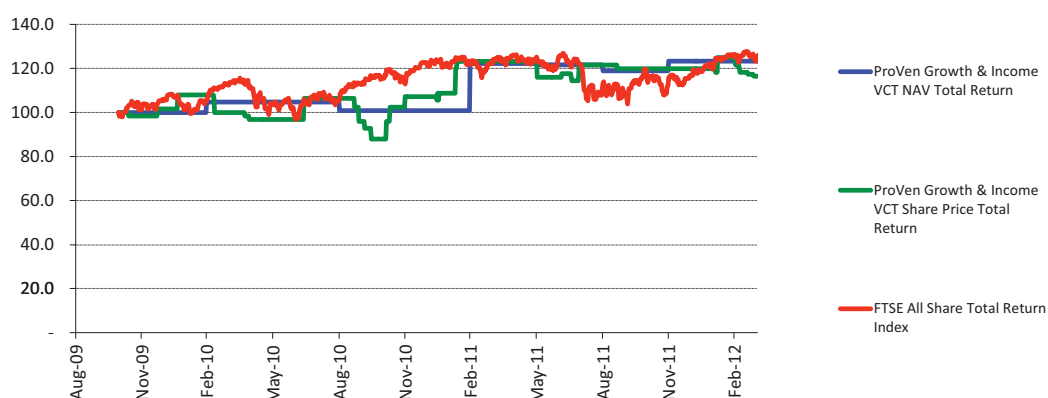
Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

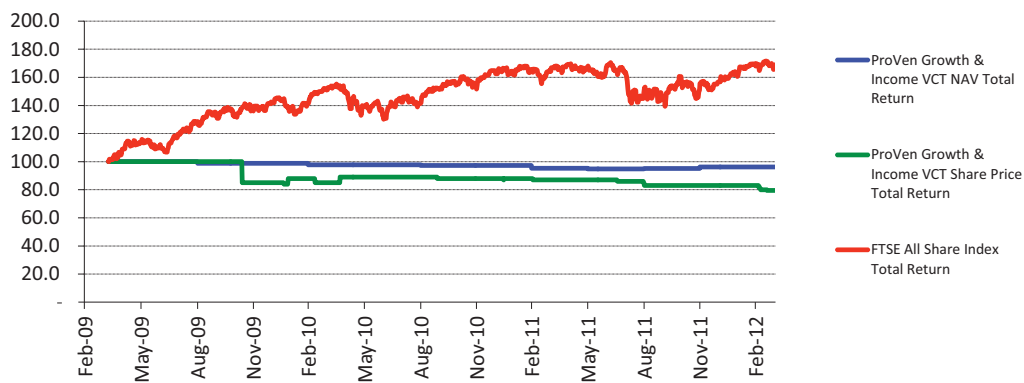
Performance graph

The charts below represent the Company's Ordinary Share and 'D' Share performance over the reporting periods since share conversion or launch of the respective share classes. The charts compare the Net Asset Value Total Return and the Share Price Total Return to a rebased FTSE All Share Index Total Return (source: FTSE International Limited). Net Asset Value Total Return is calculated as Net Asset Value plus dividends reinvested in the Company at the Net Asset Value prevailing at the date the dividends were paid. Share Price Total Return is calculated in a similar way, but reinvesting dividends at the mid-market share price at the date dividends are paid. The FTSE All Share Index is not considered to be a benchmark for the Company but has been selected as it is considered to be the most relevant publicly available index. All series have been rebased to 100 at the relevant launch dates.

Ordinary Share performance chart



'D' Share performance chart



By order of the Board

Grant Whitehouse
 Company Secretary
 39 Earlham Street
 London WC2H 9LT

25 June 2012

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

We have audited the financial statements of ProVen Growth & Income VCT plc for the year ended 29 February 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 February 2012 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

- the information given in the Statement of Corporate Governance set out on pages 32 to 35 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 34, in relation to going concern; and
- the part of the Statement of Corporate Governance relating to the Company's compliance with the nine provisions of the the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

Rhodri Whitlock (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

25 June 2012

Income Statement

for the year ended 29 February 2012

Company

	Note	Year ended 29 February 2012			Year ended 28 February 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	663	–	663	517	–	517
Gains on investments	9	–	236	236	–	2,919	2,919
		663	236	899	517	2,919	3,436
Investment management fees	3	(179)	(539)	(718)	(132)	(393)	(525)
Other expenses	4	(322)	–	(322)	(261)	–	(261)
(Loss)/return on ordinary activities before tax		162	(303)	(141)	124	2,526	2,650
Tax on ordinary activities	6	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders		162	(303)	(141)	124	2,526	2,650
Basic and diluted return/ (loss) per share:							
Ordinary Share	8	0.6p	(0.2p)	0.4p	0.7p	11.2p	11.9p
'D' Share	8	(0.5p)	(2.7p)	(3.2p)	(0.6p)	(2.5p)	(3.1p)

All revenue and capital items in the statements on page 42 and above derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company, prepared in accordance with the accounting policies detailed in note 1 to the financial statements. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by The Association of Investment Companies.

A Statement of Total Recognised Gains and Losses relating to each class of share has not been prepared as all gains and losses are recognised in the relevant Income Statements in the current and prior year as shown on page 42 and above.

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between the return as stated on page 42 and above and at historical cost.

The accompanying notes are an integral part of these financial statements.

Split as: Ordinary Shares

	Year ended 29 February 2012			Year ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	585	–	585	466	–	466
Gains on investments	–	350	350	–	3,009	3,009
	585	350	935	466	3,009	3,475
Investment management fees	(143)	(427)	(570)	(94)	(281)	(375)
Other expenses	(243)	–	(243)	(199)	–	(199)
Return/(loss) on ordinary activities before tax	199	(77)	122	173	2,728	2,901
Tax on ordinary activities	–	–	–	–	–	–
Return/(loss) attributable to equity shareholders	199	(77)	122	173	2,728	2,901

'D' Shares

	Year ended 29 February 2012			Year ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	78	–	78	51	–	51
Losses on investments	–	(114)	(114)	–	(90)	(90)
	78	(114)	(36)	51	(90)	(39)
Investment management fees	(36)	(112)	(148)	(38)	(112)	(150)
Other expenses	(79)	–	(79)	(62)	–	(62)
Loss on ordinary activities before tax	(37)	(226)	(263)	(49)	(202)	(251)
Tax on ordinary activities	–	–	–	–	–	–
Loss attributable to equity shareholders	(37)	(226)	(263)	(49)	(202)	(251)

The accompanying notes are an integral part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 29 February 2012

	Note	Year ended 29 February 2012			Year ended 28 February 2011		
		Ordinary Shares £'000	'D' Shares £'000	Total £'000	Ordinary Shares £'000	'D' Shares £'000	Total £'000
Opening shareholders' funds		20,799	7,442	28,241	17,561	5,099	22,660
Issue of shares		10,020	–	10,020	737	2,800	3,537
Share issue costs		(549)	–	(549)	(41)	(154)	(195)
Purchase of own shares		(612)	(28)	(640)	(359)	(52)	(411)
Distributions	7	(1,547)	–	(1,547)	–	–	–
Total recognised gains/(losses) for the year		122	(263)	(141)	2,901	(251)	2,650
Closing shareholders' funds		28,233	7,151	35,384	20,799	7,442	28,241

The accompanying notes are an integral part of these financial statements.

Balance Sheet

as at 29 February 2012

	Note	29 February 2012			28 February 2011		
		Ordinary Shares £'000	'D' Shares £'000	Total £'000	Ordinary Shares £'000	'D' Shares £'000	Total £'000
Fixed assets							
Investments	9	15,168	2,453	17,621	14,865	1,956	16,821
Current assets							
Debtors	10	1,189	19	1,208	345	16	361
Current investments	11	1,250	1,250	2,500	1,250	1,250	2,500
Cash at bank and in hand		10,897	3,505	14,402	5,851	4,282	10,133
		13,336	4,774	18,110	7,446	5,548	12,994
Creditors: amounts falling due within one year	12	(271)	(76)	(347)	(1,512)	(62)	(1,574)
Net current assets		13,065	4,698	17,763	5,934	5,486	11,420
Total assets less current liabilities/ Net assets		28,233	7,151	35,384	20,799	7,442	28,241
Capital and reserves							
Called up share capital	13	556	82	638	390	82	472
Capital redemption reserve	14	965	1	966	952	1	953
Share premium	14	9,973	7,785	17,758	681	7,785	8,466
Special reserve	14	14,513	–	14,513	15,940	–	15,940
Capital reserve – realised	14	1,752	(293)	1,459	2,860	(181)	2,679
Revaluation reserve	14	818	(204)	614	347	(90)	257
Revenue reserve	14	(344)	(220)	(564)	(371)	(155)	(526)
Total equity shareholders' funds		28,233	7,151	35,384	20,799	7,442	28,241
Basic and diluted net asset value per share	15	82.2p	86.8p		86.4p	90.0p	

The financial statements on pages 41 to 57 were approved and authorised for issue by the Board of Directors on 25 June 2012 and were signed on its behalf by:

Marc Vlessing

Chairman

ProVen Growth & Income VCT plc

Company number: 4125326

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement

for the year ended 29 February 2012

	Note	Year ended 29 February 2012			Year ended 28 February 2011		
		Ordinary Shares £'000	'D' Shares £'000	Total £'000	Ordinary Shares £'000	'D' Shares £'000	Total £'000
Net cash (outflow)/inflow from operating activities	16	(1,510)	(139)	(1,649)	850	(23)	827
Capital expenditure							
Purchase of investments		(2,904)	(610)	(3,514)	(1,014)	(2,047)	(3,061)
Sale of investments		2,019	–	2,019	4,429	–	4,429
Net cash (outflow)/inflow from capital expenditure		(885)	(610)	(1,495)	3,415	(2,047)	1,368
Equity dividends paid		(1,547)	–	(1,547)	–	–	–
Net cash (outflow)/inflow before financing		(3,942)	(749)	(4,691)	4,265	(2,070)	2,195
Financing							
Proceeds from share issue		10,020	–	10,020	737	2,800	3,537
Share issue costs		(549)	–	(549)	(41)	(154)	(195)
Purchase of own shares		(483)	(28)	(511)	(359)	(52)	(411)
Net cash inflow/(outflow) from financing		8,988	(28)	8,960	337	2,594	2,931
Increase/(decrease) in cash	17	5,046	(777)	4,269	4,602	524	5,126

The accompanying notes are an integral part of these financial statements.

Notes to the Accounts

for the year ended 29 February 2012

1 Accounting policies

Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice (“UK GAAP”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” revised January 2009 (“SORP”).

The financial statements are prepared under the historical cost convention except for certain financial instruments measured at fair value.

The Company implements new Financial Reporting Standards (“FRS”) issued by the Accounting Standards Board when required.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Statement of Corporate Governance on page 34.

Presentation of Income Statement

In order to better reflect the activities of an investment company and, in accordance with guidance issued 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 net revenue is the measure the Directors believe appropriate in assessing the Company’s compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Fixed assets investments

Investments are designated as “fair value through profit or loss” assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company’s documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (“IPEV Guidelines”) together with FRS26 - Financial Instruments: Recognition and Measurement.

Publicly traded investments are measured using bid prices in accordance with the IPEV Guidelines.

The valuation methodologies used by the Directors for assessing the fair value of unquoted investments are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Fixed asset investments are derecognised when the contractual rights to the cashflows from the asset expire or it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

Where an investee company has gone into receivership or liquidation, or there is little likelihood of a recovery from a company in administration, the loss on the investment, although not physically disposed of, is treated as being realised.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item.

It is not the Company's policy to exercise significant influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Current asset investments

Current asset investments, which comprise investments in liquidity funds with AAA rating, are held at fair value through profit and loss and are marked-to-market. These assets are purchased and redeemed under a contract and the assets are recognised and derecognised on the trade date. These assets are initially measured at cost and subsequently valued at fair value, being the closing price of the fund as issued by the provider.

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date or, where no ex-dividend date is established, when the Company's right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investments.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition of an investment are deducted from the Capital Account;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the investment management fee has been allocated 25% to revenue and 75% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Taxation

The tax effects of different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a venture capital trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Other debtors and other creditors

Other debtors (including accrued income), other creditors and loan notes are included within the accounts at amortised cost.

Share issue costs

Expenses in relation to share issues are deducted from the Share Premium Account upon allotment of shares.

2 Income

	2012 £'000	2011 £'000
Income from investments		
Loan stock interest	480	406
Dividend income	27	51
Liquidity fund interest	19	14
	526	471
Other income		
Deposit interest	136	46
Other income	1	–
	663	517

The Directors consider that the Company has one class of business and that all its activities arise in the United Kingdom.

3 Investment management fees

	2012 £'000	2011 £'000
Investment management fees	718	525

The Company has an agreement with Beringea LLP for the provision of investment management services in respect of its portfolio of venture capital investments which is terminable with one year's written notice. The management fee is based upon an annual amount of 2.0% of net assets. The annual running costs of the Company, excluding performance fees and trail commission, are subject to a cap at 3.6% of the Company's net assets.

4 Other expenses

	2012 £'000	2011 £'000
Administration services	52	49
Directors' remuneration	90	100
Social security costs and irrecoverable VAT on Directors' remuneration	11	1
Trail commission	74	33
Auditor's remuneration for audit of Company's annual accounts	19	19
Auditor's remuneration for non-audit services (taxation)	4	–
Other expenses	72	59
	322	261

5 Directors' remuneration

Details of remuneration of the Directors (excluding employers' NI and VAT) can be found in the Directors' Remuneration Report on pages 36 and 37.

The Company had no employees other than the Directors during either year. Costs in respect of Directors are disclosed in note 4.

6 Taxation on ordinary activities

	2012 £'000	2011 £'000
(a) Tax charge for year		
Current year		
UK corporation tax (charged to the revenue account)	–	–
Charged to capital expenses	–	–
Charge for year	–	–
(b) Factors affecting tax charge for the year		
Return on ordinary activities before tax	(141)	2,650
Tax charge calculated on operating profit at the applicable rate of 26% (2011: 21%)	(37)	557
Effects of:		
UK dividend income	(7)	(11)
Gains on investments	(62)	(613)
Expenses disallowed for tax purposes	19	7
Excess management fees	87	60
	–	–

(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £1,955,000 (2011: £1,624,000). A deferred tax asset of £488,000 (2011: £341,000) has not been recognised due to the fact that it is unlikely the excess management fees will be set off in the foreseeable future.

7 Dividends

	Pence	Year ended 29 February 2012			Year ended 28 February 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends Paid in year							
2012 Interim (paid 29/07/2011)	4.5	172	1,375	1,547	–	–	–
		172	1,375	1,547	–	–	–

The Company is proposing to pay a final dividend of 4.5p per Ordinary Share for the year ended 29 February 2012, of which 0.5p is revenue and 4.0p is capital, on 31 August 2012. It is estimated that the aggregate amount of the dividend will be £1,545,000 based on the Ordinary Shares in issue at the date of this report.

8 Basic and diluted return per share

	Year ended 29 February 2012		Year ended 28 February 2011	
	Ordinary Shares	'D' Shares	Ordinary Shares	'D' Shares
Revenue return per share based on:				
Net revenue after taxation (£'000)	199	(37)	173	(49)
Weighted average number of shares in issue	33,425,600	8,246,968	24,319,643	7,970,999
Pence per share	0.6p	(0.5p)	0.7p	(0.6p)
Capital return/(loss) per share based on:				
Net capital gain/(loss) for the financial year (£'000)	(77)	(226)	2,728	(202)
Weighted average number of shares in issue	33,425,600	8,246,968	24,319,643	7,970,999
Pence per share	(0.2p)	(2.7p)	11.2p	(2.5p)

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both basic and diluted return per share.

9 Investments

"Fair value through profit or loss" assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 March 2011	1,070	15,495	16,565
Unrealised gains/(losses)/(impairments) at 1 March 2011	(779)	1,035	256
Opening fair value at 1 March 2011	291	16,530	16,821
Movement in year			
Purchases at cost	–	3,514	3,514
Sales - proceeds	(112)	(2,838)	(2,950)
- realised gain/(losses) on sales	4	258	262
Gains/(losses) in the income statement	(56)	30	(26)
Closing fair value at 29 February 2012	127	17,494	17,621
Closing cost at 29 February 2012	620	16,387	17,007
Unrealised gains/(losses)/(impairments) at 29 February 2012	(493)	1,107	614
Closing fair value at 29 February 2012	127	17,494	17,621

The basis of valuation was changed for a number of investments held throughout the year. The combined effect of these changes was an uplift of £79,000 in the valuation of the Ordinary Share pool and a reduction of £30,000 in the valuation of the 'D' Share pool, relative to the prior year. Significant valuation changes in the Ordinary Share pool include the following: the valuation of Campden Media (29 February 2012 valuation £776,000, uplift of £79,000) was changed from a price of recent investment basis to an earnings multiple basis. Significant valuation changes in the 'D' Share pool include the following: the valuation of Monica Vinader (29 February 2012 valuation £315,000, uplift of £177,000) was changed from a price of recent investment basis to a revenue multiple basis; the valuation of Speed-Trap (29 February 2012 valuation £180,000, decrease of £114,000) was changed from a price of recent investment basis to a price of recent investment with provision basis; the valuation of Senselogix (29 February 2012 valuation £nil, decrease of £138,000) was changed from a price of recent investment basis to a full provision basis. The Directors consider these changes were necessary to enable a better assessment of the fair value of the relevant investments.

An analysis of venture capital investments between Ordinary and 'D' Shares classes is set out in the review of the investments on pages 13 to 23.

10 Debtors

	2012 £'000	2011 £'000
Other debtors	1,111	306
Prepayments and accrued Income	97	55
	1,208	361

Other debtors includes monies due from the sale of investments.

11 Current investments

“Fair value through profit and loss” assets

	2012 £'000	2011 £'000
BlackRock Liquidity Fund (formerly BGI Sterling Liquidity First Fund)	1,250	1,250
Insight Liquidity Fund	1,250	1,250
	2,500	2,500

12 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Unallotted share capital	–	1,279
Corporation tax	4	4
Other taxes and social security	4	–
Accruals and deferred income	339	291
	347	1,574

13 Called up share capital

	2012 £'000	2011 £'000
Issued, allotted, called up and fully-paid:		
34,341,341 (2011: 24,068,108) Ordinary shares of 1.6187p each	556	390
8,236,814 (2011: 8,269,911) 'D' shares of 1p each	82	82
	638	472

Management of capital

The Company's capital is managed in accordance with its investment policy as shown in the Director's Report, in pursuit of its principal investment objectives as stated on page 4. There has been no significant change in the objectives, policies or processes for managing capital from the previous year.

By its nature, the Company has an amount of capital, at least 70% (as measured under tax legislation) of which must be invested, and retained, in the relatively high risk asset class of small UK companies broadly within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon the changing capital structure, the Company may adjust the amount of dividends paid to Shareholders, purchase its own shares, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern. Although the Company is permitted to borrow to give a degree of flexibility, there are no current plans to do so.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The Company does not have any externally imposed capital requirements.

The Company has the authority to buy back shares as described in the Directors' Report.

During the year, the Company repurchased 823,563 Ordinary Shares of 1.6187p each (“Ordinary Shares”) with an aggregate nominal value of £13,331 and for an aggregate consideration of £612,355, being an average price of 74.0p per Ordinary Share, and representing 3.4% of the issued Ordinary Share capital. These shares were subsequently cancelled.

During the year, 10,489,428 Ordinary Shares were issued at 90.6p per share, 172,212 Ordinary Shares were issued at 86.3p per share and 435,156 Ordinary Shares were issued at 84.4p per share all pursuant to the offer for subscription and prospectus dated 10 December 2010. The aggregate nominal value of the shares was £179,000 and the aggregate consideration for the shares was £10,020,000, which includes issue costs of £549,000.

During the year, the Company repurchased 33,097 'D' shares of 1p each (“D' Shares”) with an aggregate nominal value of £331 and for an aggregate consideration of £28,520, being an average price of 85.7p per 'D' Share, and representing 0.4% of the issued 'D' Share capital. These shares were subsequently cancelled.

14 Reserves

	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Capital reserve - realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2011	953	8,466	15,940	2,679	257	(526)	27,769
Purchase of own shares	13	–	(612)	–	–	(28)	(627)
Issue of new shares	–	9,292	–	–	–	–	9,292
Expenses capitalised	–	–	–	(539)	–	–	(539)
Gains on investments	–	–	–	262	(26)	–	236
Retained revenue	–	–	–	–	–	162	162
Distributions paid	–	–	–	(1,375)	–	(172)	(1,547)
Transfer between reserves	–	–	(815)	432	383	–	–
At 29 February 2012	966	17,758	14,513	1,459	614	(564)	34,746

Split between:

Ordinary Shares

At 1 March 2011	952	681	15,940	2,860	347	(371)	20,409
Purchase of own shares	13	–	(612)	–	–	–	(599)
Issue of new shares	–	9,292	–	–	–	–	9,292
Expenses capitalised	–	–	–	(427)	–	–	(427)
Gains on investments	–	–	–	262	88	–	350
Retained revenue	–	–	–	–	–	199	199
Distributions paid	–	–	–	(1,375)	–	(172)	(1,547)
Transfer between reserves	–	–	(815)	432	383	–	–
At 29 February 2012	965	9,973	14,513	1,752	818	(344)	27,677

'D' Shares

At 1 March 2011	1	7,785	–	(181)	(90)	(155)	7,360
Purchase of own shares	–	–	–	–	–	(28)	(28)
Expenses capitalised	–	–	–	(112)	–	–	(112)
Losses on investments	–	–	–	–	(114)	–	(114)
Retained revenue	–	–	–	–	–	(37)	(37)
At 29 February 2012	1	7,785	–	(293)	(204)	(220)	7,069

The special reserve is a distributable reserve that allows the Company to make market purchases of its own shares and to pay distributions. The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. The distributable reserves are reduced by losses of £2,971,000 which are included in the revaluation reserve. Reserves available for distribution therefore amount to £12,437,000.

15 Basic and diluted net asset value per share

	Shares in Issue		2012 Net asset value		2011 Net asset value	
	2012	2011	pence per share	£'000	pence per share	£'000
Ordinary Shares	34,341,341	24,068,108	82.2p	28,233	86.4p	20,799
'D' Shares	8,236,814	8,269,911	86.8p	7,151	90.0p	7,442
				35,384		28,241

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset per share. The net asset value per share disclosed therefore represents both basic and diluted return per share.

16 Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2012			2011		
	Ordinary Shares £'000	'D' Shares £'000	Total £0'00	Ordinary Shares/ 'C' Shares £'000	'D' Shares £'000	Total £0'00
Return on ordinary activities before tax	122	(263)	(141)	2,901	(251)	2,650
(Gains)/losses on investments	(350)	114	(236)	(3,009)	90	(2,919)
(Increase)/decrease in prepayments, accrued income and other debtors	(41)	(4)	(45)	34	574	608
(Decrease)/increase in accruals and other creditors	(1,241)	14	(1,227)	924	(436)	488
Net cash (outflow)/inflow from operating activities	(1,510)	(139)	(1,649)	850	(23)	827

17 Reconciliation of net cash flow to movement in net funds

	2012 £'000	2011 £'000
Beginning of year	10,133	5,007
Net cash inflow for the year	4,269	5,126
End of year	14,402	10,133

18 Financial instruments

The Company's financial instruments comprise investments held at fair value through the profit and loss, being equity and loan stock investments in quoted companies and unquoted companies and liquidity funds; loans and receivables (being cash deposits and short term debtors); and financial liabilities (being creditors arising from its operations). The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

Principal risks and management objectives

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Market risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below:

Market risks

As a VCT, the Company is exposed to market risks in the form of potential losses and gains that may arise on the investments it holds. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Market risk is also mitigated by holding a portfolio diversified across several business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Market price risk; and
- Interest rate risk.

Market price risk

Market price risk arises from uncertainty about the future prices and valuations of financial instruments. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and through changes in the fair value of unquoted investments.

At 29 February 2012, the AIM-quoted portfolio was valued at £127,000 (2011: £291,000).

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 10% movement in the share price of all of the AIM-quoted stocks held by the Company would have an effect as follows:

25% movement in AIM-quoted stocks

	Impact on net assets £'000	2012 Impact on NAV per share pence	Impact on net assets £'000	2011 Impact on NAV per share pence
Ordinary Shares	32	0.1p	73	0.3p
'D' Shares	–	–	–	–

At 29 February 2012, the unquoted portfolio was valued at £17,494,000 (2011: £16,530,000).

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a fall in share prices generally would impact on the valuation of the unquoted portfolio. A 10% movement in the valuations of all of the unquoted investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations

	Impact on net assets £'000	2012 Impact on NAV per share pence	Impact on net assets £'000	2011 Impact on NAV per share pence
Ordinary Shares	1,504	4.4p	1,457	6.1p
'D' Shares	245	3.0p	196	2.4p

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares, preference shares and loan stocks) held by the Company produces an overall movement of 10%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

Interest rate risk

The Company is exposed to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan stock and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's financial instruments is shown below.

There are three categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and Preference Shares.

- “Floating rate” assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments.
- “No interest rate” assets do not attract interest and comprise equity investments, certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2012 £'000	2011 £'000
Fixed rate	6.6%	1,105 days	8,153	6,150
Floating rate	0.6%	1,421 days	17,291	13,609
No interest rate			9,940	8,482
			35,384	28,241

The Company monitors the level of income received from fixed, floating and no interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular should this be required to ensure compliance with the VCT regulations.

Based on the assumption that the yield of all floating rate financial instruments would change by an amount equal to the movement in prevailing interest rates, it is estimated that an increase of 1% in interest rates would have increased total return before taxation for the year by £180,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is not believed that a reduction from this level is likely.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors. Credit risk relating to loan stock investee companies is considered to be part of market risk.

The Company is exposed to credit risk as follows:

	2012 £'000	2011 £'000
Investments in liquidity funds	2,500	2,500
Investments in loan stocks	8,542	8,339
Cash and cash equivalents	14,402	10,133
Interest, dividends and other receivables	152	214
	25,596	21,186

Credit risk in respect of loan stock of £8,542,000 is partially mitigated by registering floating charges over the assets of the respective investee companies. The strength of this security in each case is dependent on the nature of the investee companies' business and its identifiable assets. Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

Credit risk in respect of investments in liquidity funds is minimised by investing in AAA-rated funds.

Cash is mainly held by Bank of Scotland plc and Royal Bank of Scotland plc, both of which are A-rated financial institutions and both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company maintains a relatively low level of creditors (£347,000 at 29 February 2012) and has no borrowings. Also,

liquidity funds and some quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as required. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the loan notes, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

The carrying value of loan stock investments at 29 February 2012 as analysed by expected maturity date is as follows:

As at 29 February 2012

	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
Fully performing loan stock	445	1,709	2,005	1,832	1,812	7,803
Past due loan stock	81	131	132	263	132	739
	526	1,840	2,137	2,095	1,944	8,542
As at 28 February 2011						
Fully performing loan stock	81	374	3,476	3,604	804	8,339
Past due loan stock	–	–	–	–	–	–
	81	374	3,476	3,604	804	8,339

Of the loan stock classified as "past due" above, £81,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date giving rise to the classification of the loan notes as past due falls within the banding of no later than one year past due. Notwithstanding that the principal has passed its maturity date, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as "past due" above, £658,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is thus in arrears. As at the balance sheet date, the interest giving rise to the classification of the loan notes as past due fell within the banding of 18 to 24 months. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Fair Value of Financial Instruments

Fair value measurements recognised in the balance sheet

Investments are valued at fair value as determined using the measurement policies described in note 1. The carrying value of financial assets and liabilities recorded at amortised cost, which includes short term debtors and creditors, is considered by Directors to be equivalent to their fair value.

The Company has categorised its financial instruments that are measured subsequent to initial recognition at fair value using the fair value hierarchy as follows:

- Level 1 Reflects financial instruments quoted in an active market (liquidity fund investments, investments listed on the Main Market and investments quoted on AIM);
- Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly (no such investments currently held); and
- Level 3 Reflects financial instruments that have prices that are not based on observable market data (unquoted equity investments and loan note investments).

	2012				2011			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	127	–	–	127	291	–	–	291
Loan notes	–	–	8,542	8,542	–	–	8,339	8,339
Preference shares	–	–	1,625	1,625	–	–	–	–
Unquoted equity	–	–	7,327	7,327	–	–	8,191	8,191
Liquidity fund	2,500	–	–	2,500	2,500	–	–	2,500
	2,627	–	17,494	20,121	2,791	–	16,530	19,321

During the year to February 2012 a holding of 19,000 unquoted loan notes, costing £40,000, were converted at par into unquoted shares. There were no transfers between levels during the year (2011: none).

Reconciliation of fair value for Level 3 financial instruments held at the year end:

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 28 February 2011	8,339	8,191	16,530
Movements in the income statement:			
Unrealised gains in the income statement	(200)	230	30
(Losses)/gains in the income statement	(24)	282	258
	8,115	8,703	16,818
Purchases at cost	2,243	1,271	3,514
Sales proceeds	(1,776)	(1,062)	(2,838)
Loan stock converted to shares	(40)	40	–
Balance at 29 February 2012	8,542	8,952	17,494

FRS 29 requires disclosure to be made if changing one or more of the assumptions used in valuing investments would result in a significant change in the fair value of the investments. The portfolio has been reviewed and both downside and upside alternative assumptions identified. These result in an overall increase of £395,000 (Ordinary Share pool - £378,000 and 'D' Share pool - £17,000) to the value of the unquoted investments for an upside scenario and an overall decrease of £216,000 (Ordinary Share pool – £55,000 and 'D' Share pool - £161,000) to the value of the unquoted investments for a downside scenario.

19 Contingencies, guarantees and financial commitments

The Company had guaranteed bank borrowings of one of its investments, Donatantonio Limited, amounting to £225,000. A third party had provided a guarantee to the Company amounting to £112,500 in respect of the above guarantee. This guarantee was discharged on 1 March 2012.

The Company has no contingent liabilities, guarantees and financial commitments at the year end.

20 Controlling party and related party transactions

In the opinion of the Directors there is no immediate or ultimate controlling party.

Beringea LLP, of which Malcolm Moss is a partner, acted as promoter for the Ordinary Share offer launched in December 2010. Beringea LLP received 5.5% of the gross proceeds of the offer, out of which it paid the costs of the offer including initial commissions. The fees in the year amounted £549,000. No issue costs were due or outstanding at the year end.

Beringea LLP was also the investment manager during the year. The total fees relating to this service amounted to £718,000 (2011: £525,000) (all inclusive of VAT), of which £187,000 (2011: £150,000) was outstanding at the year end.

Nicholas Lewis, a former Director who served during the year, is a partner of Downing LLP, which provides administration services to the Company. During the year, £52,000 (2011: £49,000) (inclusive of VAT) was due to Downing LLP in respect of these services, of which £13,000 (2011: £12,000) remained outstanding at the year end.

Shareholder Information

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half Yearly Financial Statements and Interim Management Statements can be found on the Investment Manager's website:

www.provenvcts.co.uk

Dividend history, links to Company announcements and other financial information can be found on Downing's website at **www.downing.co.uk**. Shareholders can also check details of their shareholdings using Capita Registrar's website at **www.capitaregistrars.com**, by clicking on "Shareholders".

Dividends

Dividends are paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose (forms can be downloaded from www.capitaregistrars.com). Queries relating to dividends and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0324 (calls cost 10p per minute plus network extras), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Share prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes:

	Ordinary Shares	'D' Shares
TIDM/EPIC code	"PGOO"	"PGOD"
Latest share price (22 June 2012):	63.25p per share	80.0p per share

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange via a stockbroker. Shareholders who invested in the Company in the 2008/2009 tax year and subsequent tax years should be aware that they need to hold their shares for a minimum period of time to retain the income tax relief they received on investment. Selling your shares may have tax consequences, therefore, you should contact your independent financial adviser if you have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available in the market. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. Downing LLP is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown on page 60 of this document.

Financial calendar

21 August 2012 Annual General Meeting
October 2012 Announcement of half-year results

Unsolicited communication with Shareholders

We are aware of cases of shareholders in VCTs having received unsolicited phone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that the Company, Beringea or the Company's Registrar, Capita Registrars, would make unsolicited telephone calls or send e-mails to Shareholders. Shareholders can, however, expect official documentation in connection with the Company and may receive details of investment activity and new VCT offers from the Investment Manager. Furthermore, please be assured that the Company limits access to the Company's share register by third parties to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected telephone call or correspondence about which you have concerns, please contact Grant Whitehouse, the Company Secretary, on 020 7416 7780.

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

Company Information

Directors

Marc Vlessing (Chairman)

Natasha Christie-Miller

Malcolm Moss

James Stewart

all of:

39 Earlham Street

London WC2H 9LT

Investment manager

Beringea LLP

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.com

Registrars

Capita Registrars

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Tel: 0871 664 0324

(calls cost 10p per minute plus network extras)

www.capitaregistrars.com

Auditor

PKF (UK) LLP

Farringdon Place

20 Farringdon Road

London EC1M 3AP

Solicitors

Howard Kennedy

19 Cavendish Square

London W1A 2AW

Company number

4125326

Company Secretary

Grant Whitehouse

39 Earlham Street

London WC2H 9LT

Registered office

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

Administration manager

Downing LLP

10 Lower Grosvenor Place

London SW1W 0EN

Tel: 020 7416 7780

www.downing.co.uk

VCT status adviser

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

Bankers

Bank of Scotland

33 Old Broad Street

London EC2N 1HZ

Royal Bank of Scotland

London Victoria Branch

119/121 Victoria Street

London SW1E 6RA

Notice of the Annual General Meeting of ProVen Growth & Income VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen Growth & Income VCT plc will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 2:30 p.m. on 21 August 2012 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 29 February 2012, together with the report of the auditors thereon.
2. To approve the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 4.5p per Ordinary Share.
4. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Marc Vlessing, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
6. To re-elect as director, Malcolm Moss, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
7. To re-elect as director, James Stewart, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
8. To re-elect as Director, Natasha Christie-Miller, who retires in accordance with the Company's policy and, being eligible, offers herself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolutions

9. That the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to allot Ordinary Shares up to a maximum nominal amount of £404,675 (representing approximately 73% of the Ordinary Share capital in issue at today's date). This authority to expire at the later of the conclusion of the Company's Annual General Meeting next following the passing of this resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the Company in general meeting but so that such authority allows the Company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).
10. That pursuant to article 151(1) of the Company's articles of association, the Directors be and are hereby authorised to offer holders of shares in the Company the right to receive shares pursuant to the Company's dividend reinvestment scheme, credited as fully paid, instead of cash in respect of the whole (or some part to be determined by the Board) of all or any dividend declared in the period commencing on the date of this resolution and ending, subject to the passing of resolution 15 below, on either the fifth anniversary of this resolution or, if resolution 15 is not passed, the date of the Company's next annual general meeting.
11. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company in connection with a dividend reinvestment scheme during the period commencing on the passing of this resolution and expiring on the fifth anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), 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 after such expiry and that all previous authorities given to the Directors be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

Special Resolutions

12. To empower the Directors pursuant to Section 570(1) 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 referred to in resolution 9 as if Section 561(1) of the Act did not apply to any such allotments and so that:

- (a) reference to allotment in this resolution shall be construed in accordance with Section 94 of the said Act; and
- (b) the power conferred by this resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power; and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

13. That, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares and 'D' Shares provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 5,116,345 representing approximately 14.9% of the present issued Ordinary Share capital of the Company, and the maximum number of 'D' Shares hereby authorised to be purchased is 1,226,704 representing approximately 14.9% of the present issued 'D' Share capital of the Company;
- (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 1.6187p and 'D' Share is 1p being the nominal amount thereof;
- (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares and 'D' Shares shall be an amount equal to 5 per cent. above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
- (iv) the Company may make a contract to purchase its own Ordinary Shares or 'D' Shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own Ordinary Shares or 'D' Shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

14. That the Directors be and are hereby empowered in accordance with section 570(1) of the Act during the period commencing on the passing of this resolution and expiring on the fifth anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 (i) of the Act) for cash pursuant to the general authority conferred upon the Directors in resolution 10 above as if section 561(i) of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with a dividend reinvestment scheme but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

15. That article 151(1) of the Company's articles of association be amended to delete the words "date of the Annual General Meeting next following" and substituting the words "fifth anniversary of" therefore.

By order of the Board

Grant Whitehouse

Company Secretary

Registered Office: 39 Earlham Street, London WC2H 9LT

25 June 2012

Appendix to Resolution 10

Rules of the Dividend Reinvestment Scheme

1. Shareholders on the register of members at the close of business on the relevant record date may elect to receive Shares, credited as fully paid, instead of receiving the dividend in cash for the relevant financial period (“the full cash dividend”). The election may only be made by Shareholders in respect of the whole (and not part only) of their shareholdings and shall, subject to Condition 7, operate as a mandate in respect of all subsequent dividends unless and until the Shareholder gives notice to terminate his or her participation in the Scheme in accordance with the terms of the Scheme.
2. Shareholders may only join the Scheme in respect of any class of Shares if all dividends on all Shares in the Company registered in their name, of whatever share class, are mandated to the Scheme. The number of Shares held by such Shareholder (a “Participating Shareholder”) which are mandated to the Scheme shall be altered immediately following any change to the number of Shares in respect of which such Shareholder is the registered holder as entered onto the register of members of the Company from time to time.
3. The Company shall invest the monies held within the Scheme (being dividends paid on Shares by, or on behalf of, Participating Shareholders) in the subscription of Shares of the same class in the Company. The Company shall not have the discretion to vary such investments and Shareholders may not instruct the Company or the Scheme Administrator to make any other investments.
4. (a) On or as soon as practicable after a day on which any dividend is paid to Shareholders (a “Reinvestment Day”), the funds held by the Company on behalf of each Participating Shareholder shall be applied on behalf of that Shareholder in the subscription for the maximum number of Shares as can be acquired with those funds. (b) The number of Shares issued to a Participating Shareholder pursuant to condition 4(a) above shall be calculated by dividing the aggregate value of the dividends paid on the Shares to which the Participating Shareholder is entitled by the greater of (i) the most recently announced unaudited net asset value per Share, less the amount of the dividend and any related performance incentive (unless accounted for in the most recently announced net asset value per Share); and (ii) the nominal value per Share. (c) No fractions of Shares will be issued under the Scheme and subject to condition 4(d) below the election may only be made by Shareholders in respect of the whole and not part of their shareholdings. Any balance of cash remaining with the Company after the subscription shall be held by the Company on behalf of the Participating Shareholder to whom it relates and added to the cash available in respect of that Shareholder for the subscription of the relevant class of Shares on the next relevant Reinvestment Day. No interest shall accrue or be payable by the Company in favour of any Shareholder on any such cash balances. (d) The Scheme involves the reinvestment of the whole dividend paid on each shareholding each time a dividend is paid by the Company, together with any cash residue brought forward from the previous dividend. Partial reinvestment of dividends is only permitted by nominees, who need to lodge a Mandate Form for each Reinvestment Day quoting the number of Shares in respect of which their election is made. Shareholders will remain in the Scheme so that all future dividends will be reinvested in the same way, until they give notice in writing to the Scheme Administrator that they wish to terminate their participation in the Scheme.
5. The Scheme Administrator shall on the relevant Reinvestment Day take all necessary steps to ensure that the Participating Shareholders are entered onto the share register of the Company as the registered holders of the Shares, issued to them under the Scheme, and that share certificates in respect of such shares issued are posted to the Participating Shareholders at their own risk as soon as is reasonably practical, unless such shares are to be uncertificated.
6. To assist Participating Shareholders with their tax returns, the Scheme Administrator will attach to the new share certificates a Statement of Entitlement, or if shares are held in uncertificated form, a Statement of Entitlement will be sent to a Participating Shareholder separately, detailing the following:- (i) the total dividend payable; (ii) the subscription price per Share; (iii) the number of Shares allotted to a Participating

- Shareholder; (iv) the residual cash balance (if any) representing an entitlement to a fraction of a Share to be carried forward to the next dividend; and (v) the cash equivalent of the Shares issued, together with any such other information as shall be required under the Listing Rules of the Financial Services Authority.
7. Application to join the Scheme can be made at any time by returning a completed Mandate Form. However, Mandate Forms need to have been received by Beringea LLP, 39 Earlham Street, London, WC2H 9LT at least 20 Business Days prior to the payment of a dividend which is to be reinvested. Mandate Forms received after that date shall be effective in relation to any future dividends in respect of which the Directors offer a dividend reinvestment alternative.
 8. If, prior to the day on which the Shares became ex-dividend, a Shareholder has sold all or some of his or her holdings in Shares, the Shareholder should consult his or her stockbroker or agent without delay.
 9. An application will be made to the UK Listing Authority for admission of the Shares issued under the Scheme to the Official List and to the London Stock Exchange plc for admission to trading on the London Stock Exchange plc's main market for listed securities (together "Admission"). On issue, the Shares will rank pari passu in all respects with the existing issued Shares of that class and will rank for future dividends. Subject to Admission, definitive share certificates for the Shares will be posted as soon as practicable following Admission at the risk of the persons entitled to them. Where Shares are issued as uncertificated shares, as soon as practicable following Admission the Company will arrange for the relevant Participating Shareholders' stock accounts in CREST to be credited with their entitlement to Shares and a Statement of Entitlement will be posted to them. Shares will be allotted as and when the Directors determine it appropriate, with Admission and Dealings expected within 10 Business Days of allotment. Share Certificates will not be issued and CREST accounts will not be credited until Admission becomes effective. In the event that Admission does not become effective, Mandate Forms will be disregarded in respect of the dividend and the full cash dividend will be paid as soon as possible in the usual way.
 10. Further copies of this document and/or Mandate Forms may be obtained from Beringea LLP, 39 Earlham Street, London, WC2H 9LT.
 11. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
 12. Each Shareholder applying to participate in the Scheme will be deemed to warrant to the Scheme Administrator and the Company in the Mandate Form that (i) save in the case of a Shareholder holding his Shares as nominee, during the continuance of his or her participation in the Scheme he or she will remain the sole beneficial owner of the Shares mandated to the Scheme free from encumbrances or security interests; and (ii) all information set out in the Mandate Form is correct and, to the extent any of the information changes, he or she will notify the changes to the Scheme Administrator.
 13. Each Participating Shareholder acknowledges that none of the Company, the Scheme Administrator nor Beringea LLP is providing a discretionary manager service. Neither the Scheme Administrator, Beringea LLP or the Company shall be responsible for any loss or damage to Participating Shareholders as a result of their participation in the Scheme unless due to the negligence or default of the Scheme Administrator or the Company (respectively), its servants or agents.
 14. The financial calendar and procedure for future dividends both as to any final and/or interim dividend will be notified in writing to Shareholders and/or published through an RIS.
 15. The Participating Shareholder may at any time, by notice of not less than 20 Business Days prior to the relevant Reinvestment Day to the Scheme Administrator, terminate his or her participation in this Scheme. If a Participating Shareholder shall at any time cease to hold any Shares of a particular class in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme in respect of that class of Shares.
 16. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the Scheme in whole or in part and/or to terminate the Scheme without notice to the Participating Shareholders. Circumstances under which the Directors might suspend or terminate the Scheme include, but are not limited to changes in legislation governing VCTs (including changes in available tax reliefs) and adverse market conditions in the public markets.

17. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham BR3 4TU. Applications to participate in the Scheme will be made by way of Mandate Form in the prescribed form as provided by Beringea LLP or the Scheme Administrator.
18. Subject to the prior agreement of the Scheme Administrator, the Directors shall be entitled to amend the Scheme terms and conditions on giving one month's notice in writing to all Participating Shareholders. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participating Shareholders unless, in the Scheme Administrator's opinion, the change materially affects the interests of Participating Shareholders. Amendments to the Scheme Terms and Conditions which are of a formal, minor or technical nature, or made to correct a manifest error and which do not adversely affect the interests of Participating Shareholders, may be effected without notice.
19. By completing and delivering the Mandate Form provided by the Scheme Administrator, the Participating Shareholder will (i) agree to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to VCTs or other relevant legislation (as the same may be amended from time to time); and (ii) declare that no loan has been made to the Participating Shareholder or any associate, which would not have been made, or not have been made on the same terms but for the Participating Shareholder offering to subscribe for, or acquiring, Shares, and that the Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose of which is the avoidance of tax.
20. Subscriptions for VCT shares only attract tax reliefs if in any tax year subscriptions to all VCTs do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes). Where Shares are held by a nominee as at the relevant record date, that nominee's beneficiary will not be entitled to receive the tax reliefs otherwise available to Participating Shareholders under the Scheme. Participating Shareholders under the Scheme are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any VCT tax reliefs, or such reliefs are reduced or restricted in any way.
21. Dividends on Shares acquired in excess of £200,000 in any tax year will not be exempted from income tax in the same way as Shares acquired within this limit, therefore Participating Shareholders will generally be liable to tax on such dividends.
22. The election to receive Shares in place of the cash dividend is not being offered to, or for the benefit of, any citizen of the United States, Canada or Australia, any corporation, partnership or other entity created or organised in, or under the laws of the United States, Canada or Australia or any political sub-division thereof or with a registered office in any of these countries or any estate or trust, the income of which is subject to United States Federal, or Canadian, or Australian income taxation regardless of its source. "United States" means United States of America (including the District of Columbia). References to the United States, Canada and Australia include their territories, possessions and all areas subject to their jurisdiction. No person receiving a copy of the Circular and/or Mandate Form in any territory other than the United Kingdom may treat it as constituting an invitation to him unless in the relevant territory such an invitation could lawfully be made to him without complying with any registration or other legal requirements.

It is the responsibility of the Shareholder outside the United Kingdom wishing to elect to receive Shares to satisfy himself as to the full observance of the laws of the relevant territory in connection with the offer, including obtaining any governmental or other consents which may be necessary and observing any other formalities requiring to be observed in such territory.
23. The Company shall not be required to issue Shares hereunder if the Directors so decide in their absolute discretion. If the Directors decide not to issue Shares hereunder, the full cash dividend will be paid as soon as possible in the usual way.
24. These Scheme terms and conditions shall be governed by, and construed in accordance with, English law and each Participating Shareholder submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders in any doubt about their tax position should consult their independent adviser.

DEFINITIONS

“the Company”	ProVen Growth and Income VCT plc, registered with the Registrar of Companies of England and Wales with registered number 4125326 and whose registered office is 39 Earlham Street, London WC2H 9LT;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
“Directors”	directors of the Company
“Euroclear”	Euroclear UK and Ireland Limited;
“Listing Rules”	the listing rules of the Financial Services Authority made under section 73A of FSMA;
“Mandate Form”	the form at the end of this document which enables Shareholders to participate in the Dividend Reinvestment Scheme;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“Scheme” or “Dividend Reinvestment Scheme”	the dividend reinvestment scheme the terms and conditions of which are described in this document;
“Scheme Administrator”	Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Shares”	shares in the capital of the Company;
“Shareholders”	holders of the shares in the capital of the Company;
“VCT”	Venture Capital Trust.

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.downing.co.uk.

Note: Please see the notes set out on page 67 and 68 which contain important information about the Annual General Meeting.

Notes for the Notice of Annual General Meeting

Notes

- a. Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member 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 member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- b. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- c. In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
 - by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

- d. Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- e. Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares and 'D' Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (weekends and public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
- f. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 2:30 p.m. on 17 August 2012 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:00 p.m. on 17 August 2012 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- g. As at 9:00 a.m. on 25 June 2012, the Company's issued share capital comprised 34,337,891 Ordinary Shares and 8,232,914 'D' Shares and the total number of voting rights in the Company were 42,570,805. Information on the number of shares and voting rights can be found at www.downing.co.uk.
- h. If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
 - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- i. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- j. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- k. Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.
- l. Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Form of Proxy - ProVen Growth & Income VCT plc

For use at the Annual General Meeting of the above-named Company to be held on 21 August 2012, in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 2:30 p.m.

I/We* _____ (BLOCK CAPITALS please)

of _____

being the holder(s)* of Ordinary Shares/ 'D' Shares in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or _____

of _____

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ on 21 August 2012 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts.
2. To approve the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 4.5p per Ordinary Share.
4. To re-appoint the auditor and authorise the Directors to determine their remuneration.
5. To re-elect Marc Vlessing as a director.
6. To re-elect Malcolm Moss as a director.
7. To re-elect James Stewart as a director.
8. To re-elect Natasha Christie-Miller as a director.

FOR	AGAINST	WITHHELD

SPECIAL BUSINESS

9. To authorise the Directors to allot shares.
10. To adopt the Dividend Reinvestment Scheme.
11. To authorise the Directors to allot Ordinary Shares in connection with the Dividend Reinvestment Scheme.
12. To disapply pre-emption rights.
13. To authorise the Company to make market purchases of its shares.
14. To disapply pre-emption rights in respect of shares allotted pursuant to the Dividend Reinvestment Scheme.
15. To amend article 151(1) of the Company's articles of association with respect to the allotment of shares pursuant to the Dividend Reinvestment Scheme.

Signature(s)

Date



NOTES AND INSTRUCTIONS:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member 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 member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointor. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy, although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.
3. Any alterations to the Form of Proxy should be initialled.
4. To be valid, this Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, and be delivered at the meeting at which the demand is made.
5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.
6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

* Delete as appropriate

