ProVen Growth & Income VCT plc

Annual Report and Accounts
for the year ended 28 February 2013

Managed by
Beringea LLP

Contents

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.

Fund Overview

Financial summary

As at 28 February	2013 pence	2012 pence
Net asset value per Ordinary Share	87.7	82.2
Dividends paid since class launch (originally as 'C' Shares)	18.6	14.1
Total return (net asset value plus dividends paid since 'C' Share class launch)	106.3	96.3
Year on year change in:		
Net asset value per share (adjusted for dividends paid)	7.6%	

Chairman's Statement

I am pleased to present the Annual Report for ProVen Growth and Income VCT plc for the year ended 28 February 2013.

During the year, the Company merged the 'D' Shares into the Ordinary Shares, which has simplified reporting to Shareholders. There has been positive news from the Company's investment portfolio and I am also pleased to report that the Company has today announced proposals to merge with another VCT, which I believe brings benefits for Shareholders.

Net asset value

At 28 February 2013, the Company's Ordinary Share net asset value ("NAV") stood at 87.7p per share. This represents an increase of 10.0p (adjusted for dividends paid in the year) or 12.1% since 29 February 2012. The return for a Shareholder who started the year holding 'D' Shares was an increase of 15.4%.

The total return (NAV plus cumulative dividends paid) for Shareholders who invested in the Company's original Ordinary Share offer in 2001 now stands at 206.7p for an investment of £1 before taking account of any initial income tax relief. Investment performance since original investment for the various groups of Shareholders that now hold Ordinary Shares is summarised on page 56.

Portfolio activity and valuation

The Company has an adequate level of funds available for investment and has seen a good level of investment activity during the year. A total of £6.6 million was invested in three new companies and seven existing companies. There were also several disposals and redemptions of loan stock which generated proceeds of £1.1 million.

The Board reviewed the valuations of the unquoted investments at the year end and made a number of adjustments to the previous carrying values. Net unrealised gains for the year were £3.7 million.

The most significant news from the portfolio has come since the year end when there have been two profitable disposals. Fjordnet was the subject of an acquisition by international consultancy, Accenture, giving rise to a realised gain of £4.2 million on completion and a possible further consideration of up to £0.6 million within the next twelve months. The valuation of the Company's investment in Fjordnet at the year end reflected the value subsequently realised on disposal. The investment in Tossed was sold for a realised gain of £158,000 and this was also reflected in the company's net asset value at the year end.

Further details of investment activity and investments are provided in the Investment Manager's Review and the Review of Investments.

Results and dividends

The total return on ordinary activities for the year was £4.4 million, comprising a £752,000 revenue return and a £3.6 million capital return.

In line with the policy that I set out in my report last year, a dividend of 4p per share will be paid in respect of the year ended 28 February 2013. Based on the NAV of the Ordinary Shares at 29 February 2012, this equates to a yield of 4.9%. The dividend will be paid as an interim dividend on 2 August 2013 to Shareholders on the register at 5 July 2013.

‘D’ Share conversion

On 30 October 2012, the Company’s ‘D’ Shares were converted into Ordinary Shares at the rate of 1.1427 Ordinary Shares per ‘D’ Share.

Former ‘D’ Shareholders will have received new share certificates shortly after the transaction and should note that their original ‘D’ Share certificates are now invalid and should be destroyed.

Fundraising activities and share issues

In January 2013, the Company launched an offer for subscription seeking to raise up to £15 million. All shares in respect of the offer were allotted after the year end. As at the date of this report, the offer had raised gross proceeds of approximately £9.0 million.

The Company allotted 50,565 Ordinary Shares under the Company’s dividend reinvestment scheme in respect of the dividend paid on 31 August 2012. The shares were issued at 78.2p per share.

Enhanced buyback facility

The Company also offered an enhanced buyback facility during the year. This allowed Shareholders who had already held their shares for the required VCT holding period, to sell them back to the Company and reinvest the proceeds in new VCT shares, which are eligible for income tax relief. The Board was pleased with the take up of 4.8 million shares, in respect of which Shareholders have effectively committed to stay invested in the Company for a further five years to maintain the upfront income tax reliefs.

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 952,352 Original Ordinary Shares and 19,300 ‘D’ Shares prior to the consolidation of share classes for cancellation at an average price of 72.6p and 83.3p per share respectively.

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.

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

The Company is pleased to announce that it has recently appointed Panmure Gordon to act as its corporate broker. The Board believes that this should bring a significant benefit in reducing the spread on the Company’s shares and producing more consistent pricing for Shareholders who wish to sell all or part of their holding or investors who are considering purchases in the market. Shareholders who are considering selling their shares may wish to consider contacting Panmure Gordon, prior to any sales. Panmure is able to confirm the price at which they will buy in shares. Contact details are on page 58.

Proposed merger

The Company has today announced proposals to merge with ProVen Health VCT plc. Subject to Shareholder approval, the merger will be effected by a S110 Insolvency Act Scheme of Arrangement under which ProVen Growth and Income VCT plc will acquire the assets and ProVen Health VCT plc, and ProVen Health VCT plc shareholders will be issued new shares in ProVen Growth and Income VCT plc. ProVen Health VCT plc has net assets of £7.6 million. Assuming the merger completes, the increased size of the Company will have benefits in terms of reduced running costs and Shareholders will also have exposure to greater portfolio diversity.

Full details of the proposals are included within a prospectus and circular which has been issued by the Company today. A general meeting to seek approval for the merger proposals is scheduled to take place at 3.00 p.m., after the AGM, on 30 July 2013.

Investment policy amendment

In recent years, returns on cash and cash equivalents held by the Company have been very low. The Board believes that the performance of the Company could be improved if the scope of the investment policy in respect of non-qualifying investments were broadened to include investments in debt and debt-related securities in growth companies.

A proposed amendment to the investment policy has been set out in the circular issued in connection with the proposed merger as described above. Approval for the amendment will be sought at the general meeting on 30 July 2013.

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 30 July 2013.

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

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

In order to give the Board flexibility in considering fundraising options over the next year without necessarily having to incur the costs of preparing an additional shareholder circular, the Board is seeking authority to issue and allot up to 32 million new shares.

Notice of the Annual General Meeting is at the end of this document.

Shareholder event

I would also like to take this opportunity to draw your attention to the Investment Manager's annual Shareholder presentation which will be held at the British Museum, in central London on 22 October 2013, starting at 10.00 a.m. The event has been running for several years and has been well received by Shareholders. It provides attendees 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. A formal invite is being sent separately.

Outlook

The Board is pleased with the progress made by the Company over the last year and, with a significant level of new funds available for investment arising from the current share offer, we expect to see the Company being an active investor over the coming year, albeit in a volatile and competitive environment. Activity has picked up since the year end with the profitable disposals of Fjordnet and Tossed and further investments in Monica Vinader and Utility Exchange Online. The Board has encouraged the strategy of investing in more businesses in the media and digital services sectors and remain confident in the Manager's ability to find good companies in these sectors, then to nurture these investments and eventually exit at a profit. The proposed merger will also create a more diversified portfolio which will reduce risk and also lower running costs as a percentage of shareholder funds. I look forward to updating Shareholders on developments in my statement with the Half Yearly Report to 31 August 2013.

Marc Vlessing
Chairman
27 June 2013

Investment Manager's Review

Introduction

Beringea is a specialist venture capital management company which manages over £300 million in the UK and USA on behalf of a number of clients. In the UK, Beringea has a dedicated investment team managing over £100 million across four VCTs.

ProVen Growth and Income VCT has been managed by Beringea since its inception in 2001. From a modest initial fundraising of £7 million (which coincided with a general economic downturn and decline in VCT fundraising), the Company has grown to almost £50 million in net assets, including funds raised after the year end under the current fundraising. The Company has invested over £35 million in over 50 small and medium sized companies and at 28 February 2013 had investments in 30 companies, at an average investment cost of approximately £900,000.

Review of the year

The Company invested £6.6 million during the year, an increase of 90% on the comparable figure for 29 February 2012, including three investments in companies new to the portfolio and further funding to seven existing portfolio companies. The Company fully realised its investments in two companies during the year and there were partial loan repayments from a further four companies. At 28 February 2013, the Company held investments in 27 unquoted companies and 3 quoted companies at a cost of £21.1 million and a valuation of £26.9 million. In addition, the Company held cash of £11.5 million. As a result of the merger of the Ordinary and 'D' Share classes in October 2012; all Shareholders now have an interest in all portfolio investments.

Following the year end, the Company sold its investments in Fjordnet Limited and Tossed Limited, generating strong returns. Further information is provided below.

Portfolio activity and valuation

Investment activity is summarised on page 10. There were three new businesses to the portfolio: Inskin Media, Cognolink and Skills Matter.

Inskin Media is a UK based company that has developed a range of technologies for the rapidly growing area of online video advertising. The company has established itself as a significant player in the UK market by its ability to provide innovative technology formats which have been proven to drive higher yields for online media owners and strong returns for advertising campaigns.

Cognolink offers a broad range of "expert network" services to private equity firms, hedge funds, asset managers and large consulting businesses. These services assist these clients in their primary research by facilitating consultations with industry experts via one-to-one phone calls, in-person meetings and interactive conference calls.

Skills Matter supports a community of 35,000 software professionals with the learning and sharing of skills, via public/private training courses and conferences. The new funding will be used to provide even more opportunities for its community to collaborate with the world's top technology experts. In addition, the company will now be able to offer work and collaboration space.

Further funding was provided to Fjordnet (partially offset by a loan repayment), Utility Exchange Online, APM Healthcare, Matssoft, Senselogix and Campden Media.

The disposal of Ashford Colour Press and administration/restructuring of Overtis Group (which resulted in the “new” investment in Vigiliant Applications) were concluded prior to the publication of last year’s accounts and therefore included in our report of last year. Since that report, Isango! was sold to tour operator TUI Travel and there were a number of loan repayments.

At 28 February 2013, the venture capital portfolio showed a net unrealised gain across all investments of £3.7 million. It is worth reiterating that the portfolio companies are valued in accordance with established international valuation guidelines. This requires the application of a valuation methodology which gives a “fair value”, the price at which an orderly transaction between a willing buyer and willing seller would take place, to each investment as at the valuation date. This is typically, for established businesses, by reference to comparable quoted companies with similar operations. The actual value can, however, only be established at the point of sale and potential acquirers may place different values on an investment for different reasons such as strategic importance or to complement existing businesses.

There were encouraging performances from a number of companies in the portfolio and this was complemented by broader positive movements in comparable company multiples. Fjordnet and Tossed saw increases in valuation which were crystallised on realisation after the year end. There were uplifts from Campden Media and Matssoft. Espresso and Donatantonio saw modest decreases in valuation. Donatantonio actually repaid significant accumulated loan interest which reduced its value at the valuation date but which contributes to its overall return.

Post year end developments

In May 2013, the investment in Fjordnet was the subject of an acquisition by Accenture Holdings B.V., a subsidiary of Accenture (NYSE: ACN) giving rise to a realised gain of £4.2 million upon completion and possible further consideration of up to £0.6 million within the next twelve months. This continues a list of notable successes in the digital media sector alongside Mergermarket, ILG Digital, Steak Media and Saffron Media.

The healthy eating chain, Tossed, was sold to management in March 2013 generating a return of 36% on the initial investment in three years. A restructuring of Campden Media was also concluded in May 2013 and saw the wealth management arm of the business demerged and purchased by management with backing from an external investor. The VCT now holds an increased equity interest in Campden’s health focused business.

Monica Vinader, the luxury jewellery retailer, continues to progress and a further £400,000 was invested by the Company in May 2013 and, in June 2013, an additional £353,000 was invested in Utility Exchange Online; both investments were to fund continued development. The Company also received proceeds from the partial disposal of Cross Solar PV Limited in May 2013.

Outlook

We continue to be pleased with the overall performance of the venture capital portfolio. The recent profitable exits from Fjordnet and Tossed support our confidence in the portfolio. We are optimistic that further profitable exits, as well exciting new investments, lie ahead although, as befits a venture capital portfolio, the timing of these is uncertain and subject to wider economic conditions.

Beringea LLP
27 June 2013

Investment activity during the year is summarised as follows:

Additions

	Cost £'000
Cognolink Limited	1,732
Inskin Media Limited	1,115
Skills Matter Limited	866
Fjordnet Limited	861
Utility Exchange Online Limited	775
Vigilant Applications Limited*	381
Matssoft Limited	265
APM Healthcare Limited	238
Speed-Trap Holdings Limited	233
Campden Media Limited	83
Senselogix Limited	65
Total	6,614

Disposals

	Cost £'000	Market value at 01/03/12~ £'000	Proceeds £'000	Profit/(loss) vs cost £'000	Realised gain/(loss) £'000
Overtis Group Limited	1,095	–	–	(1,095)	–
Isango! Limited	650	–	23	(627)	23
Fjordnet Limited	310	310	310	–	–
Ashford Colour Press Limited	275	210	289	14	79
Campden Media Limited	83	83	83	–	–
Cross Solar PV Limited*	75	75	75	–	–
Sports Holdings Limited*	10	10	10	–	–
Steak Media Limited**	–	–	17	17	17
Saffron Media Limited**	–	–	291	291	291
	2,498	688	1,098	(1,400)	410

* Non-qualifying investment

** Investment previously disposed of but further proceeds received

~ Adjusted for purchases during the year

Investment Portfolio

as at 28 February 2013

The following investments were held at 28 February 2013:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Fjordnet Limited**	2,226	6,227	3,929	16.2%
Espresso Group Limited**	1,583	2,313	(123)	6.0%
Donatantonio Limited	1,366	2,293	(44)	6.0%
Cognolink Limited	1,732	1,732	–	4.5%
Blis Media Limited**	621	1,439	66	3.7%
Matssoft Limited**	1,140	1,354	213	3.5%
Utility Exchange Online Limited	1,277	1,277	–	3.3%
Charterhouse House Leisure Limited**	1,000	1,177	121	3.1%
Inskin Media Limited	1,115	1,115	–	2.9%
Chess Technologies Limited	900	1,037	(59)	2.7%
	12,960	19,964	4,103	51.9%
Other venture capital investments	8,162	6,929	(376)	18.0%
Total venture capital investments	21,122	26,893	3,727	69.9%
Liquidity funds		–		–
Cash at bank and in hand		11,496		30.1%
Total investments		38,389		100.0%

Other venture capital investments as at 28 February 2013 comprise:

Campden Media Limited, Cross Solar PV Limited, Skills Matter Limited, Eagle-i Music Limited, SPC International Limited, Tossed Limited, Eagle Rock Entertainment Group Limited, APM Healthcare Limited, Monica Vinader Limited, Dianomi Limited, Speed-Trap Holdings Limited, Pilat Media Global plc**, UBC Media Group plc**, Immedia Group plc, Cinergy International Limited, Senselogix Limited, Sports Holdings Limited*, Long Eaton Healthcare Limited, Vigilant Applications Limited* and Baby Innovations S.A. t/a Steribottle*.

* 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, and those included in the disposals on the previous page, with the exclusion of Eagle-i Music Limited and Immedia Group plc, were also held by ProVen VCT plc.

Long Eaton Healthcare Limited, Campden Media Limited, Fjordnet Limited and Cross Solar PV Limited were also held by ProVen Planned Exit VCT plc, of which Beringea LLP is the investment manager.

Long Eaton Healthcare Limited, APM Healthcare Limited, Skills Matter Limited, Cognolink Limited, Inskin Media Limited and Utility Exchange Online Limited were also held by ProVen Health VCT plc, of which Beringea LLP is the investment manager.

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
as at 28 February 2013

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

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, San Francisco and Istanbul. The Companys' investment in Fjordnet was redeemed after the year end.

www.fjordnet.com

Cost:		£2,226,000	**Valuation at 28/02/13:**	£6,227,000
Investment comprises:			**Valuation at 29/02/12:**	£1,748,000
Ordinary shares:		£700,000	**Valuation method:**	Offer price
'A' Ordinary shares:		£275,000		
Preference shares:		£300,000		
'B' Preference shares:		£400,000		
Loan stock:		£551,000		
Audited accounts:	31/12/11	31/12/10	**Dividend income:**	–
Turnover:	£17.8m	£15.3m	**Loan note income:**	£27,000
(Loss)/profit before tax:	(£150,000)	£1.1m	**Proportion of equity held:**	12.6%
Net assets:	£3.6m	£3.9m	**Diluted equity:**	11.4%

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 growing market penetration in the US.

www.espresso.co.uk

Cost:		£1,583,000	**Valuation at 28/02/13:**	£2,313,000
Investment comprises:			**Valuation at 29/02/12:**	£2,435,000
Ordinary shares:		£261,000	**Valuation method:**	Earnings multiple
'A' Ordinary shares:		£220,000		
'B' Ordinary shares:		£2,000		
Loan stock:		£1,100,000		
Audited accounts:	31/07/12	31/07/11	**Dividend income:**	–
Turnover:	£13.5m	£13.3m	**Loan note income:**	£110,000
Loss before tax:	(£638,000)	(£669,000)	**Proportion of equity held:**	7.5%
Net assets:	£5.0m	£5.8m	**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 28/02/13:**	£2,293,000
Investment comprises:			**Valuation at 29/02/12:**	£2,337,000
Ordinary shares:		£17,000	**Valuation method:**	Earnings multiple
'A' Ordinary shares:		£208,000		
Preference shares:		£45,000		
Loan stock:		£1,096,000		
Audited accounts:	31/01/12	31/01/11	**Dividend income:**	–
Turnover:	£22.4m	£18.7m	**Loan note income:**	£507,000
Profit before tax:	£281,000	£87,000	**Proportion of equity held:**	24.1%
Net liabilities:	(£12,000)	(£156,000)	**Diluted equity:**	24.1%

Cognolink Limited

Cognolink offers a broad range of "expert network" services to private equity firms, hedge funds, asset managers and large consulting businesses.

www.cognolink.com

Cost:		£1,732,000	**Valuation at 28/02/13:**	£1,732,000
Investment comprises:			**Valuation at 29/02/12:**	n/a
'A' Ordinary shares:		£866,000	**Valuation method:**	Cost as reviewed for impairment
Preference shares:		£866,000		
Audited accounts:	31/12/11	31/12/10	**Dividend income:**	–
Turnover:	£6.3m	£3.9m	**Loan note income:**	£–
Loss before tax:	(£802,000)	(£1.2m)	**Proportion of equity held:**	7.3%
Net (liabilities)/ assets:	(£594,000)	£171,000	**Diluted equity:**	7.3%

Blis Media Limited

Blis Media is a leading mobile marketing specialist featuring a roster of bluechip 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.

www.blismedia.com

Cost:		£621,000	**Valuation at 28/02/13:**	£1,439,000
Investment comprises:			**Valuation at 29/02/12:**	£1,373,000
Ordinary shares:		£23,000	**Valuation method:**	Revenue multiple
'A' Ordinary shares:		£22,000		
'C' Ordinary shares:		£374,000		
Preference shares:		£101,000		
Loan stock:		£101,000		
Audited accounts:	31/12/12	31/12/11	**Dividend income:**	–
Turnover:	£1.64m	£1.9m	**Loan note income:**	£8,000
(Loss)/profit before tax:	(£409,000)	£108,000	**Proportion of equity held:**	22.1%
Net assets:	£1.0m	£1.4m	**Diluted equity:**	22.1%

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:		£1,140,000	**Valuation at 28/02/13:**	£1,354,000
Investment comprises:			**Valuation at 29/02/12:**	£875,000
Ordinary shares:		£530,000	**Valuation method:**	Earnings multiple
'A' Ordinary shares:		£318,000		
Loan stock:		£292,000		
Audited accounts:	31/12/11	31/12/10	**Dividend income:**	–
Turnover:	Unpublished information		**Loan note income:**	£16,000
Profit before tax:	Unpublished information		**Proportion of equity held:**	13.0%
Net assets:	£1.1m	£219,000	**Diluted equity:**	13.0%

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:		£1,277,000	**Valuation at 28/02/13:**	£1,277,000
Investment comprises:			**Valuation at 29/02/12:**	£502,000
'A' ordinary shares:		£204,000	**Valuation method:**	Cost as reviewed for impairment
'C' ordinary shares:		£245,000		
Loan stock:		£828,000		
Audited accounts:	31/03/12	31/03/11	**Dividend income:**	–
Turnover:	Unpublished information		**Loan note income:**	£59,000
Profit before tax:	Unpublished information		**Proportion of equity held:**	29.4%
Net liabilities:	(£1.2m)	(£1.1m)	**Diluted equity:**	29.4%

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 six 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 28/02/13:**	£1,177,000
Investment comprises:			**Valuation at 29/02/12:**	£1,057,000
Ordinary shares:		£200,000	**Valuation method:**	Earnings multiple
Loan stock:		£800,000		
Audited accounts:	28/02/12	28/02/11	**Dividend income:**	–
Turnover:	£8.0m	£7.7m	**Loan note income:**	£41,000
Loss before tax	(£303,000)	(£677,000)	**Proportion of equity held:**	27.7%
Net liabilities:	(£351,000)	(£48,000)	**Diluted equity:**	20.8%

Inskin Media Limited

Inskin Media is a UK based company that has developed a range of technologies for the rapidly growing area of online video advertising. The company has established itself as a significant player in the UK market by its ability to provide innovative technology formats which have been proven to drive higher yields for online media owners and strong returns for advertising campaigns.

www.inskinmedia.com

Cost:		£1,115,000	**Valuation at 28/02/13:**	£1,115,000
Investment comprises:			**Valuation at 29/02/12:**	n/a
'C' ordinary shares:		£558,000	**Valuation method:**	Cost as reviewed for impairment
Preference shares:		£557,000		
Audited accounts:	31/12/11	31/12/10	**Dividend income:**	–
Turnover:	Unpublished information		**Loan note income:**	–
Profit before tax:	Unpublished information		**Proportion of equity held:**	11.2%
Net liabilities:	(£926,000)	(£687,000)	**Diluted equity:**	11.2%

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

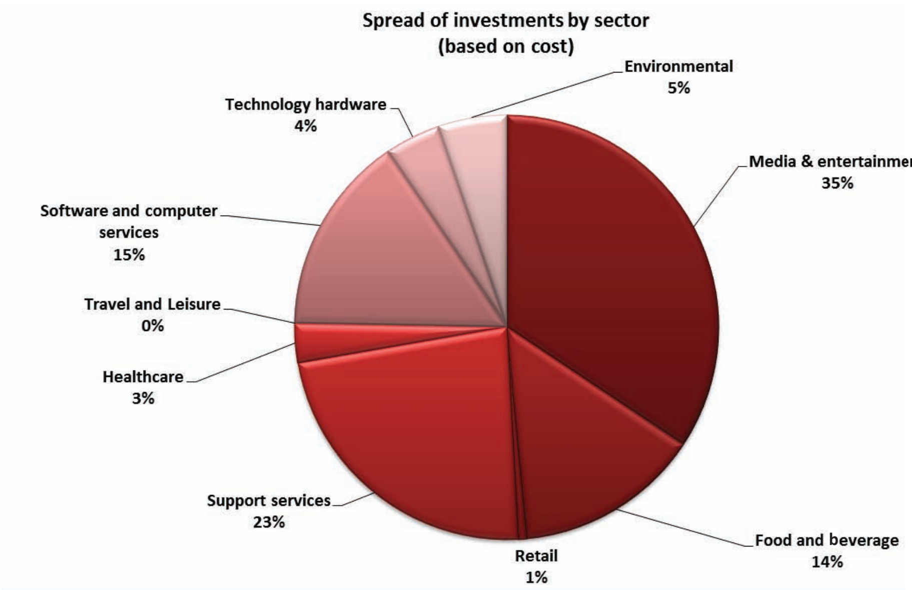
Cost:		£900,000	**Valuation at 28/02/13:**	£1,037,000
Investment comprises:			**Valuation at 29/02/12:**	£1,096,000
Ordinary shares:		£450,000	**Valuation method:**	Earnings multiple
Loan stock:		£450,000		
Audited accounts:	30/04/12	30/04/11	**Dividend income:**	–
Turnover:	£8.3m	£5.0m	**Loan note income:**	£36,000
Profit before tax:	£760,000	£257,000	**Proportion of equity held:**	18.0%
Net assets:	£1.5m	£828,000	**Diluted equity:**	16.6%

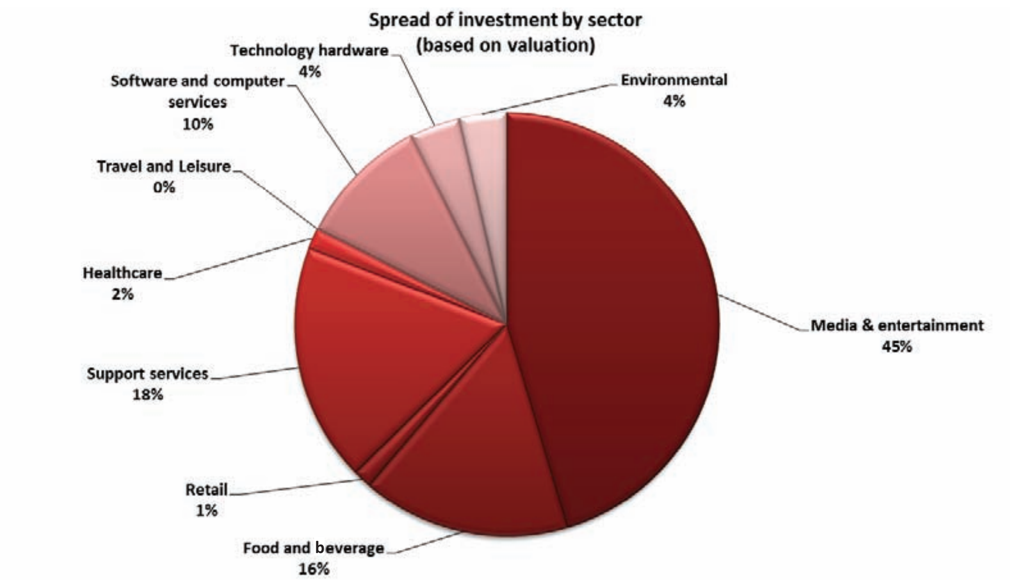
Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio 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 venture capital investments by commercial sector (by value and cost at 28 February 2013) is summarised as follows:





Analysis of investments by investment type

At 28 February 2013, 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	75%
Other investments, including cash at bank and in hand and liquidity funds	25%
Total	100%

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 CEO of 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 20 years. For the last 13 years she has been at EMAP, recently rebranded as 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 independent of the Investment Manager.

Directors' Report and Business Review

The Directors present the Annual Report and Financial Statements of the Company for the year ended 28 February 2013.

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 28 February 2013 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.

Revenue arising from the investments held (including cash at bank and liquidity funds) exceeded the total running costs of the Company by £212,000. The reverse was true in the prior year with running costs exceeding revenue by £377,000. The Ongoing Charges ratio (excluding performance fees and recoverable VAT) in respect of the year ended 28 February 2013, using net assets at the year end, was 2.8% (2012: 2.9%).

Results and distributions

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2013:	4,365	11.1p

During the year ended 28 February 2013, the Company paid a final 2012 dividend of 4.5p per Ordinary Share of which 0.5p was revenue and 4.0p was capital (2012: no dividends were paid by the Company).

The Board is proposing to pay an interim dividend of 4.0p per Ordinary Share for the year ended 28 February 2013. This dividend will be paid on 2 August 2013 to Shareholders on the register at 5 July 2013.

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 29 February 2012 and 28 February 2013 were as follows:

Director		28 Feb 2013	29 Feb 2012
Natasha Christie-Miller	Ords	–	–
Malcolm Moss	Ords	17,674	14,058
	'D' Shares	n/a	3,165
James Stewart	Ords	7,103	7,103
Marc Vlessing	Ords	16,470	11,730
	'D' Shares	n/a	4,148

Between 28 February 2013 and the date of this report, March Vlessing sold 10,852 Ordinary Shares as part of the Enhanced Buyback Facility and was issued with 10,523 Ordinary Shares. On 4 April 2013, Natasha Christie-Miller was allotted 6,058 Ordinary Shares under the Offer for subscription. There were no other movements in Directors' holdings.

In accordance with developments in corporate governance practice, the Board has decided that all Directors will 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 19 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 21 August 2012, 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 £404,675 for Ordinary Shares. The authority to make market purchases was used as described on page 26.

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.

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.

Listing Rules

In accordance with the Listing Rules:

(i) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds;

(ii) the Company must not conduct any trading activity which is significant in the context of the Company; and

(iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 Income Tax Act 2007.

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;

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 £38 million (2012: £35 million). There are no plans to utilise this facility at the current time.

Proposed amendment to Investment Policy

Proposals will be put to Shareholders at a general meeting to be held on 30 July 2013 to broaden the "Other investments" section within the Investment Policy. It is proposed to add "debt and debt-related securities in growth companies" to the list of investments included under "Other investments"

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 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 total fees relating to this service amounted to £688,000 (2012: £718,000) (all inclusive of VAT), of which £175,000 (2012: £187,000) was outstanding at the year end.

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.

Downing LLP provided administration services to the Company for a fee of £45,000 (plus VAT if applicable) per annum.

The annual running costs (excluding any performance fees payable) of the Company, are 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

In relation to the Ordinary Shares issued prior to the 2010/2011 Offer, providing that 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 the exchange of 'C' Shares for Ordinary Shares shall be treated as dividends on the Ordinary Shares. Performance value is calculated as the net asset value per share plus all distributions declared or paid since the shares were first admitted to the Official List.

In relation to the Ordinary Shares issued under the 2010/11 and 2011/12 Offer ('Further Ordinary Shares'), providing that the Company has paid cumulative dividends equal to at least 4% of the weighted average offer price per Further Ordinary Share per annum for the financial years starting 1 March 2014 and the Performance Value per Further Ordinary Share is at least 1.3 times the weighted average offer price per Further Ordinary Share, Beringea is entitled to receive a performance incentive fee equal to 15% of the cumulative dividends paid on the Further Ordinary Shares after 1 March 2014 up to 4% of the weighted average offer price per Further Ordinary Share per annum, plus 20% of the cumulative dividends paid after 1 March 2014 in excess of 4% of the weighted average offer price per Further Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea in relation to the Further Ordinary Shares.

Beringea is entitled to receive performance incentive fees in respect of Ordinary Shares which arose upon the conversion of the Company's 'D' Shares into Ordinary Shares on 29 October 2012 (the "Converted Ordinary 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 Converted Ordinary Shares who subscribed under the 'D' Share prospectuses in aggregate an amount equal to 22.4p per £1 so subscribed; and

(ii) the Total Return per £1 subscribed under the 'D' Share prospectuses is at least 116.4p, 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 2.7 pence per Converted Ordinary Share per annum but less than 5.4 pence per Converted Ordinary 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 5.4 pence per Converted Ordinary Share per annum, less the cumulative amount of any incentive fee previously paid to the Investment Manager.

In relation to the Ordinary Shares issued under the offer which opened on 23 January 2013 (the "New Ordinary Shares"), providing that the Company has paid cumulative dividends equal to at least 4% of the weighted average Offer Price per New Ordinary Share per annum for the financial years starting 1 March 2016 and the performance value per New Ordinary Share is at least 1.3 times the weighted average Offer Price per New Ordinary Share, Beringea is entitled to receive a performance incentive fee equal to 15% of the cumulative dividends paid on the New Ordinary Shares after 1 March 2016 up to 4% of the weighted average Offer Price per New Ordinary Share per annum, plus 20% of the cumulative dividends paid after 1 March 2016 in excess of 4% of the weighted average Offer Price per New Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea in relation to the New 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 exchange.

No performance fees were paid in the year under review (2012: £nil).

VCT status

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

Compliance with the main VCT Regulations as at 28 February 2013 and for the year then ended is summarised as follows:

1.	70% of its investments in qualifying companies:	79.1%
2.	At least 30% of the Company's qualifying investments in "eligible shares":	43.2%
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:	87.0%
6.	No more than 15% of the income from shares and securities is retained:	Complied

Share capital

The Company has one class of shares: ordinary shares of 1.6187p each ("Ordinary Shares").

At the 2012 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 issue up to 5,116,345 Ordinary Shares. At the current date, authority remains for 4,743,443 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 30 July 2013.

The proposals to convert the 'D' Shares into Ordinary Shares to give both groups of Shareholders exposure to a more diversified portfolio and simplify the structure of the Company were approved at the Shareholder meetings on 24 October 2012 and the conversion took place on 30 October 2012. 'D' Shareholders received approximately 1.1427 Ordinary Shares for each 'D' Share previously held. Former 'D' Shareholders should have received new certificates shortly after the conversion. The value of Shareholders' investments in the Company has not changed as a result of the share conversion.

During the year, the Company repurchased shares as follows:

	Number	Aggregate nominal value £'000	Average consideration pence per share	Aggregate consideration £'000	% of issued share capital
Ordinary Shares	952,352	16	72.6	692	2.3%
'D' Shares	19,300	–	83.3	16	0.2%

These shares were subsequently cancelled.

On 30 August 2012 the Company issued 50,656 Ordinary Shares at 78.3p per share, under the terms of its dividend reinvestment scheme. The aggregate nominal value of the shares was £820 and the aggregate consideration for the shares was £40,000.

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 (2012: £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 4).

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 Conduct 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 year.

Auditor

As a result of PKF(UK) LLP entering into a business combination with BDO LLP on 28 March 2013, PKF(UK) LLP resigned as auditor on 21 June 2013 and BDO LLP was appointed to fill the casual vacancy. A resolution to appoint BDO 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 30 July 2013. The Notice of the Annual General Meeting is at the end of this document.

Substantial interests

As at 28 February 2013, and the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued 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.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and business review, 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 Conduct 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.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Investment Manager and Administration Managers' websites in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Directors' responsibilities pursuant to the Disclosure and Transparency Rule 4

Each of the Directors, whose names and functions are listed on page 19, 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.

Corporate governance

The Company's compliance with, and departure from, the Financial Reporting UK Corporate Governance Code (www.frc.org.uk) is shown on page 31.

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 28 February 2013, 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

27 June 2013

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 19.

In accordance with Company policy, all Directors will resign at the forthcoming AGM and, being eligible, offer themselves for re-election.

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 28 February 2013.

Director	Board meetings held	Board meetings attended	Audit Committee meetings held	Audit Committee meetings attended	Remuneration Committee meetings held	Remuneration Committee meetings attended
Marc Vlessing	4	4	2	2	–	–
Natasha Christie-Miller	4	4	2	2	–	–
Malcolm Moss	4	4	2	2	–	–
James Stewart	4	4	2	2	–	–

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 2013 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 Audit Committee is responsible for reviewing the half-year and annual accounts before they are presented to the Board, the terms of appointment of the Auditor, together with their remuneration, as well as a full review of 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 (such services being undertaken by a separate department to the Auditor), to ensure that Auditor objectivity and independence is safeguarded. In addition, the Auditor confirms their independent status on an annual basis.

The Audit Committee met twice during the year. The Committee reviewed the internal financial controls and concluded that they were appropriate. They also considered the need for an internal audit function and concluded that, due to the size of the Company, this would not be an appropriate function.

During the year the Committee discharged its responsibilities by obtaining assurance from their own evaluation of the annual and half yearly reports; the audit feedback documentation and; from correspondence and discussions with the engagement partner of BDO LLP. Based on the assurance obtained, the Committee has recommended, to Shareholders and the Board that BDO LLP, who were appointed as part of a business combination with PKF (UK) LLP detailed on page 25, are appointed as Auditor at the forthcoming AGM.

As the Company has had no staff, other than Directors, there are no procedures in place in respect of C3.4 of the UK Corporate Governance Code, relating to whistleblowing. The Audit Committee understands that the Investment Manager and Administration Manager have whistleblowing procedures in place.

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 the Annual Report and accounts.

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 and Business Review on pages 26 and 27 and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 35.

Internal control

The Board has adopted an Internal Control Manual ("Manual") for which it is 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 reviews a Risk Register on an annual basis. The main aspects of internal control in relation to financial reporting by the Board were as follows:

- Review of quarterly reports from the Investment Manager on the portfolio of investments held, including additions and disposals.
- Quarterly reviews by the Board of the Company's investments, other assets and liabilities, and revenue and expenditure and detailed review of unquoted investment valuations;
- Quarterly reviews by the Board of compliance with the venture capital trust regulations to retain status, including a review of half yearly reports from PwC;
- A separate review of the Annual Report and Half Yearly report by the Audit Committee prior to Board approval; and
- A review by the Board of all financial information prior to publication.

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.

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

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by Downing LLP at www.downing.co.uk.

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 page 6 and the Directors' Report on pages 24 and 25 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 7, the Investment Manager's Review on page 8, and the Directors' Report and Business Review on page 20. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 39, the Cash Flow Statement on page 40 and the Directors' Report and Business Review on page 22. In addition, note 18 and 19 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 28 February 2013 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

27 June 2013

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 30 July 2013.

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 35 and 36.

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 28 Feb 2013 £'000	Year ended 28 Feb 2012 £'000
Marc Vlessing	30.0	30.0
Natasha Christie-Miller	22.5	11.6
Nicholas Lewis (former Director, resigned 24 August 2011)	–	10.9
Malcolm Moss	15.0	15.0
James Stewart	22.5	22.5
	90.0	90.0

The remuneration of Malcolm Moss is paid to Beringea LLP and a portion of the remuneration of Marc Vlessing is paid to Vlessing & Taverne Ltd.

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:

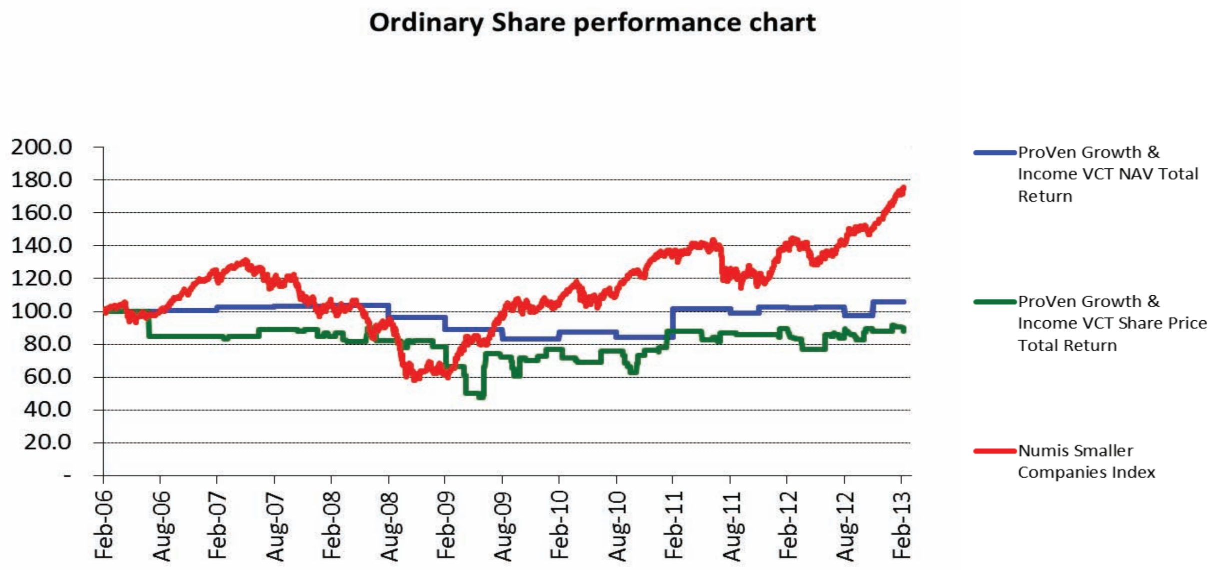
	Annual fee £'000
Marc Vlessing (Chairman)	30.0
Natasha Christie-Miller	22.5
James Stewart	22.5
Malcolm Moss	15.0
	90.0

Insurance cover

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

Performance graph

The chart below represents the Company's Ordinary Share performance over the reporting periods since February 2006 of the share class (originally as the 'C' Share class) and compares the Net Asset Value Total Return and the Share Price Total Return to a rebased Numis Smaller Companies Index (excluding investment companies) ("Numis"). Net Asset Value Total Return is calculated as Net Asset Value plus dividends and/or capital distributions reinvested in the share class at the Net Asset Value prevailing at the date the dividends/distributions 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. Numis is not considered to be a benchmark for the Company but has been selected as an appropriate publicly available broad equity market index. The series has been rebased to 100 at February 2006.



By order of the Board

Grant Whitehouse
Company Secretary
39 Earlham Street
London WC2H 9LT

27 June 2013

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 28 February 2013 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 the preparation of the financial statements 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 Auditors

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

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

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 28 February 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 and Business Review 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 on pages 28 to 31 of the annual report with respect to 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 matters.

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

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

27 June 2013

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

Income Statement

for the year ended 28 February 2013

Company

	Note	Year ended 28 February 2013 Revenue £'000	Capital £'000	Total £'000	Year ended 29 February 2012 Revenue £'000	Capital £'000	Total £'000
Income	2	1,301	–	1,301	663	–	663
Gains on investments	9	–	4,137	4,137	–	236	236
		1,301	4,137	5,438	663	236	899
Investment management fees	3	(172)	(516)	(688)	(179)	(539)	(718)
Other expenses	4	(377)	(8)	(385)	(322)	–	(322)
Return/(loss) on ordinary activities before tax		752	3,613	4,365	162	(303)	(141)
Tax on ordinary activities	6	–	–	–	–	–	–
Return/(loss) attributable to equity shareholders		752	3,613	4,365	162	(303)	(141)
Basic and diluted return/(loss) per share:							
Ordinary Share	8	1.9p	9.2p	11.1p	0.6p	(0.2p)	0.4p
'D' Share	8	n/a	n/a	n/a	(0.5p)	(2.7p)	(3.2p)

All revenue and capital items 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 has not been prepared as all gains and losses are recognised in the Income Statement in the current and prior year.

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

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

Reconciliation of Movements in Shareholders' Funds

for the year ended 28 February 2013

	Note	Year ended 28 February 2013 £'000	Year ended 29 February 2012 £'000
Opening Shareholders' funds		35,384	28,241
Issue of shares		40	10,020
Share issue costs		–	(549)
Movement in share capital to be issued		781	–
Purchase of own shares		(711)	(640)
Distributions	7	(1,520)	(1,547)
Total recognised gains/(losses) for the year		4,365	(141)
Closing Shareholders' funds		38,339	35,384

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

Balance Sheet

as at 28 February 2013

	Note	28 February 2013 £'000	29 February 2012 £'000
Fixed assets			
Investments	9	26,893	17,621
Current assets			
Debtors	10	268	1,208
Current investments	11	–	2,500
Cash at bank and in hand		11,496	14,402
		11,764	18,110
Creditors: amounts falling due within one year	12	(318)	(347)
Net current assets		11,446	17,763
Total assets less current liabilities		38,339	35,384
Capital and reserves			
Called up share capital	13	693	638
Capital redemption reserve	14	982	966
Unallotted share capital	14	781	–
Share premium	14	17,727	17,758
Special reserve	14	11,272	14,513
Capital reserve – realised	14	723	1,459
Revaluation reserve	14	6,142	614
Revenue reserve	14	19	(564)
Total equity shareholders' funds		38,339	35,384
Basic and diluted net asset value per share	15	87.7p	82.2p

The financial statements on pages 37 to 55 were approved and authorised for issue by the Board of Directors on 27 June 2013 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 28 February 2013

	Note	Year ended 28 February 2013 £'000	Year ended 29 February 2012* £'000
Net cash inflow/(outflow) from operating activities	16	42	(370)
Capital expenditure			
Purchase of investments		(5,136)	(3,514)
Sale of investments		1,098	2,019
Net cash outflow from capital expenditure		(4,038)	(1,495)
Equity dividends paid	7	(1,520)	(1,547)
Management of liquid resources			
Purchase of current investments held as liquidity funds		–	–
Withdrawal from liquidity funds		2,500	–
Net cash inflow from liquid resources		2,500	–
Net cash outflow before financing		(3,016)	(3,412)
Financing			
Proceeds from share issue	13	40	10,020
Share issue costs	13	–	(549)
Purchase of own shares	13	(711)	(511)
Unallotted share capital		781	(1,279)
Net cash inflow from financing		110	7,681
(Decrease)/increase in cash	17	(2,906)	4,269

* As restated.

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

Notes to the Accounts
for the year ended 28 February 2013

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 Financial Reporting Council 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 31.

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 the loss in value below costs is considered to be permanent, 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 and transaction costs on acquisition or disposal of the investment are expensed.

In accordance with exemptions under FRS 9, those undertakings in which the company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method.

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.

Deferred taxation, which is not discounted, 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

	2013 £'000	2012 £'000
Income from investments		
Loan stock interest	1,095	480
Dividend income	23	27
Liquidity funds interest	14	19
	1,132	526
Other income		
Deposit interest	169	136
Other income	–	1
	1,301	663

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

	2013 £'000	2012 £'000
Investment management fees	688	718

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

	2013 £'000	2012 £'000
Administration services	45	52
Directors' remuneration	90	90
Social security costs and irrecoverable VAT on Directors' remuneration	10	11
Trail commission	97	74
Auditor's remuneration for audit of Company's annual accounts	17	19
Auditor's remuneration – tax compliance services	6	4
Other expenses	120	72
	385	322

Included within other is £8,000 allocated to capital expenses in respect of arrangement fees in relation to an investment. All other expenses are allocated as revenue costs.

5 Directors' remuneration

Details of remuneration of the Directors (excluding employers' NI and VAT) can be found in the Directors' Remuneration Report on pages 32 and 33.

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

		2013 £'000	2012 £'000
(a)	**Tax charge for the year**		
	Current year		
	UK corporation tax (charged to the revenue account)	–	–
	Charged to capital expenses	–	–
	Charge for the year	–	–
(b)	**Factors affecting tax charge for the year**		
	Return on ordinary activities before tax	4,365	(141)
	Tax charge calculated on operating profit at the applicable rate of 24% (2012: 26%)	1,048	(37)
	Effects of:		
	UK dividend income	(6)	(7)
	Gains on investments	(993)	(62)
	Expenses disallowed for tax purposes	32	19
	Excess management fees	(81)	87
		–	–

(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £1,616,000 (2012: £1,955,000). A deferred tax asset of £372,000 (2012: £488,000) 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

		Year ended 28 February 2013			Year ended 29 February 2012		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary dividends paid in the year							
2012 Final	4.5	169	1,351	1,520	–	–	–
2012 Interim	4.5	–	–	–	172	1,375	1,547
		169	1,351	1,520	172	1,375	1,547
Proposed dividends							
2013 Interim	4.0	600	1,113	1,713	–	–	–
2012 Final	4.5	–	–	–	169	1.351	1,520

8 Basic and diluted return per share

	Year ended 28 February 2013 Ordinary Shares	Year ended 29 February 2012 Ordinary Shares*
Revenue return per share based on:		
Net revenue after taxation (£'000)	752	162
Weighted average number of shares in issue	39,094,427	40,642,846
Pence per share	1.9p	0.4p
Capital return/(loss) per share based on:		
Net capital gain/(loss) for the financial year (£'000)	3,613	(303)
Weighted average number of shares in issue	39,094,427	40,642,846
Pence per share	9.2p	(0.8p)

*rebased in respect of the share consolidation that took place on 30 October 2012.

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 2012	620	16,387	17,007
Unrealised (losses)/(impairments)/gains at 1 March 2012	(493)	1,107	614
Opening fair value at 1 March 2012	127	17,494	17,621
Movement in year			
Purchases at cost	–	6,233	6,233
Sales – proceeds	–	(1,098)	(1,098)
– realised gains/(loss) on sales	–	410	410
Gains/(losses) in the income statement	(3)	3,730	3,727
Closing fair value at 28 February 2013	124	26,769	26,893
Closing cost at 28 February 2013	620	20,502	21,122
Unrealised (losses)/gains at 28 February 2013	(229)	6,372	5,771
Realised losses on investments still held	(267)	(105)	
Closing fair value at 28 February 2013	124	26,769	26,893

The combined effect of a change in the basis of valuation is an uplift of £4,197,000 in the valuation relative to the prior year. The only significant movements are in the valuation of Fjordnet Limited (28 February 2013 valuation £6,227,000 uplift of £3,929,000) was changed from an earnings multiple basis to an offer price basis, Matssoft Limited (28 February 2013 valuation £1,354,000 uplift of £214,000) was changed from a price of recent investment basis to an earnings multiple basis and Eagle-i-Music Limited (28 February 2013 valuation £682,000 decrease of £122,000) was changed from a price of recent investment basis to an earnings multiple basis.

An analysis of venture capital investments is set out in the review of the investments on pages 13 to 17.

10 Debtors

	2013 £'000	2012 £'000
Other debtors	28	1,111
Prepayments and accrued income	240	97
	268	1,208

Other debtors included monies due from the sale of investments at 29 February 2012.

11 Current investments

"Fair value through profit and loss" assets	2013 £'000	2012 £'000
BlackRock Liquidity Fund (formerly BGI Sterling Liquidity First Fund)	–	1,250
Insight Liquidity Fund	–	1,250
	–	2,500

12 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Corporation tax	–	4
Other taxes and social security	4	4
Accruals and deferred income	314	339
	318	347

13 Called up share capital

	2013 £'000	2012 £'000
Issued, allotted, called up and fully paid:		
42,829,594 (2012: 34,341,341) Ordinary shares of 1.6187p each	693	556
Nil (2012: 8,236,814) 'D' shares of 1p each	n/a	82
	693	638

Following Shareholder approval at the AGM and at Shareholder meetings on 24 October 2012 of the proposals to convert the 'D' Shares into Ordinary Shares the conversion took place on 30 October 2012. 'D' Shareholders received approximately 1.1427 Ordinary Shares for each 'D' Share previously held. Former 'D' Shareholders should have received new certificates shortly after conversion. The value of Shareholders' investments in the Company has not changed as a result of the Share conversion.

On 30 August 2012 the Company issued 50,656 Ordinary Shares at 78.3p per share, under the terms of the dividend reinvestment scheme. The aggregate nominal value of the shares was £820 and the aggregate consideration for the shares was £40,000.

During the year, the Company repurchased shares as follows:

	Number	Aggregate nominal value £'000	Average consideration pence per share	Aggregate consideration (net of costs) £'000	% of issued share capital
Ordinary Shares	952,352	16	72.6	692	2.3%
'D' Shares	19,300	–	83.3	16	0.2%

These shares were subsequently cancelled.

14 Reserves

	Capital redemption reserve £'000	Share premium £'000	Unallotted Share capital £'000	Special reserve £'000	Capital reserve-realised £'000	Revaluation reserve £'000	Revenue reserve £'000
At 1 March 2012	966	17,758	–	14,513	1,459	614	(564)
Purchase of own shares	16	–	–	(695)	–	–	(16)
Issue of new shares	–	39	–	–	–	–	–
Bonus issue of shares	–	(70)	–	–	–	–	–
Unalloted Share Capital	–	–	781	–	–	–	–
Expenses capitalised	–	–	–	–	(524)	–	–
Gains on investments	–	–	–	–	410	3,727	–
Retained revenue	–	–	–	–	–	–	752
Distributions paid	–	–	–	–	(1,351)	–	(169)
Transfer between reserves	–	–	–	(2,546)	729	1,801	16
At 28 February 2013	982	17,727	781	11,272	723	6,142	19

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 £1,500,000 which are included in the revaluation reserve. Reserves available for distribution therefore amount to £10,514,000.

15 Basic and diluted net asset value per share

	Shares in Issue		2013 Net asset value		2012 Net asset value	
	2013	2012	pence per share	£'000	pence per share	£'000
Ordinary Shares	42,829,594	34,341,341	87.7p	37,558	82.2p	28,233
'D' Shares	n/a	8,236,814	n/a	n/a	86.8p	7,151
Ordinary share capital to be issued				781		–
				38,339		35,384

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

	2013 Total £'000	2012* Total £'000
Return on ordinary activities before tax	4,365	(141)
(Gains)/losses on investments	(4,137)	(236)
(Increase)/decrease in prepayments, accrued income and other debtors	(157)	(45)
(Decrease)/increase in accruals and other creditors	(29)	52
Net cash (outflow)/inflow from operating activities	42	(370)

*As restated

The operating cashflow has been restated in the prior year to better reflect cash movements in respect of unallotted share capital.

17 Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Beginning of year	14,402	10,133
Net cash inflow for the year	(2,906)	4,269
End of year	11,496	14,402

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.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9 and below.

The fair value of cash deposits and short term debtors and creditors equates to their carrying value in the Balance Sheet.

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 held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

At 28 February 2013, the AIM-quoted portfolio was valued at £124,000 (2012: £127,000).

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 25% 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

	2013 Impact on net assets £'000	2013 Impact on NAV per share £'000	2012 Impact on net assets £'000	2012 Impact on NAV per share Pence
Ordinary Shares	31	0.1p	32	0.1p
'D' Shares	n/a	n/a	–	–

At 28 February 2013, the unquoted portfolio was valued at £26,769,000 (2012: £17,494,000).

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

	2013 Impact on net assets £'000	2013 Impact on NAV per share £'000	2012 Impact on net assets £'000	2012 Impact on NAV per share Pence
Ordinary Shares	2,677	6.3p	1,504	4.4p
'D' Shares	n/a	n/a	245	3.0p

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	2013 £'000	2012 £'000
Fixed rate	8.1%	928 days	8,695	8,153
Floating rate	0.6%		11,884	17,291
No interest rate			17,760	9,940
			38,339	35,384

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 £119,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is believed that a reduction from this level is unlikely.

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:

	2013 £'000	2012 £'000
Investments in liquidity funds	–	2,500
Investments in loan stocks	9,084	8,542
Cash and cash equivalents	11,496	14,402
Interest, dividends and other receivables	256	152
	20,836	25,596

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. In addition the credit risk 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 (£318,000 at 28 February 2013) 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 28 February 2013 as analysed by expected maturity date is as follows:

As at 28 February 2013

	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
As at 28 February 2013						
Fully performing loan stock	2,623	771	718	2,755	413	7,280
Past due loan stock	428	112	225	1,039	–	1,804
	3,051	883	943	3,794	413	9,084
As at 29 February 2012						
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

Of the loan stock classified as "past due" above, £315,000 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.

Of the loan stock classified as "past due" above, £1,489,000 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, £112,500 of the interest giving rise to the classification of the loan notes as past due fell within the banding of less than one year, £112,500 fell within the banding of one to two years, £225,000 fell within the banding of two to three years and £1,039,000 fell within the banding of three to five years. 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).

	2013				2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	124	–	–	124	127	–	–	127
Loan notes	–	–	9,084	9,084	–	–	8,542	8,542
Preference shares	–	–	2,920	2,920	–	–	1,625	1,625
Unquoted equity	–	–	14,765	14,765	–	–	7,327	7,327
Liquidity fund	–	–	–	–	2,500	–	–	2,500
	124	–	26,769	26,893	2,627	–	17,494	20,121

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

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 29 February 2012	8,542	8,952	17,494
Movements in the income statement: Unrealised (losses)/ gains in the income statement	(798)	4,528	3,730
Realised gains in the income statement	308	102	410
	(490)	4,630	4,140
Purchases at cost	2,021	4,212	6,233
Sales proceeds	(989)	(109)	(1,098)
Balance at 28 February 2013	9,084	17,685	26,769

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 £204,000 to the value of the unquoted investments for an upside scenario and an overall decrease of £476,000 to the value of the unquoted investments for a downside scenario.

19 Capital management

The Company's capital is managed in accordance with its investment policy as shown in the Directors' Report and Business Review on page 21, 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 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, purchases of its own shares, issues of 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 and Business Review.

20 Post balance sheet events

Between 4 April 2013 and the date of this report, the Company issued 9,741,612 Ordinary Shares for an aggregate consideration of £8.1million. Share issue costs thereon amounted to £377,000.

On 22 May 2013, Fjordnet Limited was the subject of an acquisition by Accenture, giving rise to possible total realised gain of up to £4.8 million within the next twelve months. On 18 April 2013, the investment in Tossed Limited was sold for a realised gain of £158,000.

As at the date of this report, the Company announced proposals to merge with ProVen Health VCT plc. Subject to shareholder approval, ProVen Growth and Income VCT plc will acquire the assets of ProVen Health VCT plc and ProVen Health VCT plc shareholders will be issued new shares in ProVen Growth and Income VCT plc.

21 Contingencies, guarantees and financial commitments

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

22 Controlling party and related party transactions

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

Shareholder Information

Shareholder Investment and Returns Analysis

The table below shows the investment returns per £1 invested for each fundraising. 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.

Original share class	Tax year	Allotment date(s)	Income tax relief	Net cost with initial income tax relief	Dividends received	Current valuation	Total return
Ordinary	2000/01	All dates	20%	80.0p	152.5p	54.2p	206.7p
Ordinary	2001/02	All dates	20%	80.0p	152.5p	54.2p	206.7p
Ordinary	2007/08	All dates	30%	70.0p	48.1p	51.6p	99.7p
Ordinary	2008/09	All dates	30%	70.0p	48.1p	51.6p	99.7p
Ordinary	2009/10	All dates	30%	70.0p	11.3p	110.3p	121.6p
Ordinary	2010/11	To 28/05/10	30%	70.0p	11.3p	110.3p	121.6p
Ordinary	2010/11	From 29/05/10	30%	70.0p	9.9p	96.8p	106.7p
Ordinary	2011/12	To 02/06/11	30%	70.0p	9.9p	96.8p	106.7p
Ordinary	2010/11	24/08/11	30%	70.0p	5.2p	101.6p	106.8p
Ordinary	2010/11	31/10/11	30%	70.0p	5.3p	103.9p	109.2p
C	2005/06	All	40%	60.0p	18.6p	87.7p	106.3p
D	All	All	30%	70.0p	0.0p	100.2p	100.2p

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 price can be found on various financial websites with the following TIDM/EPIC code:

TIDM/EPIC code	"PGOO"
Latest share price (25 June 2013):	75.25p 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. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure").

Panmure is able to provide details of close periods (when the company is prohibited from buying in shares) and details of the price at which the VCT has bought in shares. Panmure can be contacted as follows:

Chris Lloyd
0207 886 2716 chis.lloyd@panmure.com

Paul Nolan
0207 886 2717 paul.nolan@panmure.com

Financial calendar

30 July 2013	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

Company Secretary
Grant Whitehouse
39 Earlham Street
London WC2H 9LT

Investment manager
Beringea LLP
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820
www.provenvcts.com

Registered office
39 Earlham Street
London WC2H 9LT

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

Administration manager
Downing LLP
10 Lower Grosvenor Place
London SW1W 0EN
Tel: 020 7416 7780
www.downing.co.uk

Auditor
BDO LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

VCT status adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Corporate broker
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

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

Company number
4125326

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 30 July 2013 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 28 February 2013, together with the report of the auditors thereon.
2. To approve the Directors' Remuneration Report.
3. To appoint BDO 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.
4. To re-elect as Director, Marc Vlessing, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
5. 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.
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.

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

Ordinary Resolution

8. THAT, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £517,984 (representing approximately 75% of the Ordinary Share capital in issue at today's date, provided that the authority conferred by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a 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 or rights to be granted after such expiry.

Special Resolutions

9. THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked 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 equity securities to be allotted after such expiry.

10. 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 provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 7,843,099 representing approximately 14.9% of the present issued Ordinary Share capital of the Company;

    (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 1.6187p being the nominal amount thereof;

    (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary 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 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 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.

By order of the Board

Grant Whitehouse
Company Secretary
Registered Office: 39 Earlham Street, London WC2H 9LT

27 June 2013

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 61 and 62 which contain important information about the 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 Beringea LLP, 39 Earlham Street, London WC2H 9LT or electronically at proxy@beringea.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 Beringea LLP, 39 Earlham Street, London WC2H 9LT. 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@beringea.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 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 26 July 2013 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 2.30 p.m. on 26 July 2013 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 27 June 2013, the Company's issued share capital comprised 47,756,789 Ordinary Shares. The total number of voting rights in the Company was 47,756,789. 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.