ProVen Growth & Income VCT plc

Annual Report and Accounts for the year ended 28 February 2014

Managed by
Beringea LLP

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ProVen Growth & Income VCT plc

Principal Investment Objective

The Company's investment objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities and non-qualifying venture capital investments,

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole.

Fund Overview

Financial summary

As at 28 February	**2014 pence**	**2013 pence**
Net asset value per share	85.2	87.7
Dividends paid since class launch (originally as 'C' Shares)	27.1	18.6
Total return (net asset value plus dividends paid since 'C' Share class launch)	112.3	106.3
Year on year change in:		
Net asset value per share (adjusted for dividends paid)	6.8%	

Chairman's Statement

I am pleased to present the Annual Report for ProVen Growth and Income VCT plc (the "Company") for the year ended 28 February 2014. It has been a busy year for the Company, which completed the merger with ProVen Health VCT plc in August 2013 and also achieved a number of profitable exits which resulted in the further growth in total return to Shareholders.

Net asset value

At 28 February 2014, the Company's net asset value ("NAV") stood at 85.2p per share. This represents an increase of 6.0p or 6.8% over the year (after adding back dividends paid in the year).

Total return (NAV plus cumulative dividends paid) for Shareholders who invested in the Company's C Share offer in 2005/2006 now stands at 112.3p for an investment of £1. For Shareholders who invested at the Company's outset in 2000/2001, total return stands at 210.2p. Both values are stated before taking account of any initial income tax relief or making an adjustment for the tax free nature of dividend returns. Investment performance since original investment for the various groups of Shareholders that now hold Ordinary Shares is summarised on page 66.

Merger with ProVen Health VCT plc

As reported previously, the merger with ProVen Health VCT plc completed on 6 August 2013. The merger increased the size of the Company by the addition of some £6.2 million of net assets, which has helped to reduce the burden of fixed running costs for all Shareholders and has increased portfolio diversity.

At the same time as the merger, Shareholder approval was also obtained to expand the scope of the Investment Policy to allow non-qualifying investments in debt and debt related securities of growth companies and to adjust the cap on the aggregate fees and expenses of the Company's Directors in the Articles of Association. Both resolutions were approved by Shareholders at a general meeting on 30 July 2013.

Following the merger, Frank Harding joined the Board as a new non-executive Director. Frank was previously a director of ProVen Health VCT plc and has made a much valued contribution to the Company since his appointment.

Under the Company's Articles of Association, Frank retires from office at the Company's forthcoming Annual General Meeting ("AGM") and, with the successful integration of the ProVen Health VCT portfolio now complete, Frank will not be standing for re-election as a Director. On behalf of the Board, I would like to thank Frank for his contribution to the Company and wish him all the very best for the future.

Portfolio activity and valuation

As mentioned above, the year was notable for a number of significant profitable realisations. At the start of the year, the investments in Fjordnet and Tossed were realised, producing combined gains against original cost of £4.4 million and £162,000 respectively (gains of 180% and 26% respectively). In November, the Company disposed of another major investment, Espresso Group, for £0.9 million in excess of original cost (gain of 56%). There were also further earnout proceeds of £2.1 million in respect of Steak Media, which was realised in the year ended 29 February 2012. Total gains against original cost amounted to £7.6 million. Although a fair proportion of these gains had already been recognised by previous valuation uplifts, there was still a further realised gain for the year of £2.8 million.

Whilst the recovering economy and generally increased levels of corporate activity have, of course, been helpful, the Investment Manager has consistently demonstrated the ability to identify young businesses with scope for strong growth and to work with them to deliver successful exits.

The Company also continued to be an active investor during the year. Two new investments in Pulpitum Limited and Disposable Cubicle Curtains Limited were completed at a cost of £4.6 million, while there were also eight follow on investments totalling £1.9 million.

Within the existing portfolio, there were a number of valuation movements, the majority of which were positive. The most notable was the jewellery brand, Monica Vinader, which continues to make excellent progress and which attracted a further investment of £415,000 from the Company. The valuation was increased by £790,000. Total net unrealised valuation gains for the year were £2.2 million.

Further details of investment activity and investments held 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 £4.2 million, comprising a £59,000 revenue return and a £4.1 million capital return.

The Board is proposing a final dividend of 2.0p per share to be paid on 25 July 2014 to Shareholders on the register at 27 June 2014. This follows the interim dividend of 2.0p per share paid in November 2013 and the special interim dividend of 2.5p per share paid in February 2014. Dividends in respect of the year ended 28 February 2014 will total 6.5p, which equates to 7.4% based on the opening net asset value. This is in line with the Company's stated dividend policy of seeking to pay a target yield of 5% and further dividends when major gains on realisations are achieved.

Fundraising activities

The Company launched an offer for subscription in January 2013, which closed in January 2014, having raised gross proceeds of £11.2 million.

The Company allotted 376,810 shares under the Company's Dividend Reinvestment Scheme ("DRIS") in respect of the dividends paid during the year. The shares were issued at an average of 83.0p per share and I would encourage more Shareholders to make use of this facility in future. The Company also offered an Enhanced Buyback Facility in April 2013, which was well received by Shareholders.

Share buybacks

The Company has a policy of buying in shares that become available in the market at a discount of approximately 5% to the latest published net asset value. The Company retains Panmure Gordon as its corporate broker. Shareholders who are considering selling their shares may wish to contact Panmure Gordon prior to any sales, who will be able to provide details of the price at which the Company is buying shares. Contact details are on page 68 of this report.

Excluding the Enhanced Buyback Facility transactions, the Company purchased 1,216,194 shares during the year at an average price of 76.6p per share and for an aggregate consideration of £932,000. This represents 2.8% of the shares in issue at the start of the year. All the shares were subsequently cancelled.

A special resolution to allow the Board to continue to purchase shares for cancellation will be proposed at the forthcoming Annual General Meeting ("AGM").

Amendment to the Articles of Association

The Company is an evergreen VCT which seeks to provide long-term tax free income to its Shareholders and with no planned wind-up date. The Company regularly undertakes fundraisings, providing new and existing investors with the opportunity to benefit from the upfront VCT tax reliefs as long as they continue to hold their investment for at least five years.

In order to ensure that there is reasonable certainty that new investors will be able to hold their shares for the minimum period necessary to retain the upfront income tax reliefs, the Board is proposing to remove the requirement in the Company's Articles of Association for Shareholders to regularly vote on a resolution for the Company to continue as a venture capital trust. The Directors do not believe that this change will have any significant negative impact on the way the Company is run and it does not prevent the Directors from proposing such a resolution if, at any time in the future, they believe this to be in the best interests of Shareholders. Resolution 12 in the Notice of the AGM proposes this amendment.

Annual General Meeting

The next AGM of the Company will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 9.30 a.m. on 22 July 2014.

Four 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;
- one resolution in respect of share buybacks; and
- one resolution to amend the Articles of Association.

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 approximately £25 million worth of new shares.

Notice of the AGM is at the end of this document.

Performance fee circular

Shareholders will be aware that the existing performance incentive fee arrangements with the Investment Manager, Beringea LLP, have become quite complicated because they have to be amended each time the Company launches a new fundraising. The Board has reviewed the arrangements with Beringea and reached agreement for a simplified version. As the proposed amendments to the arrangements represent a related party transaction, the Company will be issuing a Shareholder circular setting out full details. A General Meeting to consider the proposals will take place at 10.00 a.m. on 22 July 2014, shortly after the AGM. Notice of the General Meeting is included in the Circular.

Shareholder event

Following the success in recent years of the Investment Manager's Annual Shareholder event, another event is being arranged for 2014. This year it will take place on Wednesday 29 October 2014 at 10.30 a.m. at the British Library, 96 Euston Road, London NW1 2DB.

The event will include presentations by several portfolio companies and gives Shareholders the opportunity to meet with the Directors and members of the investment management team.

A formal invitation is being sent to all Shareholders. I recommend that Shareholders who wish to attend respond promptly as there is limited capacity.

Outlook

Following the successful fundraising and the realisations that have taken place over the last year or so, the Company now has substantial funds available to make further investments and the Investment Manager has recruited additional investment executives to its team to manage this growth. Over the next year, new investment activity will be a priority. The Investment Manager reports a strong flow of potential investment opportunities, albeit against a competitive background, and we expect to see a number of these become new portfolio companies over the next 12 months.

Although several of the more mature investments have now been sold, the portfolio still includes a number of investments that offer the prospect of further profitable exits in the coming years, particularly with the general improvement in the economy that we are now seeing.

Through a combination of working with existing portfolio companies and securing quality new investments, the Board is confident that the Investment Manager can continue to deliver solid returns for Shareholders well into the future.

Marc Vlessing
Chairman
19 June 2014

Investment Manager's Review

Introduction

We have pleasure in presenting our annual review for the year ended 28 February 2014.

Review of the year

The year has been marked by notable exits from Fjordnet, Tossed and Espresso Group and the receipt of further significant proceeds in respect of former portfolio company, Steak Media, as part of the earnout agreed on disposal. The realisation of Fjordnet, which generated a four times return on the Company's equity investment, was awarded "VCT Exit of the Year" at the Unquote British Private Equity Awards in October. There were two new investments totalling £4.6 million and eight further investments in existing portfolio companies totalling £1.9 million.

The merger with ProVen Health VCT plc in August resulted in the Company increasing the level of its investment in six existing portfolio companies by a total of £2.2 million, as well as the addition of two new portfolio companies at a total value of £1.3 million and cash of £2.7 million. Four other investments were added at zero value. At the year end, the venture capital portfolio comprised 34 companies at a cost of £24.9 million and a valuation of £28.1 million. In addition, there was cash available for investment of £22.8 million, including funds raised from the Company's recent offer which closed in January 2014.

Portfolio activity and valuation

Investment activity across the portfolio is summarised on pages 11 and 12 and further details on the largest investments by value are provided on pages 15 to 19.

Portfolio realisations, including an estimate of the expected value of proceeds receivable in the future, totalled £13.8 million or 33.5% of the opening net asset value of the Company. The realisations of Fjordnet and Tossed were mentioned in last year's Annual Report having occurred shortly after the February 2013 year end. In November, we were pleased to conclude the sale of Espresso Group to US-based Discovery Education, part of the media giant, Discovery Inc. Espresso's strong market presence as a provider of digital education content to UK primary and secondary schools made it an ideal strategic fit with Discovery Education's US and international operations and generated a return for the Company of £2.5 million. This represented a multiple of three times the cost of the Company's equity investment in Espresso. There were a number of other capital repayments, mainly loan note redemptions and repayments, including Sports Holdings, Cogora Group (formerly Campden Media), SPC International and Cross Solar PV.

The merger of the Company with ProVen Health VCT plc resulted in additional exposure to a number of investments already in the portfolio – APM Healthcare, Cognolink, Inskin Media, Utility Exchange Online, Skills Matter and Long Eaton Healthcare – at a combined transfer valuation of £2.2 million. The remainder of the transfer valuation was in Polytherics (£1.0 million) and Altacor (£256,000). Polytherics is a biotechnology company that applies precision chemistry to develop protein and peptide based drugs. These technologies can extend the duration of action of these drugs so that patients require fewer injections, and can create more efficacious products. In July, Polytherics merged with Antitope, a company which is able to "humanise" antibodies in order to decrease the potential risk of generating unwanted immune responses to drugs. ProVen Growth and Income VCT plc provided further funding of £260,000 in September in support of this merger. Altacor is an ophthalmology pharmaceutical company which develops and markets products directed to the needs of both ophthalmologists and patients. The other ProVen Health VCT plc investments were all transferred at zero value.

Significant new investments were made in Pulpitum (£2.9 million) and Disposable Cubicle Curtains ("DCC") (£1.7 million). Pulpitum is a company established to take advantage of opportunities within the digital sector which has long been a fruitful area of investment for the Company. ProVen VCT, also managed by Beringea, invested an additional £2.1 million. DCC trades under the brand name "All in One Medical" and provides an expanding range of patented, biocide impregnated disposable curtains and blinds for use in hospitals and clinics to help reduce the incidence of hospital acquired infections. The Company's investment, alongside funding of £1.3 million from ProVen VCT, will enable continued growth and development of the business, including investment in the UK based manufacturing operation and an increasing level of exports.

There were further investments in a number of companies including Utility Exchange Online (£613,000) and Monica Vinader (£415,000). There continues to be good progress across a number of the portfolio companies. Cognolink, which provides expert network services to a range of financial institutions, is the largest investment with a valuation of £3.5 million and accounts for 6.7% of the Company's net asset value. The valuations of Blis Media (£1.7 million) and Monica Vinader (£1.6 million) show a significant uplift to cost at 2.7 times and 2.9 times respectively, reflecting continued good progress and further investment from new investors. A number of the smaller holdings in the portfolio are also showing good growth potential.

Post year end developments

Since the year end the Company has completed further investments totalling £5.4 million including three new VCT qualifying investments, one further investment of £250,000 into Charterhouse Leisure and the Company's first non-qualifying debt investment. One AIM investment was exited in full and the Company received further earnout proceeds from Steak Media.

In May the Company concluded investments of £2.4 million in MyOptique Group, £1.44 million in Response Tap and £720,000 in Big Data Partnership.

MyOptique is Europe's leading online eyewear retailer in a market estimated to be worth €25 billion and includes the brands "Glasses Direct" and "Sunglasses Shop". With significant venture capital funding prior to this investment, MyOptique has proven the viability of the online market and, with further funds from the ProVen VCTs and other investors, is well positioned to continue its development.

Response Tap ("RT") is a cloud-based, call analytics solution for companies that seek to improve their conversion of online traffic via telephone sales. Clients use the RT product to improve the effectiveness of their online advertising; in the future, the RT product will also be used to automatically direct customers to the most relevant sales people, thereby further increasing conversion rates.

Big Data Partnership ("BDP") is a professional services/consultancy firm specialising in providing independent advice to corporates in the area of big data analytics. BDP is addressing an attractive, fast growing market sector. Expenditure on information technology products and services in the big data area is predicted to reach $16.1 billion in 2014, growing to $23.8 billion by 2016.

In April, the Company completed its first non-qualifying debt investment, a £600,000 investment in technology company Peerius, as part of a total investment of £1.2 million from Beringea-managed VCTs. Peerius's suite of SMART products allows its retail clients to treat each visitor to their websites as a unique individual. Complex algorithmic software ensures that each customer is offered exactly what they want. This provides a better user experience for the customer and increased sales for Peerius's clients. Clients include leading retailers Arcadia Group, Charles Tyrwhitt, Tommy Hilfiger, notonthehightstreet.com, AO.com, Wickes and Superdry.

In April, the shareholders of AIM quoted Pilat Media Global approved the company's acquisition by Sintec Media, an Israeli company. The offer price of 95.0p per share, together with previous disposals, generated a realised profit of £187,000 on the Company's year end shareholding and an overall return of 3.9 times the Company's total investment.

In May, we received further earnout proceeds of £2.1 million from the previous realisation of Steak Media. This takes the total return from Steak Media to 5.5 times the initial cost of investment.

Outlook

VCTs continue to play an important role in the development of UK small and medium sized companies. The improvement in the UK economy and wider international markets has provided exit opportunities for a number of portfolio companies and has improved confidence amongst entrepreneurs and business managers looking for funding to develop their businesses. As demonstrated by the recent disposals of Fjordnet and Espresso Group, and previous disposals such as Steak Media, the Company is investing in businesses that are attractive to international buyers.

Following the Company's recent successful fundraising, the Company is well placed to provide funding for both existing and new businesses and has a strong pipeline of new deals. In addition, as a mature and established VCT, we expect the existing portfolio to continue to develop and provide further exit opportunities.

Beringea LLP
19 June 2014

Investment Activity

Investment activity during the year is summarised as follows:

Additions

	Cost £'000
Pulpitum Limited	2,900
Disposable Cubicle Curtains Limited	1,730
Utility Exchange Online Limited	613
Monica Vinader Limited	415
Skills Matter Limited	273
Polytherics Limited	260
Cogora Group Limited (previously Campden Media)	166
APM Healthcare Limited	75
Senselogix Limited	61
Speed-Trap Holdings Limited	58
Total	6,551

Acquired as a result of the merger with ProVen Health VCT plc:

APM Healthcare Limited	1,231
Polytherics Limited	1,018
Inskin Media Limited	320
Cognolink Limited	319
Altacor Limited	256
Utility Exchange Online Limited	200
Skills Matter Limited	159
Total	3,503
Grand Total	10,054

Disposals

	Cost £'000	Market value at 01/03/13† £'000	Disposal proceeds £'000	Profit/(loss) against cost £'000	Total realised gain during the year £'000
Fjordnet Limited	2,226	6,227	6,674	4,448	447
Espresso Group Limited	1,583	2,312	2,466	883	154
SPC International Limited	625	625	625	–	–
Tossed Limited	624	786	786	162	–
Cross Solar PV Limited	574	574	574	–	–
Cogora Group Limited (previously Campden Media)	324	324	324	–	–
Immedia Group plc	171	14	34	(137)	20
Donatantonio Limited	66	66	86	20	20
Speed-Trap Holdings Limited	58	58	58	–	–
Sports Holdings Limited	2	2	2	–	–
Isango! Limited	–	–	1	1	1
Steak Media Limited	–	–	2,135	2,135	2,135
Saffron Media Limited	–	–	48	48	48
Total	6,253	10,988	13,813	7,560	2,825

† Adjusted for purchases during the year

Of the investments above, Steak Media Limited, Saffron Media Limited and Isango! Limited were realised in prior periods but received proceeds in the current period in excess of the amounts previously accrued.

Investment Portfolio
as at 28 February 2014

The following investments were held at 28 February 2014:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Cognolink Limited	2,051	3,500	1,449	6.9%
Pulpitum Limited	2,900	2,900	–	5.7%
APM Healthcare Limited	1,731	2,162	430	4.2%
Inskin Media Limited	1,435	2,018	583	4.0%
Utility Exchange Online Limited	2,090	2,002	(88)	3.9%
Charterhouse House Leisure Limited	1,000	1,735	558	3.4%
Disposable Cubicle Curtains Limited	1,730	1,730	–	3.4%
Blis Media Limited	621	1,682	243	3.3%
Monica Vinader Limited	553	1,585	790	3.1%
Donatantonio Limited	1,300	1,398	(829)	2.7%
	15,411	20,712	3,136	40.6%
Other venture capital investments	9,514	7,426	(957)	14.6%
Total venture capital investments	24,925	28,138	2,179	55.2%
Cash at bank and in hand		22,806		44.8%
Total investments		50,944		100.0%

Other venture capital investments as at 28 February 2014 comprise:

Altacor Limited*, Amura Holdings Limited*, Campden Wealth Limited**, Chess Technologies Limited, Cinergy International Limited, Cogora Group Limited, Cross Solar PV Limited, Deltadot Limited, Dianomi Limited, Eagle-i Music Limited, Eagle Rock Entertainment Group Limited*, Long Eaton Healthcare Limited*, Matssoft Limited*, Omni Dental Sciences Limited, Pilat Media Global plc*, Polytherics Limited*, Population Genetics Technologies Limited, Senselogix Limited, Skills Matter Limited*, Speed-Trap Holdings Limited, Sports Holdings Limited**, UBC Media Group plc*, Vigilant Applications Limited** and Steribottle Global Limited**.

* Partially non-qualifying investment
** Non-qualifying investment

With the exception of Pilat Media Global plc and UBC Media 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 Altacor Limited, Amura Holdings Limited, Deltadot Limited, Eagle-i Music Limited, Omni Dental Sciences Limited, Polytherics Limited and Population Genetics Technologies Limited were also held by ProVen VCT plc, of which Beringea LLP is the investment manager.

Blis Media Limited, Cogora Group Limited, Cross Solar PV Limited, Donatantonio Limited, Long Eaton Healthcare Limited, SPC International Limited and Eagle-i Music Limited were also held by ProVen Planned Exit VCT plc, of which Beringea LLP is the investment manager.

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

Review of Investments
as at 28 February 2014

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

Cognolink Limited

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

COGNOLINK

www.cognolink.com

Cost:		£2,051,000	**Valuation at 28/02/14:**	£3,500,000
Investment comprises:			**Valuation at 28/02/13:**	£1,732,000
'A' Ordinary shares:		£1,025,500	**Valuation method:**	Revenue multiple
Preference shares:		£1,025,500		
Audited accounts:	31/12/12	31/12/11	**Dividend income:**	–
Turnover:	£8.7m	£6.3m	**Loan note income:**	–
Loss before tax:	(£655,000)	(£802,000)	**Proportion of equity held:**	8.6%
Net assets/ (liabilities):	£1.6m	(£594,000)	**Diluted equity:**	8.6%

Pulpitum Limited

Pulpitum Limited has been established with the objective of acquiring attractive businesses within the digital sector.

Cost:	£2,900,000	**Valuation at 28/02/14:**	£2,900,000
Investment comprises:		**Valuation at 28/02/13:**	n/a
'A' Ordinary shares:	£1,450,000	**Valuation method:**	Cost
Loan stock:	£1,450,000		
Audited accounts:		**Dividend income:**	–
Turnover:	No accounts prepared	**Loan note income:**	£26,000
Profit before tax:	No accounts prepared	**Proportion of equity held:**	28.4%
Net assets:	No accounts prepared	**Diluted equity:**	28.4%

APM Healthcare Limited

APM Healthcare, through its subsidiary Community Pharmacies (UK) Limited, is aiming to become a prominent niche player in the prescription pharmacy sector. Its premise is simple: to be located in or adjacent to the doctor's surgery.

www.apmhealthcare.co.uk

Cost:		£1,731,000	**Valuation at 28/02/14:**	£2,162,000
Investment comprises:			**Valuation at 28/02/13:**	£425,000
'A' Ordinary shares:		£693,000	**Valuation method:**	Industry valuation benchmark
Loan stock:		£1,038,000		
Audited accounts:	31/03/13	31/03/12	**Dividend income:**	–
Turnover:	£213,000	£119,000	**Loan note income:**	£41,000
Loss before tax:	(£40,000)	n/a	**Proportion of equity held:**	31.9%
Net assets:	£486,000	£231,000	**Diluted equity:**	31.9%

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.

iNSKiN MEDiA

www.inskinmedia.com

Cost:		£1,435,000	**Valuation at 28/02/14:**	£2,018,000
Investment comprises:			**Valuation at 28/02/13:**	£1,115,000
'C' Ordinary shares:		£717,500	**Valuation method:**	Revenue multiple
Preference shares:		£717,500		
Audited accounts:	31/12/12	31/12/11	**Dividend income:**	–
Turnover:	Unpublished information		**Loan note income:**	–
Profit before tax:	Unpublished information		**Proportion of equity held:**	14.4%
Net assets/ (liabilities)	£1.3m	(£926,000)	**Diluted equity:**	14.4%

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:		£2,090,000	**Valuation at 28/02/14:**	£2,002,000
Investment comprises:			**Valuation at 28/02/13:**	£1,277,000
'A' Ordinary shares:		£204,000	**Valuation method:**	Revenue multiple
'C' Ordinary shares:		£304,000		
'D' Ordinary shares:		£26,000		
Loan stock:		£1,556,000		
Audited accounts:	31/03/13	31/03/12	**Dividend income:**	–
Turnover:	Unpublished information		**Loan note income:**	£56,000
Profit before tax:	Unpublished information		**Proportion of equity held:**	6.5%
Net liabilities:	(£2.0m)	(£1.2m)	**Diluted equity:**	6.5%

Charterhouse Leisure Limited

Charterhouse Leisure trades under the name "Coal Grill & Bar", a growing restaurant chain providing informal dining and drinking in a comfortable and modern atmosphere. The company has seven branches and has plans to rollout the chain nationwide. The core management team developed and ran the "Ma Potters" restaurant chain, a former ProVen Growth and 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 28/02/14:**	£1,735,000
Investment comprises:			**Valuation at 28/02/13:**	£1,177,000
Ordinary shares:		£200,000	**Valuation method:**	Earnings multiple
Loan stock:		£800,000		
Audited accounts:	28/02/13	28/02/12	**Dividend income:**	–
Turnover:	£8.2m	£8.0m	**Loan note income:**	£45,000
Loss before tax	(£189,000)	(£303,000)	**Proportion of equity held:**	21.5%
Net liabilities:	(£540,000)	(£351,000)	**Diluted equity:**	21.1%

Disposable Cubicle Curtains Limited

Disposable Cubicle Curtains Limited (trading as All In One Medical) manufactures and distributes an evolving range of patented, best in class, disposable curtains and blinds which actively destroy deadly and harmful pathogens.

All in One Medical's range of products is designed to deploy advanced anti-microbial defences at as many touch-points as possible at home, in hospitals, GP surgeries and other medical centres and clinics. The aim is to surround patients, staff and visitors with additional protection through the use of soft furnishings, wall coverings and cleaning products.

www.allinonemedical.com

Cost:	£1,730,000	**Valuation at 28/02/14:**	£1,730,000
Investment comprises:		**Valuation at 28/02/13:**	n/a
'A' Ordinary shares:	£519,000	**Valuation method:**	Cost
Loan stock:	£1,211,000		
Audited accounts:	31/12/12	**Dividend income:**	–
Turnover:	Unpublished information	**Loan note income:**	–
Profit before tax:	Unpublished information	**Proportion of equity held:**	28.3%
Net assets:	£183,000	**Diluted equity:**	28.3%

Blis Media Limited

BlisMedia is a leading mobile marketing specialist featuring a roster of bluechip clients. It was one of the first players in the UK to specialise 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 28/02/14:**	£1,682,000
Investment comprises:			**Valuation at 28/02/13:**	£1,439,000
Ordinary shares:		£23,000	**Valuation method:**	Price of recent investment
'A' Ordinary shares:		£22,000		
'C' Ordinary shares:		£374,000		
Preference shares:		£101,000		
Loan stock:		£101,000		
Audited accounts:	31/12/13	31/12/12	**Dividend income:**	–
Turnover:	£3.5m	£1.6m	**Loan note income:**	£12,000
Loss before tax:	(£499,000)	(£409,000)	**Proportion of equity held:**	20.5%
Net assets:	£0.9m	£1.0m	**Diluted equity:**	20.5%

Monica Vinader Limited

Monica Vinader is an award-winning high-end fashion jewellery brand. The elegant vibrant collections, which have been showcased across the U.K., Europe, Japan and U.S., focus predominately on gold, silver and semi-precious stones and have demonstrated broad appeal amongst customers, celebrity clients and the fashion press. In 2009, the brand was awarded "UK Jewellery Brand of the Year" and Monica Vinader is now regularly featured in glossy magazines such as Vogue, Harpers and Grazia. The celebrity following includes Cameron Diaz, Keira Knightly and Cheryl Cole.

MONICA VINADER LONDON

www.monicavinader.com

Cost:		£553,000	**Valuation at 28/02/14:**	£1,585,000
Investment comprises:			**Valuation at 28/02/13:**	£380,000
Ordinary 'B' shares:		£484,000	**Valuation method:**	Revenue multiple
Preference shares:		£69,000		
Unaudited accounts:	31/07/13	31/07/12	**Dividend income:**	–
Turnover:	£7.6m	£4.8m	**Loan note income:**	–
Profit before tax:	£0.1m	£0.4m	**Proportion of equity held:**	6.5%
Net assets:	£2.7m	£0.9m	**Diluted equity:**	6.5%

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.

Donatantonio dal 1902

www.donatantonio.com

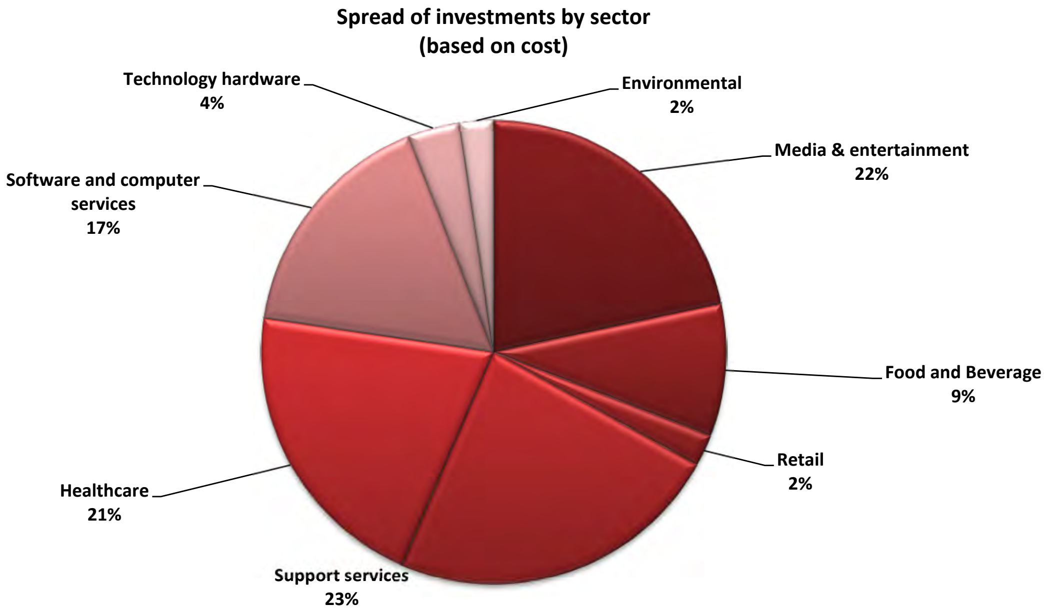
Cost:		£1,300,000	**Valuation at 28/02/14:**	£1,398,000
Investment comprises:			**Valuation at 28/02/13:**	£2,293,000
Ordinary shares:		£17,000	**Valuation method:**	Earnings multiple
'A' Ordinary shares:		£208,000		
Preference shares:		£45,000		
Loan stock:		£1,030,000		
Audited accounts:	31/01/13	31/01/12	**Dividend income:**	–
Turnover:	£20.2m	£22.4m	**Loan note income:**	£84,000
Profit before tax:	£402,000	£281,000	**Proportion of equity held:**	24.1%
Net assets/ (liabilities):	£226,000	(£12,000)	**Diluted equity:**	24.1%

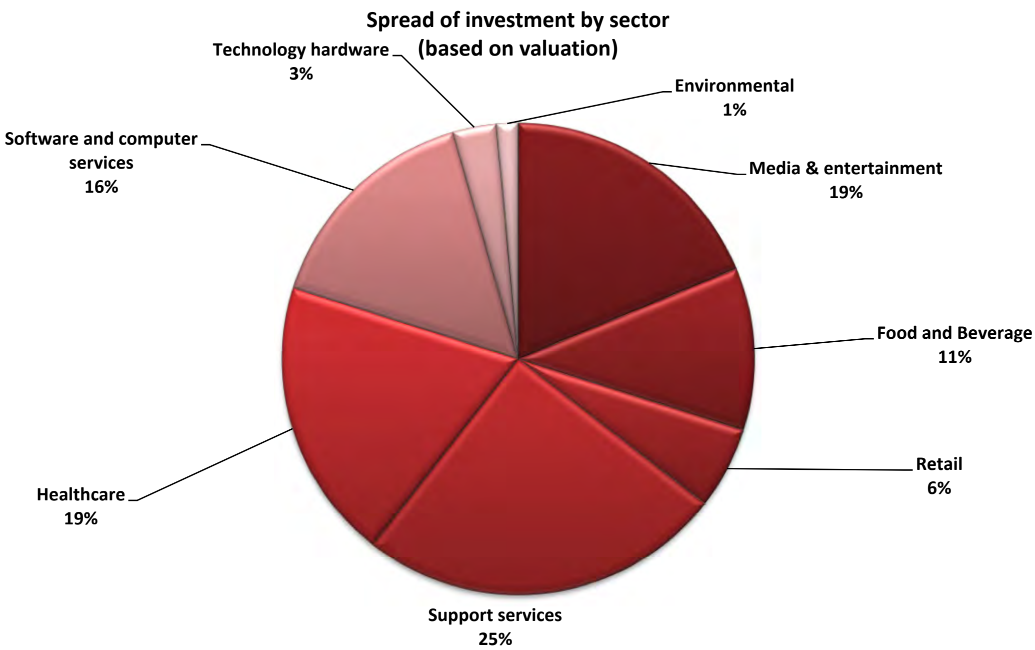
Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio 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 2014) is summarised as follows:





Beringea LLP works closely with the ProVen Growth & Income VCT portfolio companies with the aim of maximising returns to the VCT shareholders. Below we provide further information on some of the current portfolio companies.

Cognolink Limited

(www.cognolink.com)

Cognolink is a primary research provider that connects investors and businesses to critical intelligence. Since being founded in 2007, the company has grown rapidly and now has offices in New York, Shanghai, Hong Kong and New Delhi, as well as its London headquarters. This global coverage positions Cognolink as the top choice for investors in North America, Europe and Asia who are looking to make informed investment decisions on international markets. Cognolink's clients include leading private equity firms, hedge funds, institutional investors, management consultants and corporations.

With research professionals on the ground across three continents, speaking 25+ languages, Cognolink's frontline experience enables it to pinpoint the issues that matter and the sources that deliver. The company works with a wide range of businesses across many different sectors and territories.

In May 2014, Cognolink's London office celebrated its inclusion on the prestigious Great Place to Work® list. Cognolink was recognised alongside 45 other UK companies in the medium-sized category for the quality of its workplace environment.

ProVen Growth & Income VCT originally invested £1.7 million in Cognolink in November 2012, as part of a £3 million round, and received a further investment of £319,000 on the merger with ProVen Health VCT. The funding was used to accelerate the company's international expansion, to strengthen the senior management team and to further develop new streams of business, with a focus on delivering innovative primary research solutions to investors.

APM Healthcare Limited

(www.communitypharmacies.co.uk)

APM Healthcare is the holding company of Community Pharmacies (UK) Limited which is aiming to become a prominent niche player in the prescription pharmacy sector. Its premise is simple: to be located as part of, or adjacent to, the doctor's surgery.

By situating the pharmacy at the same location as the surgery, the patient can have their consultation at the surgery, walk a few steps to the pharmacy with their prescription and receive their medication. For those patients who are unwell and need to return home, the process is easy and requires little extra effort, and for those needing to continue with their daily commitments, it is time effective.

Patients who require repeat prescriptions can nominate their chosen pharmacy – some may prefer a town centre location, whilst others, who are regular users of the surgery, are likely to choose the "Community Pharmacy" next door. Due to the nature of repeat prescriptions, the pharmacies should be able to plan effectively so that medication is in stock when needed.

ProVen Growth & Income VCT first invested in APM Healthcare in August 2011. The funding was used to further expand the company's chain of pharmacies. To date, APM Healthcare has raised £2 million in equity to finance its growth.

Inskin Media Limited

(www.inskinmedia.com)
Inskin Media ("ISM") is an advertising technology business, specialising in high-impact, non-intrusive online advertising formats. The company's ambition is to establish itself as the market leader in creating and delivering the best-performing online advertising solutions.

Established in 2006, with the first product to market in 2009, ISM has since gone from strength to strength, partnering with over 70 publishers, representing over 150 websites globally, delivering successful campaigns for over 150 blue-chip brand clients, and opening offices in Germany and Hong Kong. ISM's impactful and eye-catching, bespoke creative treatments drive high click-through rates with prominent calls-to-action, and delivers a user-friendly brand experience to audiences.

This year, ISM was named one of Europe's Top 50 Fastest-Growing Digital Companies by GP Bullhound, the fourth year in a row the company was named on this prestigious list. In 2013, ISM was named Best Media Owner in the IPA Media Owner Awards, having also topped the IPA Media Owner Survey. In 2012, ISM won three prestigious prizes at the inaugural British Media Awards, and also won Media Momentum's Award as the fastest-growing digital business in Europe in 2011.

ProVen Growth & Income VCT invested in Inskin Media in October 2012, alongside other Beringea managed VCTs. The funding was used to expand the company's UK operations, develop additional technology formats, including mobile, and build on international opportunities.

Utility Exchange Online Limited

(www.utility-exchange.co.uk)
Utility Exchange Online ("UEO") offers price comparison services for utilities, including electricity, gas and telecom, to small businesses. Unlike the home consumer who can compare prices quickly and easily through numerous comparison websites, the business market is less well served because of its complexity. Business energy prices, for example, work differently from domestic energy prices. Whilst domestic energy usage is predictable, business usage is less so. In addition, there are a number of pieces of information which go into determining business energy prices such as market prices, location and customer credit rating. UEO's relationships with the top utility providers in the UK enable it to offer an extensive market comparison of current pricing and offers.

UEO's free, automated quoting engine makes comparing business utility prices fast and easy. Once a new service provider is selected, UEO's customer service team will help complete the necessary paperwork to ensure switching providers is painless and hassle free. After a new contract is finalised, UEO receive a commission from the utility provider. Since being founded in 2009, the company has helped thousands of businesses save up to 70% on their utility bills.

ProVen Growth & Income VCT invested in Utility Exchange Online in November 2011 and made a further investment in 2013, as well as receiving an additional investment in the company on the merger with ProVen Health VCT.

Disposable Cubicle Curtains Limited

(www.allinonemedical.com)

Disposable Cubicle Curtains ("DCC"), trading as All in One Medical, was founded in 2003 with the aim of bringing to market innovative, high quality, and highly effective disposable and biocidal products that reduce the rate of infection and save lives. DCC's range of products includes soft furnishings (curtains, blinds) and cleaning products designed to deploy advanced anti-microbial defences at as many touch-points as possible in large and small hospitals, GP surgeries, medical centres, clinics and at home.

Hospital acquired infections have become a global public health issue. A typical fabric cubicle curtain that surrounds a hospital bed has a high probability of having developed on its surface pathogens such as MRSA, ECOLI, VRE, or CDIFF. The replacement of traditional linen products with disposable, anti-microbial alternatives assists medical institutions in preventing and combating the outbreak of infectious diseases amongst patients, staff and visitors.

This year, DCC acquired anti-microbial biocide manufacturer Fantex UK Limited. Fantex is developing biodegradable biocides, with an exceptionally fast kill rate, for a number of applications outside of the healthcare industry including the retail sector, and are in negotiations with several high street retailers.

ProVen Growth & Income VCT invested in DCC in February 2014, as part of a £3 million round. The funding was used to expand the company's manufacturing facilities and to complete the company's acquisition of Fantex UK Limited. To date, DCC has raised c. £4 million to finance its growth.

Blis Media Limited

(www.blismedia.com)

BlisMedia (formerly BreezeTech) is an independent advertising technology company that uses location and demographic data to deliver highly targeted advertising to well defined mobile audiences. BlisMedia's proprietary Infinity+ platform is a real-time bidding ("RTB") platform that operates globally across mobile, tablet and laptop. By making advertising more relevant to their consumers, companies can improve brand performance and return on investment.

Established in 2004, BlisMedia was one of the first players in the UK to specialise in location-based media, and retains a strong base of proprietary intellectual property. BlisMedia has offices in the UK, Singapore and Australia and features an extensive roster of blue-chip clients, including Barclays, BMW, Budweiser, Samsung, American Express and Universal.

BlisMedia is a member of the Internet Advertising Bureau leadership council, playing an active role in shaping the UK digital industry, and strictly adheres to the highest standards on brand safety, privacy and data protection.

ProVen Growth & Income VCT first invested in BlisMedia in 2008. The funding was used to support the company's sales and marketing capabilities. A further investment was made in 2011 to support growth in the UK and internationally.

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 21 years. For the last 15 years, Natasha has worked at EMAP and as CEO since 2010. EMAP is an operating company of Top Right Group plc. EMAP sells business information to retail, health and built environment organisations in the UK and Middle East and North Africa. Natasha joined the Board of ProVen Growth and Income VCT as a non-executive director in 2011.

Frank Harding

Frank is chairman of KLM Cityhopper UK Limited and, until February 2006, was chairman of Provalis plc (a listed health sector company). He is a chartered accountant with over 40 years' experience at KPMG, of which 29 years was as an audit/general practice partner, latterly specialising in advising UK companies with subsidiaries outside the UK and non-UK companies with subsidiaries in Europe. Frank was president of the International Federation of Accountants from 1997 to 2000.

Malcolm Moss

Malcolm is a Founding Partner of Beringea LLP. Over the last 25 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 and ProVen Growth and Income 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.

Strategic Report

The Directors present the Strategic Report for the year ended 28 February 2014. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

The Company's investment objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities and non-qualifying venture capital investments,

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole.

The Company has been approved by HM Revenue and Customs ("HMRC") as a Venture Capital Trust ("VCT") 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 continue to maintain approval. Approval for the year ended 28 February 2014 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.

Business model

The business acts as an investment company, investing in a portfolio of carefully selected smaller companies. The Company operates as a VCT to ensure that its Shareholders can benefit from tax reliefs available and has outsourced the portfolio management and administration duties.

Business review and developments

The Company began the year with £26.9 million of investments and ended with £28.1 million spread over a portfolio of 34 companies. 32 of these investments, with a value of £28.0 million, were VCT qualifying (or part qualifying). The merger with ProVen Health VCT plc completed in August 2013 and increased the size of the venture capital portfolio by £3.5 million.

The profit on ordinary activities after taxation for the year was £4,203,000, comprising a revenue profit of £59,000 and a capital profit of £4,144,000.

The total running costs of the Company exceeded revenue arising from the investments held (including cash at bank and liquidity funds) by £801,000. The reverse was true in the prior year with revenue exceeding running costs by £228,000. The Ongoing Charges figure (excluding performance fees) in respect of the year ended 28 February 2014, using net assets at the year end, was 3.0% (2012: 2.8%).

The Company's business review and developments during the year are reviewed further within the Chairman's Statement, the Investment Manager's Review and Review of Investments.

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 to 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 may be held in cash, liquidity funds, fixed interest securities of A-rating or better, investments originated in line with the Company's qualifying VCT policy but which do not qualify under the VCT rules for technical reasons and debt and debt-related securities in growth companies.

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; and
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained.

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 £53 million (2013: £38 million). There are no plans to utilise this facility at the current time.

Performance incentive fees

The Company has performance incentive fee arrangements in place with the Investment Manager, Beringea LLP as follows:

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.

In relation to the other Ordinary Shares issued prior to the 2010/2011 Offer other than Original Ordinary Shares, 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 2010/2011 Offer and 2011/2012 Offer (the "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 commencing on or after 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 D Shares into Ordinary Shares on 29 October 2012 (the "Converted Ordinary Shares"). This performance incentive fee is first calculated in relation to the financial years 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 exceeds 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 2.7p per Converted Ordinary Share per annum but less than 5.4p 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 5.4p 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 2012/2013 Offer and the 2013/2014 Offer (the "2012/2013 Ordinary Shares"), providing that the Company has paid cumulative dividends equal to at least 4% of the weighted average Offer Price per 2012/2013 Ordinary Share per annum for the financial years starting 1 March 2016 and the Performance Value per 2012/2013 Ordinary Share is at least 1.3 times the weighted average Offer Price per 2012/2013 Ordinary Share, Beringea is entitled to receive a performance incentive fee equal to 15% of the cumulative dividends paid on the 2012/2013 Ordinary Shares after 1 March 2016 up to 4% of the weighted average Offer Price per 2012/2013 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 2012/2013 Ordinary Share per annum, less the amount of any incentive fee previously paid to Beringea in relation to the 2012/2013 Ordinary Shares.

During the year under review £79,000 was paid in performance fees (2013: £nil).

As noted in the Chairman's Statement on page 7, proposals to simplify the performance incentive arrangement will be put to Shareholders at a General Meeting on 22 July 2014.

Directors and senior management

The Company has five non-executive Directors, four of whom are male and one of whom is female. The Company has no employees and the same was true of the previous year.

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).

The Company's Net Asset Value Total Return as at 28 February 2014 is shown on 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, relate to the valuation of investments which include market price risk, interest rate risk, credit risk and liquidity risk (being minimal), are summarised within note 19 to the financial statements.

In addition to these risks, the Company, as a fully listed company traded on the London Stock Exchange and as a VCT, 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 reports annually from the managers on the compliance of systems to manage 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.

Directors' remuneration

It is a requirement under Companies Act 2006 for shareholders to vote on the Directors remuneration policy every three years or sooner if the Company wishes to make changes to the policy. The Directors remuneration policy is set out on page 39.

Greenhouse emissions

As a UK quoted company, the VCT is required to report on its Greenhouse Gas Emissions. However, as the Company outsources all of its activities and does not have any physical assets, property, employees or operations, it is not responsible for any direct emissions.

Environmental, social and human rights policy

The Board seeks to conduct the Company's affairs responsibly. Where appropriate, the Board and Investment Manager take environmental, social and human rights factors into consideration.

Future prospects

The Company's future prospects are set out in the Chairman's Statement and Investment Manager's Review.

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.

By order of the Board

Grant Whitehouse
Secretary of ProVen Growth and Income VCT plc
Company number: 4125326

39 Earlham Street
London WC2H 9LT
19 June 2014

Directors' Report

The Directors present the Annual Report and Accounts of the Company for the year ended 28 February 2014.

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 Income and Corporation Taxes Act 1988.

Results and distributions

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2014:	4,203	7.5p

During the year ended 28 February 2014, the Company paid an interim dividend for the year ended 28 February 2013 of 4.0p per share of which 1.3p was revenue and 2.7p was capital and a first interim dividend of 2.0p per share, all of which was capital, and a special interim dividend of 2.5p per share, all of which was capital, both of which were in respect of the year ended 28 February 2014 (2013: a final 2012 dividend of 4.5p per share).

The Board is proposing a final 2014 dividend of 2.0p per share, all of which is capital, to be paid on 25 July 2014 to Shareholders on the register at 27 June 2014 (2013: an interim 2013 dividend of 4.0p per share was declared and paid instead of a final dividend).

Directors

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 all, with the exception of Frank Harding, offering themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 24 together with the results for the period to date, and support the resolutions to reappoint 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.

Investment management and administration fees

Beringea LLP ("Beringea") provides investment management services to the Company for an annual fee of 2.0% of the net assets per annum. Beringea is also entitled to receive performance incentive fees as described further in the Strategic Report. 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 £1,011,000 (2013: £688,000) (all inclusive of VAT), of which £239,000 (2013: £175,000) 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 as investment manager remains in the best interest of Shareholders.

Downing LLP provided administration services to the Company for a fee of £51,000 (plus VAT if applicable) per annum.

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

Beringea also receives arrangement fees and monitoring fees in respect of investments made by the Company and other VCTs managed by Beringea. The Company's share of these fees for the year ended 28 February 2014 was £131,000 and £287,000 respectively. These fees are borne by the portfolio companies and not the Company.

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, it reports directly to the Board.

Compliance with the main VCT Regulations as at 28 February 2014 and for the year then ended is summarised as follows:

1.	70% of its investments in qualifying companies:	76.3%
2.	At least 30% of the Company's qualifying investments in "eligible shares" for funds raised before 6 April 2011 and at least 70% in "eligible shares" for funds raised on or after 6 April 2011:	Complied
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:	74.2%
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.

At the 2013 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 7,843,099 shares. At the current date, authority remains for 6,959,216 shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 22 July 2014.

On 2 April 2013, the Company purchased 4,106,960 shares at 80.1p per share and allotted 3,982,447 new shares at 82.6p per share pursuant to the Enhanced Buyback Facility. On 8 April 2013, the Company purchased 739,941 shares at 80.1p per share and allotted 717,504 new shares at 82.6p per share pursuant to the Enhanced Buyback Facility.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted 150,644 shares at 83.9p per share to subscribing Shareholders in respect of the dividend paid on 2 August 2013, 97,810 shares at 88.0p per share in respect of the dividend paid on 15 November 2013 and 128,356 shares at 83.5p per share in respect of the dividend paid on 28 February 2014.

From 4 April 2013 to 20 January 2014, 13,340,407 shares were issued at an average price of 85.1p per share with an aggregate nominal value of £219,000 pursuant to the offer for subscription dated 23 January 2013. The aggregate consideration for the shares was £11,231,000 which excluded share issue costs of £362,000.

On 6 August 2013, the Company acquired the assets of ProVen Health VCT plc in consideration for the issue of 7,447,624 shares to ProVen Health VCT plc shareholders.

During the year, the Company purchased a further 1,216,194 shares for an aggregate consideration (net of costs) of £932,000 being an average price of 76.6p per share and which represented 2.8% of the Company's issued share capital and which had an aggregate nominal value of £20,000. These shares were subsequently cancelled.

The minimum price which may be paid for a share is 1.6187p, exclusive of all expenses, and the maximum price which may be paid for a share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotation.

Auditor

A resolution to re-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 9.30 a.m. on 22 July 2014. The Notice of the Annual General Meeting is at the end of this document.

Substantial interests

As at 28 February 2014, and the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report, the Strategic 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 24, confirms that to the best of each person's knowledge:

- 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
- the Directors' Report, Chairman's Statement, Strategic Report, 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 38.

The Corporate Governance Statement describes how the principles and supporting principles within the UK Corporate Governance Code, published in September 2012, have been applied by the Company throughout the year ended 28 February 2014, except where disclosed within the Corporate Governance Statement.

Other matters

Information in respect of financial instruments, and future developments which were previously disclosed within the Directors' Report have been disclosed within the Strategic Report on pages 25 to 29.

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

19 June 2014

Statement of Corporate Governance

The Directors support the relevant principles of the UK Corporate Governance Code issued in September 2012, 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 VCT, 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 five non executive directors. The Chairman is Marc Vlessing and the Senior Independent Director is James Stewart. Natasha Christie-Miller, James Stewart, Frank Harding and Marc Vlessing are considered to be independent directors by the Board. Malcolm Moss is not independent by virtue of also being a partner of the Investment Manager. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 24.

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

Full Board meetings take place quarterly and the Board meets periodically to address specific issues including considering recommendations from the Investment Manager. It reviews 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 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.

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 page 31 respectively.

Board and committee meetings

The following table sets out the Directors' attendance at full Board and committee meetings held during the year ended 28 February 2014.

Director	Board meetings held	Board meetings attended	Audit Committee meetings held	Audit Committee meetings attended	Remuneration Committee meetings held	Remuneration Committee meetings attended	Nomination Committee meetings held	Nomination Committee meetings attended
Marc Vlessing	4	4	1	1	–	–	–	–
Natasha Christie-Miller	4	3	1	1	–	–	–	–
Frank Harding	2	2	–	–	–	–	–	–
Malcolm Moss	4	4	n/a	n/a	n/a	n/a	n/a	n/a
James Stewart	4	4	1	1	–	–	–	–

Audit Committee

The Company has an audit committee comprising James Stewart as Chairman, Natasha Christie-Miller, Frank Harding and Marc Vlessing. This Committee has defined terms of reference and duties.

The Audit Committee is responsible for:

- monitoring the Company's financial reporting;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

Financial reporting

The Directors' Responsibilities Statement for preparing the accounts is set out in the Report of the Directors on page 32, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's report on page 44.

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. In particular, the Audit Committee renews, challenges (where appropriate) and agrees the basis for the unquoted investments, as prepared by the investment manager, for presentation within the half-yearly and annual accounts.

The Audit Committee also takes into careful consideration comments on matters regarding valuation, revenue recognition and disclosures arising from the Report of the Auditors to the Audit Committee as part of the finalisation process for the Annual Report and Accounts.

The Audit Committee met twice during the year. The Audit 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.

Whistleblowing procedures

As the Company 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.

External Auditor

The Audit Committee reviews and agrees the audit strategy paper, presented by the Auditor in advance of the audit, which sets out the key risk areas to be covered during the audit and confirms their status on independence. The Audit Committee confirms that the three main areas of risk for the period under review are the carrying value of investments, revenue recognition and compliance with VCT regulations.

The Audit Committee, after taking into consideration comments from the Investment Manager and Administration Manager regarding the effectiveness of the audit process, will recommend to the Board either the re-appointment or removal of the auditors.

Following feedback received from the managers at the completion of the audit for the year to 28 February 2014, and discussions with the Engagement Partner at BDO LLP, the Audit Committee has recommended that BDO LLP be re-appointed at the forthcoming AGM.

Non audit services

Any non-audit services provided by the Auditor are reviewed and approved by the Audit Committee prior to being undertaken (such services being undertaken by a separate department to the Auditor), to ensure that Auditor objectivity and its independence are safeguarded. In addition, the Auditor confirms their independent status on an annual basis.

Remuneration Committee

The Board has appointed a remuneration committee comprising all independent Directors and chaired by Marc Vlessing. The Remuneration 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.

Nomination Committee

The Board has appointed a Nomination Committee comprising all independent Directors and chaired by Marc Vlessing. The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Nomination Committee meets as and when appropriate.

Diversity policy

When considering a new appointment to the Board, the Board's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender, race, etc.) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

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.

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 questionnaire. 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 questionnaire is updated each year and includes areas such as the approach to risk, Board training and Directors' ability to provide effective challenge.

The Company Secretary is well placed to prepare an updated questionnaire that is relevant and appropriate to the Company and with the Chairman will ensure a full and frank discussion of any concerns raised. The Chairman has reviewed the results of the questionnaire and followed up relevant matters with each Director. The outcome of the 2014 Board review was satisfactory but has highlighted some areas to which the Directors will give further consideration.

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 VCTs managed by Beringea 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, except in the event of a poll being called. The notice of the next AGM can be found at the end of this document.

The terms of reference of the Audit, Remuneration and Nomination Committees is available on Downing's website, and terms and conditions of appointment of non-executive directors are available to Shareholders upon request or on Downing's website.

Risk management and 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

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 5, the Investment Manager's Review on page 8, the Strategic Report on page 25, and the Directors' Report on page 36. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 49, the Cash Flow Statement on page 50 and the Directors' Report on page 30. In addition, note 19 and 20 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 2014 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. As the Company had no staff, other than Directors, there are no procedures in place relating to whistleblowing. (C.3.4)

By order of the Board

Grant Whitehouse
Company Secretary
39 Earlham Street
London WC2H 9LT

19 June 2014

Directors' Remuneration Report

Annual Statement of the Remuneration Committee

The Remuneration Committee comprises all independent members of the Board and is chaired by Marc Vlessing. As a result of the merger with ProVen Health VCT plc, the maximum aggregate sum which can be paid to Directors each year was increased to £150,000 with Shareholder approval. During the year, the Committee commissioned a report from an external consultant to review the level of remuneration. In line with recommendations of the report, remuneration levels have been adjusted from 1 March 2014 as set out below.

Remuneration policy report

Below is the Company's policy on directors' remuneration. Shareholders will be asked to vote on this policy at the Annual General Meeting ("AGM") on 22 July 2014. Subject to Shareholder approval, this policy will apply with effect from 22 July 2014. Shareholders must vote on the remuneration policy every three years, or sooner if the Company wishes to make changes to the policy.

The Company's policy on directors' remuneration is to seek to remunerate board members at a level appropriate for the time commitment and high level responsibility borne by the non-executive Directors and should be broadly comparable with that paid by similar companies.

Non-executive directors will not be entitled to any performance related pay or incentive (other than Malcolm Moss by virtue of also being a partner of the Investment Manager).

Directors' remuneration is also subject to 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 £150,000 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.

The Company's policy in respect of loss of office payments is to consider each situation as it arises on its own merits.

The Board receives feedback from Shareholders from time to time via direct correspondence, telephone calls, at the AGM and at the Shareholder presentation held each year. The Remuneration Committee will take account of any comments in respect of the remuneration policy when it undertakes its regular review of the Company's policy.

Agreements for service

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.

Annual Report on Remuneration

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 22 July 2014.

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 page 45.

Directors' remuneration (audited)

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

	Year ended 28 Feb 2014	Year ended 28 Feb 2013
Marc Vlessing (Chairman)	30,000	30,000
Natasha Christie-Miller	22,500	22,500
Frank Harding (appointed 6 August 2013)	12,900	–
Malcolm Moss	15,000	15,000
James Stewart	22,500	22,500
	£102,900	£90,000

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, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

In March 2014, the Remuneration Committee reviewed the remuneration levels of the non-executive Directors. The Committee sought external advice regarding market conditions and has taken account of the increased size of the Company since the last review. The Committee concluded that remuneration levels for the forthcoming year will be set at the following rates:

	Annual fee
Marc Vlessing (Chairman)	35,000
Natasha Christie-Miller	27,500
Frank Harding	10,850*
Malcolm Moss	15,000
James Stewart	27,500
	£115,850

* Frank Harding retires at the AGM and will not be seeking re-election. His annual fee has been pro-rated accordingly

Insurance cover

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

Directors' interests

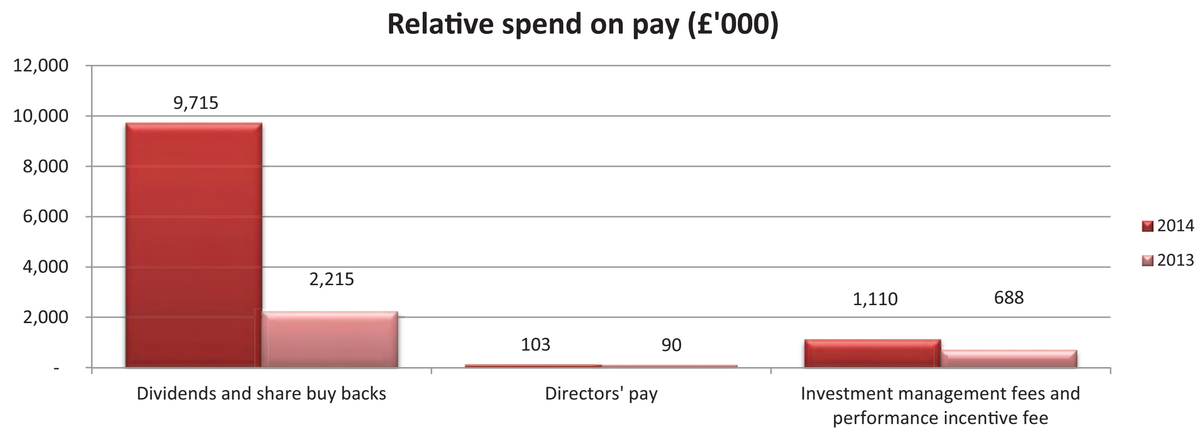
The Directors of the Company during the year and their beneficial interests in the issued shares of the Company, at 28 February 2013 and 28 February 2014 were as follows:

Director	28 Feb 2014	28 Feb 2013
Natasha Christie-Miller	6,058	–
Frank Harding	8,376	–
Malcolm Moss	17,674	17,674
James Stewart	7,103	7,103
Marc Vlessing	16,141	16,470

During the year, Marc Vlessing sold 10,852 Shares as part of the Enhanced Buyback Facility and was issued with 10,523 new shares. On 4 April 2013, Natasha Christie-Miller was allotted 6,058 shares under the Offer for subscription. On 6 August 2013, Frank Harding was issued 8,376 shares in connection with the reconstruction and winding up of ProVen Health VCT plc. There were no other movements in Directors' holdings during the year or since the year end.

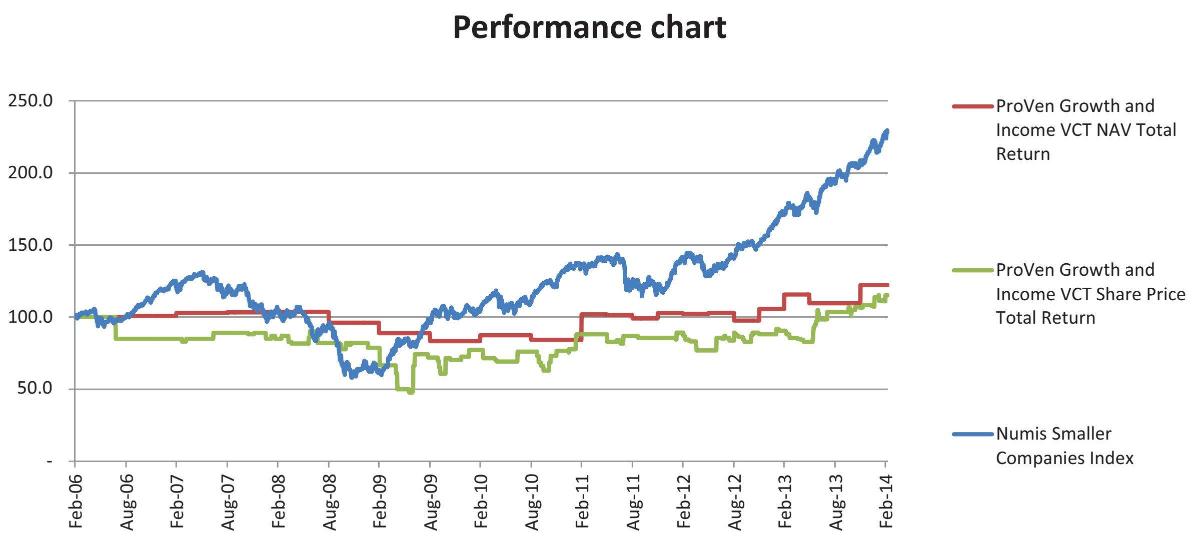
Relative importance of spend on pay

The spend on remuneration for all employees (including Directors) and investment management fees in comparison to distributions to Shareholders (dividends and share buy backs) are set out in the tabular graph below.



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 a publicly available broad equity market index. The series has been rebased to 100 as at February 2006.



By order of the Board

Grant Whitehouse
Company Secretary
39 Earlham Street
London WC2H 9LT

19 June 2014

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

We have audited the financial statements of ProVen Growth and Income VCT plc (the "Company") for the year ended 28 February 2014 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2014 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.

Our assessment of risks of material misstatement

We identified the following risks that we believe have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of investments, particularly unquoted investments.

  This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company, derived using those valuations. We challenged the assumptions inherent in the valuation of unquoted investments and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. Our audit procedures included reviewing the historical financial statements and recent management information available for the unquoted investments used to support assumptions about maintainable earnings used in the valuations, considering the multiples applied by reference to independent market data and challenging the adjustments made to such market data in arriving at the valuations adopted. Where alternative assumptions could reasonably be applied, we developed our own point estimates and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

  Where other valuation approaches were adopted, in addition to challenging the assumptions used, we considered the appropriateness of the valuation techniques adopted by reference to both the circumstances of the investee company and the International Private Equity and Venture Capital Valuation guidelines.

- Appropriate revenue recognition.

  Revenue consists primarily of interest earned on loans to investee companies and dividends receivable from investee companies. Revenue recognition is considered to be a significant risk as it is one of the key drivers of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.

We considered the controls relating to revenue recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments while considering the ability of investee companies to pay interest being accrued. We also tested dividends receivable by reference to expectations set from prior years and details reported in statutory and management accounts of the investee companies.

- Compliance with the required tests to meet and maintain VCT status.

  We reviewed the monitoring procedures in place to confirm compliance with the relevant criteria for the Company to maintain its status as a VCT and considered whether there were any other matters arising from our audit that would impact on the VCT status tests.

The Audit Committee's consideration of these judgements is set out on page 35.

Purpose of this report

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. We define materiality as the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We determined materiality for the financial statements as a whole to be £530,000. In determining this, we based our assessment on a percentage of investments which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the population which comprises a mix of quoted and unquoted investments. On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of planning materiality, namely £395,000. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £530,000 for the financial statements as a whole.

International Standards on Auditing (UK & Ireland) ("ISAs") also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net revenue returns of the Company. We determined materiality for this area to be £70,000.

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

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Statement of Corporate Governance set out on page 37 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

Under the ISAs, we are required to report to you if, in our opinion, information in the annual report is:

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 38 in relation to going concern; and
- the part of the Statement of Corporate Governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

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

19 June 2014

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

Income Statement

for the year ended 28 February 2014

Company

	Note	Year ended 28 February 2014 Revenue £'000	Capital £'000	Total £'000	Year ended 28 February 2013 Revenue £'000	Capital £'000	Total £'000
Income: Continuing operations	2	856	–	856	1,301	–	1,301
Acquisitions		44	–	44	–	–	–
		900	–	900	1,301	–	1,301
Gains on investments: Continuing operations	10	–	4,544	4,544	–	4,137	4,137
Acquisitions		–	460	460	–	–	–
		–	5,004	5,004	–	4,137	4,137
Total income		900	5,004	5,904	1,301	4,137	5,438
Investment management fees	3	(258)	(773)	(1,031)	(172)	(516)	(688)
Performance incentive fees	4	–	(79)	(79)			
Other expenses	5	(583)	(8)	(591)	(377)	(8)	(385)
Return on ordinary activities before tax		59	4,144	4,203	752	3,613	4,365
Tax on ordinary activities	7	–	–	–	–	–	–
Return attributable to equity shareholders		59	4,144	4,203	752	3,613	4,365
Basic and diluted return per share	9	0.1p	7.4p	7.5p	1.9p	9.2p	11.1p

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 2014

	Note	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Opening Shareholders' funds		38,339	35,384
Issue of shares	14	21,655	40
Share issue costs	14	(362)	–
Movement in share capital to be issued	15	(781)	781
Purchase of own shares		(4,838)	(711)
Distributions	8	(4,877)	(1,520)
Total recognised gains for the year		4,203	4,365
Closing Shareholders' funds		53,339	38,339

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

Balance Sheet

as at 28 February 2014

	Note	28 February 2014 £'000	28 February 2013 £'000
Fixed assets			
Investments	10	28,138	26,893
Current assets			
Debtors	12	2,832	268
Cash at bank and in hand	18	22,806	11,496
		25,638	11,764
Creditors: amounts falling due within one year	13	(437)	(318)
Net current assets		25,201	11,446
Total assets less current liabilities		53,339	38,339
Capital and reserves			
Called up share capital	14	1,014	693
Capital redemption reserve	15	1,080	982
Special reserve	15	43,283	11,272
Share premium	15	674	17,727
Shares to be issued	15	–	781
Revaluation reserve	15	3,585	6,142
Capital reserve – realised	15	4,312	723
Revenue reserve	15	(609)	19
Total equity shareholders' funds		53,339	38,339
Basic and diluted net asset value per share	16	85.2p	87.7p

The financial statements on pages 47 to 65 were approved and authorised for issue by the Board of Directors on 19 June 2014 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 2014

	Note	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Net cash (outflow)/inflow from operating activities	17	(597)	42
Capital expenditure			
Purchase of investments		(6,551)	(5,136)
Sale of investments		11,131	1,098
Net cash inflow/(outflow) from capital expenditure		4,580	(4,038)
Acquisitions			
Cash acquired	11	2,746	–
Net cash inflow from acquisitions		2,746	–
Equity dividends paid	8	(4,877)	(1,520)
Management of liquid resources			
Withdrawal from liquidity funds		–	2,500
Net cash inflow from liquid resources		–	2,500
Net cash inflow/(outflow) before financing		1,852	(3,016)
Financing			
Proceeds from share issue	14	15,426	40
Share issue costs	14	(362)	–
Purchase of own shares	14	(4,825)	(711)
Unallotted share capital		(781)	781
Net cash inflow from financing		9,458	110
Increase/(decrease) in cash	18	11,310	(2,906)

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

Notes to the Accounts

for the year ended 28 February 2014

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 38.

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 revenue return attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements in connection with income retention set out in Part 6 of the Income Tax Act 2007.

Fixed asset investments

Investments are designated as "fair value through profit or loss" assets due to the 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 FRS 26 – 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 the Company 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, there is little likelihood of a recovery from a company in administration, or the loss in value below cost is considered to be permanent, 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.

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

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;
- 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. 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; and
- performance incentive fees arising from the disposal of investments are treated as a capital item.

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 VCT 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 (other than those held as part of the investment portfolio as set out in note 10) 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 or charged against distributable reserves.

2 Income

	2014 £'000	2013 £'000
Income from investments:		
Loan stock interest	646	1,095
Dividend income	22	23
Liquidity funds interest	–	14
	668	1,132
Other income:		
Deposit interest	231	169
Other income	1	–
	900	1,301

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

	2014 £'000	2013 £'000
Investment management fees	1,031	688

The Company has an agreement with Beringea LLP for the provision of investment management services in respect of its investment portfolio 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 Performance incentive fees

	2014 £'000	2013 £'000
Performance incentive fees	79	–

Beringea LLP is entitled to receive performance incentive fees as described in the Strategic Report on page 27. The performance incentive fees above relate solely to the Original Ordinary Shares and are stated inclusive of VAT if applicable.

5 Other expenses

	2014 £'000	2013 £'000
Administration services	51	45
Directors' remuneration	103	90
Social security costs and irrecoverable VAT on Directors' remuneration	12	10
Trail commission	85	97
Auditor's remuneration for audit of Company's annual accounts	21	17
Auditor's remuneration – non-audit services	2	6
Cost of merger	95	–
Other expenses	222	120
	591	385

Included within other expenses is £8,000 (2013: £8,000) allocated to capital expenses in respect of arrangement fees in relation to investments. All other expenses are allocated as revenue costs.

6 Directors' remuneration

Details of remuneration of the Directors (excluding employers' NI and VAT) can be found in the Directors' Remuneration Report on pages 40 and 41.

The Company had no employees other than the Directors during either year. Costs in respect of Directors are disclosed in note 5.

7 Taxation on ordinary activities

	2014 £'000	2013 £'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	4,203	4,365
Tax charge calculated on operating profit at the applicable rate of 23% (2013: 24%)	967	1,048
Effects of:		
UK dividend income	(5)	(6)
Gains on investments	(1,155)	(993)
Expenses disallowed for tax purposes	40	32
Excess management fees	153	(81)
	–	–

(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £2,264,000 (2013: £1,616,000). A deferred tax asset of £521,000 (2013: £372,000) has not been recognised due to the fact that it is unlikely the excess management fees will be set off in the foreseeable future.

8 Dividends

		Year ended 28 February 2014			Year ended 28 February 2013		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary dividends paid in the year:							
2014 Special Interim	2.5	–	1,565	1,565	–	–	–
2014 First Interim	2.0	–	1,224	1,224	–	–	–
2013 Interim	4.0	687	1,401	2,088	–	–	–
2012 Final	4.5	–	–	–	169	1,351	1,520
		687	4,190	4,877	169	1,351	1,520
Proposed dividends:							
2014 Final	2.0	59	1,194	1,253	–	–	
2013 Interim	4.0	–	–	–	600	1,113	1,713

9 Basic and diluted return per share

	Year ended 28 February 2014	Year ended 28 February 2013
Revenue return per share based on:		
Net revenue after taxation (£'000)	59	752
Pence per share	0.1p	1.9p
Capital return per share based on:		
Net capital gain for the financial year (£'000)	4,144	3,613
Pence per share	7.4p	9.2p
Weighted average number of shares in issue	56,302,306	39,094,427

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.

10 Investments

"Fair value through profit or loss" assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 March 2013	620	20,502	21,122
Unrealised (losses)/gains at 1 March 2013	(229)	6,372	6,143
Realised losses on investments still held at 1 March 2013	(267)	(105)	(372)
Opening fair value at 1 March 2013	124	26,769	26,893
Movement in year:			
Purchases at cost	–	6,551	6,551
Acquired as a result of the merger with ProVen Health VCT plc	–	3,503	3,503
Sales – proceeds	(33)	(13,780)	(13,813)
– realised gains on sales	20	2,805	2,825
Unrealised gains in the income statement	193	1,986	2,179
Closing fair value at 28 February 2014	304	27,834	28,138
Closing cost at 28 February 2014	450	24,475	24,925
Unrealised gains at 28 February 2014	121	3,464	3,585
Realised losses on investments still held at 28 February 2014	(267)	(105)	(372)
Closing fair value at 28 February 2014	304	27,834	28,138

The basis of valuation for a number of investments has been changed since the previous year end. These investments and the change in valuation over the year are as follows:

	Prior year valuation basis	Current year valuation basis	£'000
Cognolink Limited	Price of recent investment	Discounted revenue multiple	1,499
Inskin Media Limited	Price of recent investment	Discounted revenue multiple	583
APM Healthcare Limited	Price of recent investment	Industry valuation benchmark	431
Matssoft Limited	Discounted earnings multiple	Cost of security	(1,062)
Other investments			(76)
			1,375

An analysis of venture capital investments is set out in the review of the investments on pages 15 to 20. Note 19 includes an analysis of the fair value of the financial instruments.

11 Acquisition

On 6 August 2013, the Company completed the acquisition of the assets of ProVen Health VCT plc.

	£'000
Fair value of investments acquired	3,503
Fair value of net liabilities acquired	(24)
Cash at bank and in hand	2,746
Fair value of net assets acquired	6,225
Consideration	6,225
Consideration satisfied by:	
Fair value of shares issued on the date of acquisition	6,225

The fair value of assets acquired from ProVen Health VCT plc was established by a valuation report under Section 593 of the Companies Act 2006 issued by Scott-Moncrieff on 6 August 2013. The number of shares issued by the Company was determined by relative net asset value of the companies.

12 Debtors

	2014 £'000	2013 £'000
Other debtors	2,711	28
Prepayments and accrued income	121	240
	2,832	268

13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Other taxes and social security	4	4
Accruals and deferred income	433	314
	437	318

14 Called up share capital

	2014 £'000	2013 £'000
Issued, allotted, called up and fully paid:		
62,631,290 (2013: 42,829,594) Ordinary shares of 1.6187p each	1,014	693

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

On 2 April 2013 the Company purchased 4,106,960 shares at 80.1p per share and allotted 3,982,447 shares at 82.6p per share pursuant to the Enhanced Buyback Facility. On 8 April 2013 the Company purchased 739,941 shares at 80.1p per share and allotted 717,504 Shares at 82.6p per share pursuant to the Enhanced Buyback Facility.

During the year, the Company purchased a further 1,216,194 shares for an aggregate consideration (net of costs) of £932,000, being an average price of 76.6p per share, and which represented 2.8% of the Company's issued share capital and which had an aggregate nominal value of £20,000. These shares were subsequently cancelled.

During the year, the Company issued 13,340,407 shares at between 82.2p and 92.8p per share with an aggregate nominal value of £219,000, pursuant to the offer for subscription dated 23 January 2013. The aggregate consideration for shares was £11.2 million, excluding costs of £362,000.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 150,644 shares at 83.9p per share to subscribing Shareholders in respect of the dividend paid on 2 August 2013, 97,810 shares at 81.1p per share in respect of the dividend paid on 15 November 2013 and 128,356 shares at 83.5p per share in respect of the dividend paid on 28 February 2014.

On 6 August 2013, the Company acquired the assets of ProVen Health VCT plc in consideration for the issue of 7,447,624 shares to ProVen Health VCT plc Shareholders in connection with the reconstruction and winding up of ProVen Health VCT plc.

15 Reserves

	Capital redemption reserve £'000	Special reserve £'000	Share premium £'000	Shares to be issued £'000	Revaluation reserve £'000	Capital reserve-realised £'000	Revenue reserve £'000
At 1 March 2013	982	11,272	17,727	781	6,142	723	19
Purchase of own shares	98	(4,838)	–	–	–	–	–
Issue of new shares	–	3,314	17,560	–	–	–	–
Unalloted share capital	–	–	–	(781)	–	–	–
Expenses charged to capital account	–	–	–	–	–	(860)	–
Gains on investments	–	–	–	–	2,179	2,825	–
Retained revenue	–	–	–	–	–	–	59
Distributions paid	–	–	–	–	–	(4,190)	(687)
Cancellation of share premium account	–	34,613	(34,613)	–	–	–	–
Transfer between reserves	–	(1,078)	–	–	(4,736)	5,814	–
At 28 February 2014	1,080	43,283	674	–	3,585	4,312	(609)

On 26 February 2014 the share premium account was cancelled following receipt of court approval. The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. The distributable reserves are reduced by losses of £2,282,000 (2013: £1,500,000) which are included in the revaluation reserve. Reserves available for distribution therefore amount to £44,704,000 (2013: £10,514,000).

16 Basic and diluted net asset value per share

	Shares in Issue		2014 Net asset value		2013 Net asset value	
	2014	2013	pence per share	£'000	pence per share	£'000
Ordinary Shares	62,631,290	42,829,594	85.2p	53,339	87.7p	37,558
Share capital to be issued				–		781
				53,339		38,339

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

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

	2014 £'000	2013 £'000
Return on ordinary activities before tax	4,203	4,365
Gains on investments	(5,004)	(4,137)
Increase/(decrease) in prepayments, accrued income and other debtors	129	(157)
Decrease/(increase) in accruals and other creditors	75	(29)
Net cash (outflow)/inflow from operating activities	(597)	42

18 Reconciliation of net cash flow to movement in net funds

	2014 £'000	2013 £'000
Beginning of year	11,496	14,402
Net cash inflow/(outflow) for the year	11,310	(2,906)
End of year	22,806	11,496

19 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; 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 10 and below.

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

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

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 Investment Manager monitors investments through regular contact with the management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Investment 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 2014, the AIM-quoted portfolio was valued at £304,000 (2013: £124,000).

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:

		2014		2013
	Impact on net assets £'000	Impact on NAV per share Pence	Impact on net assets £'000	Impact on NAV per share Pence
25% movement in AIM-quoted stocks	76	0.1p	31	0.1p

At 28 February 2014, the unquoted portfolio was valued at £27,834,000 (2013: £26,769,000).

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:

	Impact on net assets £'000	2014 Impact on NAV per share Pence	Impact on net assets £'000	2013 Impact on NAV per share Pence
10% movement in unquoted investment valuations	2,783	4.4p	2,677	6.3p

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. 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 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	2014 £'000	2013 £'000
Fixed rate	6.9%	1,111 days	10,319	8,695
Floating rate	0.5%	690 days	23,028	11,884
No interest rate			19,992	17,760
			53,339	38,339

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 £230,000. 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, 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:

	2014 £'000	2013 £'000
Investments in loan stocks	10,541	9,084
Cash and cash equivalents	22,806	11,496
Interest, dividends and other receivables	2,832	256
	36,179	20,836

The Investment Manager manages credit risk in respect of loan stock with a similar approach as described under Market 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.

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 (£437,000 at 28 February 2014) and has no borrowings.

The Company always holds sufficient levels of funds as cash in order to meet expenses and other cash outflows as required. For this reason, 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 based on the carrying value and maturity of loan stock investments held at 28 February 2014.

The carrying value of loan stock investments at 28 February 2014 as analysed by expected maturity date is as follows:

	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 2014						
Fully performing loan stock	1,353	1,826	506	3,268	1,776	8,729
Past due loan stock	1,063	–	749	–	–	1,812
	2,416	1,826	1,255	3,268	1,776	10,541
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

Of the loan stock classified as "past due" above, £1,063,000 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, £749,000 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. The interest is in arrears by less than 1 year. 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 (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).

	2014				2013			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	304	–	–	304	124	–	–	124
Loan notes	–	–	10,541	10,541	–	–	9,084	9,084
Preference shares	–	–	4,851	4,851	–	–	2,920	2,920
Unquoted equity	–	–	12,442	12,442	–	–	14,765	14,765
	304	–	27,834	28,138	124	–	26,769	26,893

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

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 28 February 2013	9,084	17,685	26,769
Movements in the income statement:			
Unrealised gains in the income statement	297	1,689	1,986
Realised gains in the income statement	2,650	155	2,805
	12,031	19,529	31,560
Purchases at cost	4,530	5,524	10,054
Sales proceeds	(5,951)	(7,829)	(13,780)
Loan stock converted into preference shares	(69)	69	–
Balance at 28 February 2014	10,541	17,293	27,834

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 reasonable alternative inputs result in an overall increase of £1,895,000 to the value of the unquoted investments for an upside scenario and an overall decrease of £437,000 to the value of the unquoted investments for a downside scenario.

Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown on pages 60 and 61.

20 Capital management

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on page 25, in pursuit of its principal investment objectives as stated on page 4. With the exception of allowing debt and debt related investments in growth companies, which was approved by Shareholders on 30 July 2013, 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, purchase its own shares, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern. Although the Company is permitted to borrow to give a degree of flexibility, there are no current plans to do so.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The Company does not have any externally imposed capital requirements. The Company has the authority to buy back shares as described in the Directors' Report.

21 Contingencies, guarantees and financial commitments

The Company had 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 & 2001/02	All dates	20%	80.0p	157.7p	52.5p	210.2p
Ordinary	2007/08 & 2008/09	All dates	30%	70.0p	53.1p	50.0p	103.1p
Ordinary	2009/10 & 2010/11	To 28/05/10	30%	70.0p	22.0p	107.2p	129.2p
Ordinary	2010/11 & 2011/12	To 02/06/11	30%	70.0p	19.3p	94.0p	113.3p
Ordinary	2011/12	To 24/08/11	30%	70.0p	15.1p	98.7p	113.8p
Ordinary	2011/12	From 24/08/11	30%	70.0p	15.4p	100.9p	116.3p
Ordinary	2012/13 (non-advised)	All dates	30%	70.0p	10.0p	100.5p	110.5p
Ordinary	2012/13 (advised)	All dates	30%	70.0p	10.3p	103.6p	113.9p
Ordinary	2013/14 (non-advised)	To 30/05/13	30%	70.0p	10.0p	100.5p	110.5p
Ordinary	2013/14 (advised)	To 30/05/13	30%	70.0p	10.3p	103.6p	113.9p
Ordinary	2013/14 (non-advised)	From 30/05/13	30%	70.0p	9.2p	91.8p	101.0p
Ordinary	2013/14 (advised)	From 30/05/13	30%	70.0p	9.4p	94.7p	104.1p
Ordinary*	2013/14	From 06/08/13	0%	100.0p*	5.4p	101.9p	107.3p
C	2005/06	All	40%	60.0p	27.1p	85.2p	112.3p
D	All	All	30%	70.0p	9.7p	97.4p	107.1p

* Ordinary Shares issued to former ProVen Health VCT plc shareholders. Based on net asset value of 83.6p per ProVen Growth and Income Share on 6 August 2013 and no initial income tax relief.

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 Asset Services's website at **www.capitaassetservices.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.capitaassetservices.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 (17 June 2014):	78.9p 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 2009/2010 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 shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure").

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

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

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

Financial calendar

22 July 2014	Annual General Meeting
October 2014	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
Frank Harding
Malcolm Moss
James Stewart
all of
39 Earlham Street
London WC2H 9LT

Company Secretary
Grant Whitehouse
39 Earlham Street
London WC2H 9LT

Investment manager
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London WC2H 9LT
Tel: 020 7845 7820
www.provenvcts.com

Registered office
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Registrars
Capita Registrars
The Registry
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Kent BR3 4TU
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(calls cost 10p per minute plus network extras)
www.capitaassetservices.com

Administration manager
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Auditor
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VCT status adviser
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London WC2N 6RH

Corporate broker
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One New Change
London EC4M 9AF

Bankers
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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 and Income VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen Growth and Income VCT plc will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 9.30 a.m. on 22 July 2014 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 2014, together with the report of the auditors thereon.
2. To approve the Directors' Remuneration Report and Remuneration Policy.
3. To approve the payment of a final dividend of 2.0p per share.
4. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Marc Vlessing, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
6. To re-elect as Director, Natasha Christie-Miller, who retires in accordance with the Company's policy and, being eligible, offers herself for re-election.
7. To re-elect as Director, Malcolm Moss, who retires in accordance with the Company's policy and, being eligible, offers himself for re-election.
8. 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

9. 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 £485,000 representing approximately 48% of the 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

10. 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 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.

11. 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 shares hereby authorised to be purchased is 9,332,062 representing approximately 14.9% of the present issued share capital of the Company;

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

    (iii) the maximum price (exclusive of expenses) which may be paid for such shares shall be an amount equal to 5% 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 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 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.

12. THAT, Article 174 be removed from the Articles of Association.

By order of the Board

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

19 June 2014

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 72 and 73 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 Companies Act 2006 (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 Beringea 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 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 9.30 a.m. on 18 July 2014 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 9.30 a.m. on 18 July 2014 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 19 June 2014, the Company's issued share capital comprised 62,631,290 shares, which was also equal to the total number of voting rights in the Company. 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.