



**ProVenVCTs**

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# **ProVen VCT plc**

## **Annual Report & Accounts**

For the year ended 28 February 2023

Managed by  
**BERINGEA**

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# Fund Overview

Ordinary Shares as at:	28 February 2023	28 February 2022
Net asset value per Ordinary Share	65.5p	76.7p
Dividends paid since launch*	80.75p	75.25p
Total return (net asset value plus dividends paid since launch)*†	146.25p	151.95p
<b>Year on year change in:</b>		
Net asset value per Ordinary Share (adjusted for dividends paid in the year)*†	(7.4)%	7.2%
<b>Dividends:</b>		
Dividends paid and payable in respect of year	3.75p	5.25p
Dividend yield*	5.1%	7.2%

\* Key Performance Indicator (see page 28)

† Alternative Performance Measures (see page 28)



# Chair's Statement

I am pleased to present the Annual Report for ProVen VCT plc (the “Company”) for the year ended 28 February 2023. The financial year under review was impacted by many macroeconomic and geopolitical challenges. Despite this backdrop, the Company delivered several profitable exits. However, the overall portfolio valuation suffered owing to the significant market volatility, with the valuation of three companies being fully written down in the period. This is reflected in a negative total return (net asset value (“NAV”) per share plus dividends) for the year to 28 February 2023.

## Results for the Year

For the year, there was a negative total return per share of 7.4%, which was largely attributable to three significant realised losses in the period, namely MYCS, Festicket and Thread, which together accounted for 5.7% of this loss.

The loss on ordinary activities for the year was £13.8 million, or 5.9p per share (2022: profit of £10.6 million, or 5.7p per share), comprising a revenue loss of £1.1 million, or 0.4p per share (2022: revenue loss of £1.3 million, or 0.7p per share) and a capital loss of £12.7 million, or 5.5p per share (2022: profit of £11.9 million, or 6.4p per share). This capital loss was predominantly driven by realised and unrealised losses in the portfolio of £10.1 million and £0.2 million respectively. A breakdown of portfolio additions, disposals and valuation movements can be found in the Investment Manager’s Review on pages 8 to 11 of this Report.

## Dividends

During the year ended 28 February 2023, the Company paid final and special dividends of 2.25p and 1.5p per share respectively on 5 August 2022 to Shareholders on the register at 15 July 2022. These dividends were paid in respect of the year ended 28 February 2022. The Company also paid an interim dividend in respect of the year ended 28 February 2023 of 1.75p per share on 2 December 2022 to Shareholders on the register at 11 November 2022.

Your Board is proposing a final dividend for the year ended 28 February 2023 of 2.0p per share to be paid on 4 August 2023 to Shareholders on the register on 7 July 2023. The payment of this dividend will result in an equivalent reduction in the Company’s NAV per share.

The total tax-free dividends of 3.75p per share for the year ended 28 February 2023 represents a cash return to Shareholders of 5.1% on the opening NAV per share at 1 March 2022, after deducting the prior year’s final and special dividends of 3.75p per share in total.

I would like to take the opportunity to remind Shareholders that your Company operates a Dividend Reinvestment

Scheme (“DRIS”). The DRIS provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share. New shares allotted via the DRIS attract the same tax reliefs as shares purchased through an offer for subscription. Shareholders who would like to join the scheme for any future dividends can do so by following the instructions set out on page 78 or by contacting the Investment Manager at [info@beringea.co.uk](mailto:info@beringea.co.uk).

## Portfolio Activity and Valuation

The Company invested a total of £22.9 million in the year (2022: £29.0 million), with six new companies added to the portfolio at a cost of £16.7 million, and follow-on investments totalling £6.2 million in nine existing portfolio companies. This active year of investing has provided further diversification to your Company’s investment portfolio and it is pleasing to note that several of the new additions have already shown strong commercial performance since investment, for example, Lucky Saint and Dash. These additions to the portfolio are discussed in more detail in the Investment Manager’s Review.

The Company also saw strong exit activity within the portfolio, with the partial realisation of Zoovu completing at the beginning of the year, followed by the full realisations of Blis, Sealskinz and Firefly. These companies provided a combined profit against initial cost of £14.5 million. After the year end, two further profitable exits occurred, from Monica Vinader and Aistemos.

The financial year began against a backdrop of economic turbulence due to the invasion of Ukraine by Russia, which set in motion a series of macroeconomic challenges. International supply chains, which had only recently shown signs of recovery following the COVID pandemic, faced huge disruption, affecting both businesses and consumers. In addition, inflation increased to levels not seen for decades, caused primarily by a surge in energy prices. Interest rates increased globally in response and there was a general tightening of liquidity in both debt and equity markets.

These challenges had a significant impact across the portfolio, most notably with three write-downs that have been treated as realised losses in these accounts:

- MYCS was adversely impacted by loan providers introducing new lending caps in March 2022, coupled with a sharp decline in consumer confidence. These factors compelled the company to merge with another private equity-backed business. As part of this transaction, the Company disposed of its interest in MYCS for a nominal amount, with potential for some proceeds in the future should the buyer secure a sale for the enlarged group;
- Festicket, an online platform which packaged festival tickets together with travel, accommodation and add-ons to provide complete festival experiences, was badly impacted by the COVID pandemic, leaving the company with a weakened balance sheet. An erratic reopening of the festival market in 2021, followed by the failure of several festivals in 2022, resulted in highly challenging cash-flow dynamics for Festicket. This led to the company entering administration during the year; and
- Thread, a menswear e-commerce site, had been pursuing a high growth strategy, including an entry into the US market, which had delivered a significant increase in revenues since the Company's investment. However, increased risk-aversion among investors resulted in Thread being unable to raise further capital to fund its high growth strategy, which led to the business entering administration during the year.

The profits and write-downs referred to above reflect the early-stage, high-growth profile of the investments in your Company's portfolio. Early-stage businesses carry inherent risk, meaning that some will be very successful, and some will fail. When substantial write-downs such as these do occur, your Board conducts extensive reviews with the Investment Manager to understand whether there are any learning points to be applied to future investment activities. The risk of individual investments is balanced by your Company's diversified portfolio of more than fifty companies. Historically, the successes in the Company's portfolio have significantly outweighed the losses over the medium term, although past performance is not a guide to the future.

Elsewhere, the unrealised portfolio showed resilience in the year with a marginal fall in value of £0.2 million. Despite significant falls in market comparables (used as a basis for valuations) across all sectors applying downward pressure on valuations, performance across most portfolio companies has generally been satisfactory, resulting in a relatively flat year-on-

year movement in the value of portfolio companies still held at the year end.

Further information about key developments at existing portfolio companies is given in the Investment Manager's Review on pages 8 to 11 of this Report.

## Fundraising Activities

A combined offer for subscription with ProVen Growth and Income VCT plc launched on 11 January 2022 to raise up to a total of £20 million per company, with an over-allotment facility of up to a further £20 million per company. It closed to further applications on 12 August 2022 with £37.3 million of gross proceeds raised for the Company.

The Company launched a further combined offer for subscription with ProVen Growth and Income VCT plc on 19 October 2022 to raise up to £20 million per company, with an over-allotment facility of £20 million per company. As at the date of the Annual Report, the current offer has raised £10.9 million of gross proceeds for the Company and has been extended to 28 July 2023 (or such earlier date as the offer is fully subscribed).

## Share Buybacks

The Company has a policy of buying back shares that become available in the market at a discount of approximately 5% to the latest published net asset value, subject to the Company having sufficient liquidity. The Company retains Panmure Gordon to act as its corporate broker. Shareholders who are considering selling their shares should contact Panmure Gordon who will be able to provide details of the price at which the Company is buying shares. Contact details are on page 78 of this Report.

During the year, the Company bought back 3,072,254 Ordinary Shares at an average price of 67.0p per share and for an aggregate consideration of £2,059,000. This represented 1.6% of the Company's issued share capital at the start of the year. All shares were subsequently cancelled.

A special resolution to allow the Company to continue to make market purchases of its own shares of up to 14.99% of the share capital for cancellation will be proposed at the forthcoming Annual General Meeting ("AGM").

## Performance Fee

The Company's performance incentive arrangements are an important aid for the Investment Manager in recruiting and retaining talented investment professionals against

# Chair's Statement (cont.)

competition from other investment management companies. The performance fee structure is designed to align the interests of the Investment Manager with those of Shareholders and encourages capital growth as well as significant payments to Shareholders by means of tax-free dividends, as determined by the Directors. These arrangements are set out in more detail in the Strategic Report on page 27.

However, at 28 February 2023, the relevant performance hurdles were not met and therefore no performance fee is payable for the year under review.

The payment of a performance fee in future years and the amount thereof, if any, will be dependent on both the performance of the Company and the level of dividends paid to Shareholders.

## Environmental, Social & Governance (ESG)

The Board encourages the Investment Manager's commitment to ensuring Environmental, Social and Governance (ESG) principles are high on the agenda for the early-stage companies in which your Company invests. Further detail on the Investment Manager's approach to ESG, including its role as Chair of ESG\_VC, can be found in the ESG Report on pages 21 and 22 of this Report.

## Annual General Meeting

The next AGM of the Company will be held at the offices of Beringea LLP, at Charter House, 55 Drury Lane, London, WC2B 5SQ at 11:00am on Wednesday 12 July 2023. Those intending to attend the AGM are asked to register their

intention by emailing [info@beringea.co.uk](mailto:info@beringea.co.uk) in advance of the meeting.

The Board values the opportunity to meet Shareholders in person and I would encourage Shareholders to attend the AGM in person. However, we also understand that attendance in person may not be possible or desirable for all who wish to attend. Therefore, this year, the Company will also offer Shareholders the option to follow proceedings of the meeting online. Any Shareholders who wish to listen to the meeting remotely, should email [info@beringea.co.uk](mailto:info@beringea.co.uk) for joining instructions.

Please note that Shareholders will not be able to vote or ask questions at the AGM when joining remotely. Shareholders are encouraged, even if they are planning to attend the AGM in person, to exercise their votes by submitting their proxy electronically via their Signal Shares account at [www.signalshares.com](http://www.signalshares.com) and to appoint the Chair of the AGM as their proxy with their voting instructions.

Shareholders who wish to submit questions in advance of the AGM may do so via e-mail to [info@beringea.co.uk](mailto:info@beringea.co.uk) and the Board will respond to questions raised at the meeting.

Full details of the business to be conducted at the AGM are given in the Notice of Annual General Meeting on pages 80 to 81 of this Report.

## Shareholder Event

The Company's Annual Shareholder Event continues to be well received and provides an important opportunity for Shareholders to hear from the Investment Manager on topics such as performance and investment activity, to ask questions of your Board, and to receive insights and updates from the portfolio companies.

During the COVID pandemic these events were conducted virtually. Last year the Investment Manager experimented with a hybrid event. The majority of Shareholders attending last year's event elected to do so virtually. Consequently, it has been decided that we will revert to hosting a fully virtual event in 2023. This will enable any Shareholder to join without the need for travel into Central London. This has been scheduled for 10:30am to 12.30pm on Thursday, 16 November 2023 and I would encourage you to join us for the session. You can RSVP to [events@beringea.co.uk](mailto:events@beringea.co.uk).

## VCT Regulatory Developments

Shareholders may be aware that in 2015, owing to EU rules in relation to notified state aid, the Government was required to introduce a "Sunset Clause" into the VCT legislation. Unless legislation to extend or remove the Sunset Clause is enacted,

income tax relief will no longer be available for new VCT subscriptions made on or after 6 April 2025. The Government announced in September 2022 its commitment to extending the VCT scheme beyond 2025, which the Company welcomed in its Half Year Report and continues to do so.

No further details of how the removal of the Sunset Clause will be enacted have been announced to date. The VCT industry, along with other influential bodies such as the BVCA, continues to press the Government to implement the removal of the Sunset Clause as soon as possible, in order to ensure that VCTs are able to continue their support for early-stage UK companies.

Another development worthy of note is that HMRC has recently started to adopt a stricter interpretation of the Financial Health Test. This is a test in the VCT legislation designed to ensure that VCT funds are only invested in companies of adequate financial health. In the opinion of your Board and the Investment Manager, HMRC's new interpretation of this test is too rigorous, and is preventing VCTs from providing follow-on funding to some existing portfolio companies. The VCT industry, through the Venture Capital Trust Association, has made representations to HMRC to highlight the potentially damaging effect that their new interpretation of this test is having on UK scale-up businesses.

## Consumer Duty

The Financial Conduct Authority (FCA) has established a new consumer duty (the 'Consumer Duty'), which will come into force in July 2023 for products and services open to retail customers. The Consumer Duty sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first.

VCTs are not directly subject to the new Consumer Duty. However, the Investment Manager as an FCA-regulated firm is subject to the Consumer Duty and has completed a Consumer Duty review in advance of the new rules coming into effect later this year. The Consumer Duty highlights the FCA's drive to protect the interests of retail customers and the Board will be monitoring the actions put in place by the Investment Manager to ensure our Shareholders continue to be put at the heart of our business.

## Unsolicited Communication with Shareholders

While we are not aware of any instances in the last year, we have in prior years been informed that some Shareholders in

ProVen VCT plc have received unsolicited phone calls, in which the caller has sought to discuss their shareholdings. We have previously advised all Shareholders that these calls may be associated with an attempted fraud, and Shareholders should not engage with the caller. If you do receive a suspect call, we strongly suggest that you hang up as soon as possible, and contact the Investment Manager. The FCA has published useful guidance for shareholders on how to protect themselves from scams, which you may wish to read. You can find it online at:  
<https://www.fca.org.uk/consumers/protect-yourself-scams>.

## Outlook

While it is disappointing to report a loss for the year under review, your Board is encouraged by the resilience shown by most companies within the portfolio. Despite a very challenging operating environment, most companies in the portfolio have continued to grow their revenues, and exit activity has shown the potential of the portfolio to deliver positive returns in spite of economic headwinds.

At the time of writing there are mixed signals from the economy, with a recession avoided to date but inflation remaining stubbornly high and interest rates likely to rise further. Despite this, the ambitious entrepreneurs in your Company's portfolio continue to seek out and take advantage of growth opportunities. Your Investment Manager continues to work closely with and support the leadership teams at investee companies to help them navigate the challenges and opportunities of scaling their businesses.

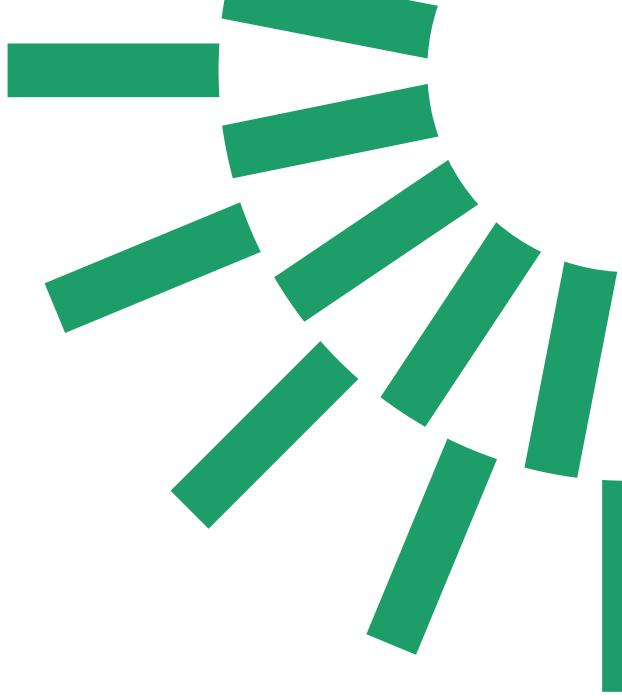
Looking ahead, your Board anticipates that the next twelve months will continue to be challenging but hopes to see some of the economic pressures easing. We remain confident that the Company's large and diverse portfolio will yield solid growth over the medium-term, and the Investment Manager will continue to identify attractive new investment opportunities to bring into the portfolio, enabling the Company to deliver the target returns to Shareholders.

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### Neal Ransome

Chair

9 June 2023



# Investment Manager's Review

We are pleased to present our annual review for the year ended 28 February 2023. Through a year that was characterised by economic and geopolitical disruption, the investment rate remained strong with a total of £22.9 million deployed into six new and nine existing portfolio companies. However, challenging market conditions led to the write-downs of three significant holdings, and portfolio valuations overall were tempered by declining market comparables.

The year also saw a good run of investment realisations, with aggregate disposal proceeds of £22.2 million resulting in realised gains over cost of £6.0 million. Against a backdrop of economic uncertainty, this demonstrated the strength of the investment portfolio and the potential for continued returns. Furthermore, the Company completed two more exits shortly after the end of the financial year, with the sales of Monica Vinader and Aistemos completing in March 2023 and returning 11.8x and 1.7x on cost respectively.

However, despite the profits realised over cost on exits during the year, three significant losses, namely MYCS, Festicket and Thread, contributed to a net realised loss on investments for the year of £10.1 million, and a total loss of £13.8 million.

At 28 February 2023, the Company's venture capital portfolio comprised 52 investments at a cost of £109.5 million and a valuation of £115.2 million, an overall increase of 5.2% on cost.

Since the year end, the Company has issued 8,116,540 Ordinary Shares for an aggregate gross consideration of £5.5 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 19 October 2022. Net proceeds for the Company after share issue costs were £5.2 million. This, coupled with the previous offer, means the Company remains well capitalised to take

advantage of new investment opportunities and to support existing portfolio companies where appropriate.

## Investment Activity

### New investments

After a record year for new investments in the previous financial year, a high volume of deal flow continued in the period, with a strong pipeline of opportunities translating into £16.7 million of investment into six new portfolio companies in the year. More details on the four largest new investments are given below.

The largest investment in the period was made in June 2022 in WiredScore (£3.7 million), a company that assesses, certifies and improves digital connectivity and smart technology in offices and homes globally.

Two further new investments were made in August 2022 for £2.8m each:

- Chattermill, a cloud-based customer experience management solution that helps businesses collect, manage and analyse customer feedback across chats, emails, app store reviews, surveys, social interactions and other channels; and
- Lucky Saint, an award-winning alcohol-free beer company.



In December 2022, the Company also invested £2.7 million into Dash, a leading brand of sparkling zero-calorie seltzer water infused with flavours from real fruit.

Other new investments were made in Gorilla (£2.4 million) and Doctify (£2.2 million).

#### **Follow-on investments**

The Company also continued to support the development and growth of its existing portfolio companies, providing £6.2 million of further funding to nine companies during the year.

In April 2022, the Company invested £1.0 million into CreativeX as part of a \$25m funding round. CreativeX helps marketers measure their digital content against four indicators of long-term brand growth: creative quality, brand consistency, compliance, and representation.

The Company also invested £1.0 million in July 2022 into each of Social Value Portal and Second Nature to support their continued growth.

Other follow-on investments were made in Lumar (formerly Deepcrawl) (£932,000), Litta (£860,000), Arctic Shores (£541,000), MYCS (£460,000), Commonplace (£380,000) and Plum Guide (£88,000).

#### **Investment disposals**

The Company experienced an increase in exit activity during the previous financial year and this continued through to 28 February 2023, as detailed below.

In March 2022, there was a partial disposal of the Company's holding in Zoovu. The Company received proceeds of

£13.1 million, a return of 3.8x against the cost of the shares sold. Having performed well since the initial investment by the Company in August 2017, Zoovu had been exploring options for additional fundraising. It agreed on an offer which saw the Company sell 70% of its holding and roll over its remaining shares. Zoovu also raised additional primary capital to fund further expansion as part of the transaction.

In June 2022, the Company disposed of its entire holding in Blis for proceeds of £5.6 million, in a transaction with Lloyds Development Capital. This resulted in a return against cost of 6.7x.

In November 2022, the Company exited Sealskinz for proceeds of £1.0 million and a return against cost of 1.3x. In January 2023 the Company's full holding in Firefly Learning was sold for initial proceeds of £1.1 million and the potential for further proceeds in the future.

Unfortunately, MYCS was heavily impacted by adverse market conditions. Following the Russian invasion of Ukraine there was a sharp decline in consumer confidence in the company's key markets and therefore a slowdown in sales. MYCS' lenders also introduced new caps on the amount they would advance at the end of March 2022. These two developments led to the company merging with another private equity-backed business. As part of this transaction, the Company disposed of its interest in MYCS for a nominal amount, with potential for some additional proceeds in the future should the buyer secure a sale for the enlarged group. During the year the Company also disposed of its holding in Exonar which had been fully written down in a prior year.

#### **Key developments at existing portfolio companies**

The financial year opened with economic turbulence due to the invasion of Ukraine by Russia, which at the time of writing

# Investment Manager's Review (cont.)

is still ongoing. In addition, inflation increased to levels not seen for decades, with interest rates rising globally in an attempt to moderate this inflation. The valuations of many quoted technology stocks have also declined significantly during a period of correction following the high valuations seen over the last few years.

These factors have had varying levels of impact across the portfolio, most notably with significant write-downs in the valuation of two companies during the period under review, which combined resulted in £7.2 million in realised losses on cost for the Company.

Festicket, an online platform which packaged festival tickets together with travel, accommodation and add-ons to provide complete festival experiences, was badly impacted by the COVID pandemic, leaving the company with a weakened balance sheet. An erratic reopening of the festival market in 2021, followed by the failure of several festivals in 2022, resulted in highly challenging cash-flow dynamics for Festicket. This led to the company entering administration during the year.

Thread, a menswear e-commerce site, had been pursuing a high growth strategy, including an entry into the US market, which had delivered a significant increase in revenues since the Company's investment. However, increased risk-aversion among investors led to Thread being unable to raise further capital to fund its high growth strategy, which led to the business entering administration during the year.

These two companies have been recognised as realised losses in the Company's income statement due to them both entering administration during the year.

The valuation of Papier, an online personalised stationery retailer, was particularly affected by declining market comparables, as well as a softening in trading performance, and its value fell by £2.4 million. The valuations of Zoovu and Plum Guide also fell (decreases of £1.8 million and £1.7 million respectively) owing to lower market comparables. Elsewhere in the portfolio, despite the challenges noted above, most companies showed resilience in trading performance during the year.

Notable valuation increases in the year were seen in Cogora (increase of £3.1 million), Asterra (increase of £1.8 million) and Social Value Portal (increase of £1.4 million). All increases were due to robust trading performance outweighing the impact of weakening market comparables.

Further detail on the Investment Portfolio is provided on pages 14 and 15 and in the Review of Investments on pages 16 to 20.

## Other News & Developments

### Portfolio Value-Add Initiative

The Investment Manager's Portfolio Value-Add Initiative, aimed at supporting companies in overcoming barriers to growth and harnessing commercial opportunities, has developed further in the past year. The initiative is led by Harry Thomas, the Manager's Portfolio Director, with support from Vanessa Evanson-Goddard (General Counsel), and Henry Philipson (Director of Marketing and Communications). Together, the team provides both ad-hoc and structured support on a range of topics from recruitment to marketing and fundraising.

The Beringea Scale-Up Academy is one of the primary pillars of the Value-Add Initiative, offering a year-round programme of events for portfolio leadership teams. In 2022, the Academy delivered ten webinars to portfolio company senior managers, providing valuable insight and training on topics such as pricing strategy, accessing R&D tax credits, and hiring.

The Investment Manager's Portfolio Value-Add Initiative also offers a range of services to support portfolio companies in their growth journey. These services include: identifying existing and potential service providers and negotiating group discounts; establishing a central database of information and contacts related to key operational and strategic concerns for companies; hosting in-person and online events for sharing knowledge and ideas; building relationships with external stakeholders, including investors, customers and suppliers; helping to identify potential acquisition or exit opportunities; and encouraging companies to consider and adopt ESG initiatives.

### Environmental, Social and Governance

The Investment Manager has further expanded its initiatives focused on driving improved performance across environmental, social and governance ("ESG") factors.

To evaluate impact and improvement in its internal operations, the Investment Manager has developed an ESG committee responsible for assessing and strengthening the Manager's approach to sustainability, diversity and inclusion, and governance. The Manager has performed particularly strongly in its diversity-focused initiatives, and it is now certified as a Level 2 firm under the Diversity VC Standard, an industry accreditation for diversity and inclusion best practice. The Investment Manager is also a signatory of the Investing in Women Code, submitting annual data on the diversity of companies in the portfolio and investment pipeline.

The Investment Manager's ongoing role as Chair of ESG\_VC, an industry initiative that brings together more than 200 leading VC firms across the UK and Europe, has also provided valuable opportunities for the firm and the portfolio. As a result of its pivotal role within ESG\_VC, the Investment Manager was shortlisted among the leading firms for ESG in venture capital at the Real Deals Awards 2022, and Henry Philipson, Director of Marketing and Communications, was named among the Future 40 ESG Innovators.

Further details on these initiatives can be found in the ESG Report at pages 21 and 22 of this Report.

## Post Year End Developments

Between 28 February 2023 and the date of the Annual Report & Accounts, the Company issued 8,116,540 Ordinary Shares for an aggregate consideration of £5.5 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 19 October 2022. Share issue costs thereon amounted to £0.3 million.

In March 2023, the Company disposed of its holding in Monica Vinader for initial proceeds of £6.3 million, representing an 11.8x return on cost, with potential for future proceeds. A strong performer in the Company's portfolio for several years, Monica Vinader had been exploring funding options and agreed a strategic sale to Bridgepoint Development Capital IV. After originally investing in Monica Vinader in 2010, the Company sold 60% of its holding in February 2016 for proceeds of £5.2 million and a multiple on cost of 5.2x.

The Company also disposed of its holding in Aistemos in March 2023, with proceeds of £3.1 million, representing a multiple on cost of 1.7x.

## Outlook

Despite signs that inflation and energy prices are stabilising, the outlook for the UK economy, and indeed the global economy, continues to be uncertain. While some economic constraints may begin to loosen, there are still challenges ahead as evidenced by the turbulence seen recently in the global banking sector.

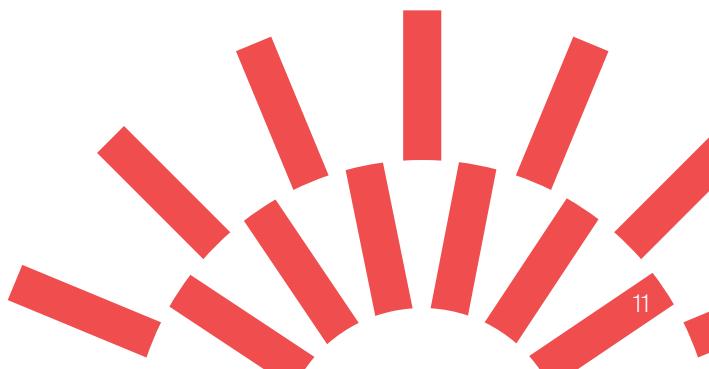
Your Company backs young, growing companies, a contingent that can be particularly affected by an unsettled economic environment. Conversely though, smaller companies tend to be agile and innovative, and therefore able to navigate challenges quickly and effectively, and this has been demonstrated in several portfolio companies over

the year. We continue to work closely with our portfolio companies to support them through challenges as they arise. Proceeds from the current and previous offers, as well as from successful exit activity over the last twelve months, means we are well placed to provide further investment to the portfolio where appropriate.

We also continue to look for compelling new investment opportunities, and we are well placed to take advantage of these when they arise. Given recent market dynamics, however, we expect the rate of new investment in the current year to be lower than in the year to 28 February 2023.

### Beringea LLP

9 June 2023



# Investment Activity

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Investment activity during the year is summarised as follows:

Additions	Cost £'000
WS HoldCo, PBC (t/a WiredScore)	3,733
Not Another Beer Co Ltd (t/a Lucky Saint)	2,797
Chattermill Analytics Limited	2,793
Dash Brands Ltd	2,718
Gorillini NV (t/a Gorilla)	2,437
Doctify Limited	2,222
Picasso Labs, Inc. (t/a CreativeX)	990
Second Nature Healthy Habits Ltd	959
Social Value Portal Ltd	958
DeepCrawl Holding Company, Inc. (t/a Lumar)	932
Litta App Limited	860
Arctic Shores Limited	541
MYCS GmbH	460
Commonplace Digital Limited	380
Plu&m Limited (t/a Plum Guide)	88
<b>Total</b>	<b>22,868</b>

The total cost of additions in the year of £22,868,000 as shown above is higher than the 'Purchase of investments' cashflow figure of £22,862,000 as recorded in the Statement of Cash Flows due to £6,000 of deal costs associated with the purchase of an investment which are a creditor in these accounts.

<b>Disposals</b>	<b>Cost £'000</b>	<b>Market value at 01/03/22 £'000</b>	<b>Disposal proceeds £'000</b>	<b>Realised gain/(loss) against cost £'000</b>	<b>Realised (loss)/gain during the year £'000</b>
Zoovu Limited (t/a SmartAssistant)	3,488	13,121	13,115	9,627	(6)
Blis Global Ltd	841	4,769	5,631	4,790	862
Firefly Learning Limited	1,202	1,439	1,059	(143)	(380)
Sealskinz Holdings Limited	834	834	1,039	205	205
Lupa Foods Limited	384	498	498	114	-
Rapid Charge Grid Limited	491	491	491	-	-
ContactEngine Limited	-	-	26	26	26
Netcall plc	286	298	247	(39)	(51)
Response Tap Limited	-	-	57	57	57
InSkin Media Limited	-	-	29	29	29
D30 Holding Limited	-	-	9	9	9
Exonar Limited	2,814	-	-	(2,814)	-
MYCS GmbH	5,908	3,689	(3)	(5,911)	(3,692)
<b>Total</b>	<b>16,248</b>	<b>25,139</b>	<b>22,198</b>	<b>5,950</b>	<b>(2,941)</b>

Of the disposals above, ContactEngine Limited, Response Tap Limited, InSkin Media Limited and D30 Holdings Limited were realised in prior periods, but deferred proceeds were recognised in the current period in excess of the amounts previously accrued.

The disposal proceeds above for Blis Global Ltd and Firefly Learning Limited include amounts of deferred proceeds which have been recognised in these accounts but have not yet been received.

Total disposal proceeds of £22,198,000 as shown above are higher than the 'Sale of investments' cashflow figure of £22,044,000 as recorded in the Statement of Cash Flows. The difference arises due to a deferred proceeds debtor of £499,000 held at the year end, partly offset by a deferred proceeds debtor of £345,000 at the previous year end.

# Investment Portfolio

As at 28 February 2023

The following investments were held at 28 February 2023:

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Luxury Promise Limited	5,680	7,880	(1,417)	4.9%
Monica Vinader Limited**	534	7,037	(914)	4.3%
MPB Group Limited	1,684	6,738	618	4.2%
Infinity Reliance Limited (t/a My 1st Years)	4,731	6,139	(753)	3.8%
Picasso Labs, Inc. (t/a CreativeX)	2,729	5,483	(496)	3.4%
Social Value Portal Ltd	2,458	4,836	1,361	3.0%
DeepCrawl Holding Company, Inc. (t/a Lamar)	3,827	4,193	272	2.6%
Access Systems, Inc.	3,737	4,000	195	2.5%
WS HoldCo, PBC (t/a WiredScore)	3,733	3,874	142	2.4%
Cogora Group Limited**	2,643	3,700	3,076	2.3%
Utilis Israel Ltd (t/a Asterra)	1,809	3,699	1,802	2.3%
Aistemos Limited	1,819	3,093	1,272	1.9%
Dealroom.co B.V.	2,707	3,034	386	1.9%
Litchfield Media Limited*	1,405	2,872	967	1.8%
Not Another Beer Co Ltd (t/a Lucky Saint)	2,797	2,797	-	1.7%
Chattermill Analytics Limited	2,793	2,793	-	1.7%
Lupa Foods Limited	694	2,788	1,133	1.7%
Papier Ltd	2,770	2,770	(2,432)	1.7%
Dash Brands Ltd	2,718	2,718	-	1.7%
YardLink Ltd	2,680	2,680	-	1.7%
Commonplace Digital Limited	1,880	2,587	188	1.6%
EMS Operations Ltd (t/a Archdesk)	2,581	2,581	-	1.6%
Gorillini NV (t/a Gorilla)	2,437	2,448	11	1.5%
Doctify Limited	2,222	2,222	-	1.4%
Been There Done That Global Limited	1,551	2,192	454	1.4%
Second Nature Healthy Habits Ltd	2,158	2,158	(77)	1.3%
Zoovu Limited (t/a SmartAssistant)	637	1,936	(1,850)	1.2%
Litta App Limited	1,797	1,799	1	1.1%
Rapid Charge Grid Limited*	2,073	1,776	51	1.1%
Stylescape Limited (t/a EDITED)	1,500	1,734	(158)	1.1%

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Arctic Shores Limited	1,591	1,621	30	1.0%
Moonshot CVE Ltd	1,388	1,469	(120)	0.9%
CG Hero Ltd	1,251	1,251	-	0.8%
Plu&m Limited (t/a Plum Guide)	2,826	1,138	(1,688)	0.7%
Disposable Cubicle Curtains Limited (t/a Hygenica)**	3,292	1,025	(19)	0.6%
Enterships Limited (t/a Learnerbly)	924	924	-	0.6%
Andcrafted Ltd (t/a Plank Hardware)	913	913	-	0.6%
DeepStream Technologies Limited	1,256	750	(506)	0.4%
Sannpa Limited (t/a Fnatic)	1,801	627	(1,471)	0.3%
Honeycomb.TV Limited*	900	332	(269)	0.1%
	<b>88,926</b>	<b>114,607</b>	<b>(211)</b>	<b>70.8%</b>
Other venture capital investments	20,615	611	(7,142)	0.4%
<b>Total venture capital investments</b>	<b>109,541</b>	<b>115,218</b>	<b>(7,353)</b>	<b>71.2%</b>
Cash at bank and in hand		46,565		28.8%
<b>Total investments</b>		<b>161,783</b>		<b>100.0%</b>

Valuation movement in the year excludes the cost of investments made in the year. Other venture capital investments at 28 February 2023 comprise:

Buckingham Gate Financial Services Limited, Festicket Ltd, InContext Solutions, Inc, Lantum Limited, Monmouth Holdings Limited\*†, Poq Studio Ltd, Senselogix Limited, Simplestream Limited\*\*, Skills Matter Limited\*\*, Thread, Inc., Vigilant Applications Limited\* and Whistle Sports, Inc.

\* Non qualifying investment

\*\* Partially non qualifying investment

† Investee company 100% owned by the Company but not consolidated as held exclusively for resale as part of an investment portfolio.

All venture capital investments are unquoted.

All venture capital investments are registered in England and Wales except for Access Systems, Inc., DeepCrawl Holding Company, Inc. (t/a Lumar), InContext Solutions, Inc., Picasso Labs, Inc. (t/a CreativeX), Thread, Inc., Whistle Sports, Inc., WS HoldCo, PBC (t/a WiredScore) which are Delaware registered corporations in the United States of America, Utilis Israel Limited (t/a Asterra), which is registered in Israel, Dealroom.co B.V., which is registered in the Netherlands and Gorillini NV (t/a Gorilla), which is registered in Belgium.

# Review of Investments

## As at 28 February 2023

Further details of the ten largest unquoted investments (by value) are set out below. Where financial performance detail is marked as 'Not available', this means that it is not publicly available and cannot be published here for confidentiality reasons.

<b>Luxury Promise Limited</b> <a href="http://www.luxurypromise.com">www.luxurypromise.com</a>		<b>LUXURY PROMISE.</b>
Luxury Promise is a platform to buy and sell pre-owned luxury handbags and accessories, featuring brands including Chanel, Hermès, and Louis Vuitton.		
<b>Cost:</b>	<b>£5,680,000</b>	<b>Valuation method:</b>
<i>Investment comprises:</i>		Valuation at 28/02/2023: Valuation at 28/02/2022:
Preference shares:	£5,127,000	£7,880,000 £9,297,000
Loan notes:	£553,000	
<b>Unaudited accounts:</b>	<b>31/12/21</b>	<b>Discounted revenue multiple</b>
Turnover:	Not available	£-
Profit/(Loss) before tax:	Not available	44,205
Net assets:	£10.7m	17.4%
	£3.5m	Equity held by Investment Manager: 35.2%

<b>Monica Vinader Limited</b> <a href="http://www.monicavinader.com">www.monicavinader.com</a>		<b>MONICA VINADER</b> 
Monica Vinader creates ready-to-wear contemporary designer jewellery. The business, which is managed by sisters Monica and Gabriela Vinader, was founded in 2007.		
<b>Cost:</b>	<b>£534,000</b>	<b>Valuation method:</b>
<i>Investment comprises:</i>		Offer based
Ordinary shares:	£534,000	Valuation at 28/02/2023: Valuation at 28/02/2022:
		£7,037,000 £7,951,000
<b>Audited accounts:</b>	<b>31/07/22</b>	<b>Dividend income:</b>
Turnover:	£80.7m	£-
Profit/(Loss) before tax:	£9.4m	£-
Net assets:	£15.6m	5.7%
	£8.3m	Equity held by Investment Manager: 7.9%

<b>MPB Group Limited</b> <a href="http://www.mpb.com">www.mpb.com</a>		
MPB is an online marketplace for high quality, pre-owned photography and videography equipment.		
<b>Cost:</b>	<b>£1,684,000</b>	<b>Valuation method:</b>
<i>Investment comprises:</i>		Discounted revenue multiple
Preference shares:	£1,684,000	Valuation at 28/02/2023: Valuation at 28/02/2022:
		£6,738,000 £6,120,000
<b>Audited accounts:</b>	<b>31/03/22</b>	<b>Dividend income:</b>
Turnover:	£97.8m	£-
Loss before tax:	(£7.7)m	£-
Net assets:	£25.6m	3.7%
	£31.3m	Equity held by Investment Manager: 6.3%

**Infinity Reliance Limited (t/a My 1st Years)**
[www.my1styears.com](http://www.my1styears.com)

My 1st Years is an e-commerce site for personalised items for babies and children, with products from their Royal Range having been worn by Prince George.



<b>Cost:</b>	<b>£4,731,000</b>	<b>Valuation method:</b>	<b>Discounted revenue multiple</b>
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£6,139,000
Preference shares:	£4,731,000	Valuation at 28/02/2022:	£6,892,000
<b>Audited accounts:</b>	<b>31/12/21</b>	<b>31/12/20</b>	
Turnover:	£13.4m	Dividend income:	£-
Profit before tax:	£2.4m	Loan note income:	£-
Net assets:	£5.1m	Equity held by Company:	16.6%
	£2.7m	Equity held by Investment Manager:	26.8%

**Picasso Labs, Inc. (t/a CreativeX)**
[www.creativex.com](http://www.creativex.com)

CreativeX is a provider of marketing technology software for brand excellence – its platform is used by global brands including Google, Samsung, and Pepsi.



<b>Cost:</b>	<b>£2,729,000</b>	<b>Valuation method:</b>	<b>Price of recent investment</b>
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£5,483,000
Preference shares:	£2,729,000	Valuation at 28/02/2022:	£4,989,000
<b>Unaudited accounts:</b>	<b>31/12/22</b>	<b>31/12/21</b>	
Turnover:	Not available	Dividend income:	£-
Profit/(Loss) before tax:	Not available	Loan note income:	£-
Net assets:	Not available	Equity held by Company:	6.6%
	Not available	Equity held by Investment Manager:	20.0%

**Social Value Portal Ltd**
[www.socialvalueportal.com](http://www.socialvalueportal.com)

Social Value Portal is a platform for measuring, monitoring and analysing social impact that supports more than 16,000 users.



<b>Cost:</b>	<b>£2,458,000</b>	<b>Valuation method:</b>	<b>Price of recent investment</b>
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£4,836,000
Preference shares:	£1,500,000	Valuation at 28/02/2022:	£2,517,000
Convertible loan notes:	£958,000		
<b>Unaudited accounts:</b>	<b>31/12/21</b>	<b>31/12/20</b>	
Turnover:	Not available	Dividend income:	£-
Profit/(Loss) before tax:	Not available	Loan note income:	£-
Net (liabilities)/assets:	(£0.4)m	Equity held by Company:	11.4%
	£1.9m	Equity held by Investment Manager:	22.8%

# Review of Investments (cont.)

## DeepCrawl Holding Company, Inc. (t/a Lamar)

[www.lumar.io](http://www.lumar.io)

Lamar, formerly Deepcrawl, is a website intelligence platform used by the world's best-known enterprise brands, including eBay, Microsoft, and PayPal.



Cost:	£3,827,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£4,193,000
Preference shares:	£3,827,000	Valuation at 28/02/2022:	£2,988,000
<b>Unaudited accounts:</b>	<b>31/03/22</b>	<b>31/03/21</b>	
Turnover:	Not available	Not available	£-
Profit/(Loss) before tax:	Not available	Not available	£-
Net assets:	Not available	Not available	11.3%
		Equity held by Investment Manager:	23.4%

## Access Systems, Inc

[www.accesspay.com](http://www.accesspay.com)

AccessPay is a BACS-approved software provider aiming to simplify the payment processing system by offering a range of payment and cash management products.



Cost:	£3,737,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£4,000,000
Preference shares:	£3,737,000	Valuation at 28/02/2022:	£3,804,000
<b>Unaudited accounts:</b>	<b>30/04/22</b>	<b>30/04/21</b>	
Turnover:	Not available	Not available	£-
Profit/(Loss) before tax:	Not available	Not available	£-
Net assets:	Not available	Not available	9.2%
		Equity held by Investment Manager:	13.6%

## WS HoldCo, PBC (t/a WiredScore)

[www.wiredscore.com](http://www.wiredscore.com)

WiredScore is a platform setting the global standard for technology in the built world through education and certification via WiredScore and SmartScore.



Cost:	£3,733,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£3,874,000
Preference shares:	£3,733,000	Valuation at 28/02/2022:	n/a
<b>Unaudited accounts:</b>	<b>31/12/21</b>	<b>31/12/20</b>	
Turnover:	Not available	Not available	£-
Profit/(Loss) before tax:	Not available	Not available	£-
Net assets:	Not available	Not available	2.6%
		Equity held by Investment Manager:	5.0%

**Cogora Group Ltd**[www.cogora.com](http://www.cogora.com)

Cogora is a full-service healthcare marketing agency that provides brands with innovative and impactful education that allows them to deliver high-quality care to patients.



<b>Cost:</b>	<b>£2,643,000</b>	<b>Valuation method:</b>	<b>Discounted EBITDA multiple</b>
<i>Investment comprises:</i>		Valuation at 28/02/2023:	£3,700,000
Preference shares:	£1,031,000	Valuation at 28/02/2022:	£623,000
Loan notes:	£1,612,000		
<b>Audited accounts:</b>	<b>31/12/21</b>	<b>31/12/20</b>	
Turnover:	£7.3m	£5.6m	£-
Profit/(Loss) before tax:	Not available	Not available	24.0%
Net liabilities:	£4.9m	(£4.6)m	36.0%

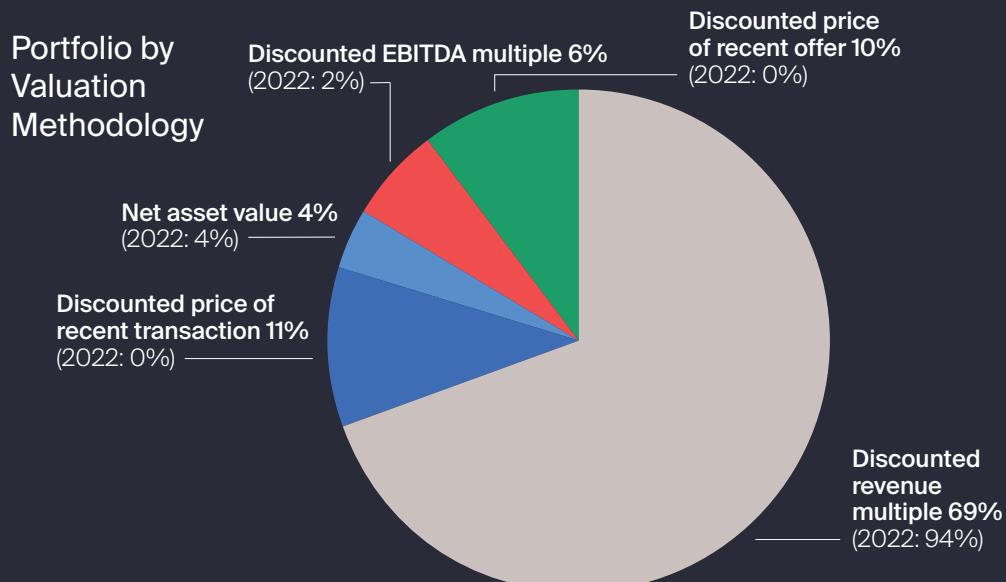
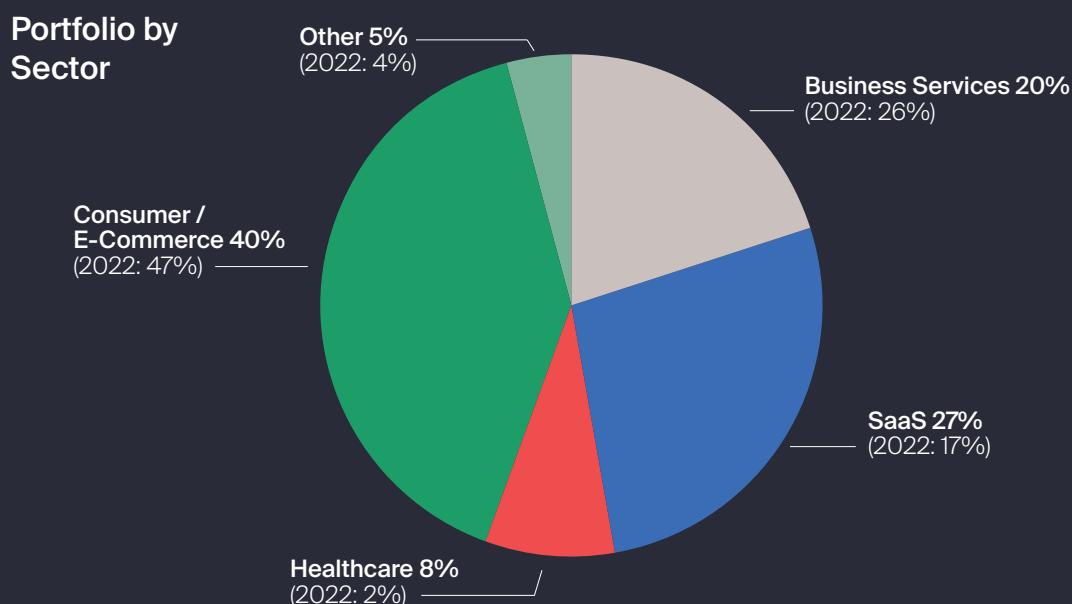


# Review of Investments (cont.)

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## Analysis of Investments by Commercial Sector

An analysis of the portfolio by sector and valuation methodology (based on valuation) is set out below:



# ESG Report

The Company feels it is important to highlight the work being delivered by the Manager to ensure that the ProVen VCTs and the portfolio companies are embracing environmental, social, and governance (ESG) best practices.



## Supporting the portfolio: ESG\_VC

The Manager is the chair and co-founder of ESG\_VC, a network of more than 200 venture capital firms that works together to help early-stage companies to measure and improve their ESG performance. ESG\_VC is endorsed by the British Private Equity and Venture Capital Association (BVCA) as a key industry initiative in driving greater environmental, social, and economic impact across the UK.

Through the Manager's role in ESG\_VC, the ProVen VCTs' portfolio companies are able to access free support for analysing, tracking, and improving their ESG performance. This support is structured around three main areas of activity:

- **Measurement framework:** ESG\_VC – in partnership with Social Value Portal, a member of the ProVen VCTs' portfolio – has developed a standardised framework for measuring ESG within venture-backed business. The framework asks companies to respond to 55 metrics spanning environmental, social, and governance factors – in turn, companies receive a benchmark of their ESG performance and a set of targets for improving their ESG score.
- **Educational events:** portfolio companies of ESG\_VC members are provided with access to a regular calendar of webinars that educate businesses and investors about specialist ESG topics – across the past year, sessions hosted by ESG\_VC have provided training on issues such as carbon accounting, gender pay gap reporting, and ESG policy.

- **Online resources:** ESG\_VC has developed a bank of resources, ranging from standardised policies to recommendations on suppliers and consultants, that portfolio companies can use to embed new processes and technologies to support their ESG performance.

The Manager has integrated the ESG\_VC Measurement Framework into its investment monitoring processes. Companies are required to complete the framework upon securing investment from the ProVen VCTs, providing a benchmark of ESG performance for the portfolio company and the Manager. This benchmark is used to highlight areas of strength and weakness, as well as potential areas for improvement, and portfolio companies are guided to relevant resources and events from ESG\_VC.

Companies within the ProVen VCTs' portfolio are also expected to complete the ESG\_VC Measurement Framework annually, as part of ongoing portfolio monitoring. In total, 28 portfolio companies completed the framework in 2022, providing the Manager and the ProVen VCTs with valuable insights into the ESG performance of individual investments and trends across the portfolio.

# ESG Report (cont.)

## B Corps: Certified portfolio companies

B Corp Certification is an independent accreditation of the social and environmental performance of businesses. Today, more than 1,000 companies in the UK have secured B Corp status, including a growing number of businesses in the ProVen VCTs' portfolio.

Through providing a reputable audit of a company's social and environmental impact, B Corp Certification offers businesses a useful tool in engaging employees, and articulating the company's positive practices to potential customers, partners, and investors.

The following businesses in the ProVen VCTs' portfolio are certified B Corps:



## Internal initiatives: ESG at Beringea

The Manager has also established an internal ESG committee to ensure that its wider operations are tracking and strengthening the firm's approach to sustainability, diversity, community engagement, and corporate governance.

The Manager has a longstanding commitment to tracking and improving its approach to diversity and inclusion. In 2022, the Manager secured Level 2 certification by the Diversity VC Standard, a leading industry accreditation helping venture capital firms to evaluate and strengthen their diversity and inclusion practices. In securing the highest available certification, the Manager was able to demonstrate a market-leading approach to improving the diversity of its team, building an inclusive culture, and monitoring diversity and inclusion within its investment activity. The Manager has also participated in Future VC, an internship programme for people from backgrounds under-represented in the venture capital industry.

Other recent initiatives delivered through the ESG committee include the implementation of onHand, an employee engagement platform that provides access to volunteering opportunities and educational content for members of the Manager's team. The Manager has also begun the process of measuring its carbon footprint.

## External initiatives: Supporting the ecosystem

As well as its leadership role within ESG\_VC, the Manager has participated in a number of industry initiatives that seek to improve the ESG performance of the venture ecosystem as a whole. This includes being a signatory to the Investing in Women Code, an initiative led by the British Business Bank that tracks diversity across the investment activity of the UK's venture capital firms.



# Board of Directors

**Neal Ransome**

CHAIR

Neal was formerly a corporate finance partner of PwC with extensive experience as a lead adviser on M&A activity in the pharmaceuticals and healthcare sectors. Neal is currently a non-executive director and chair of Octopus AIM VCT plc and a non-executive director of Polar Capital Global Healthcare Trust plc. Neal has been a Director of the Company since October 2017.

**Barry Dean**

NON-EXECUTIVE DIRECTOR

Barry has over 30 years' experience in the venture capital industry, including 14 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited, a longstanding "mid-market" private equity fund manager. He is currently a director of Thames Ventures VCT 1 plc (formerly Downing One VCT plc) and previously served on the board of Molten Ventures VCT plc (formerly Draper Esprit VCT plc). Barry was appointed a Director of the Company in May 2006.

**Malcolm Moss**

NON-EXECUTIVE DIRECTOR

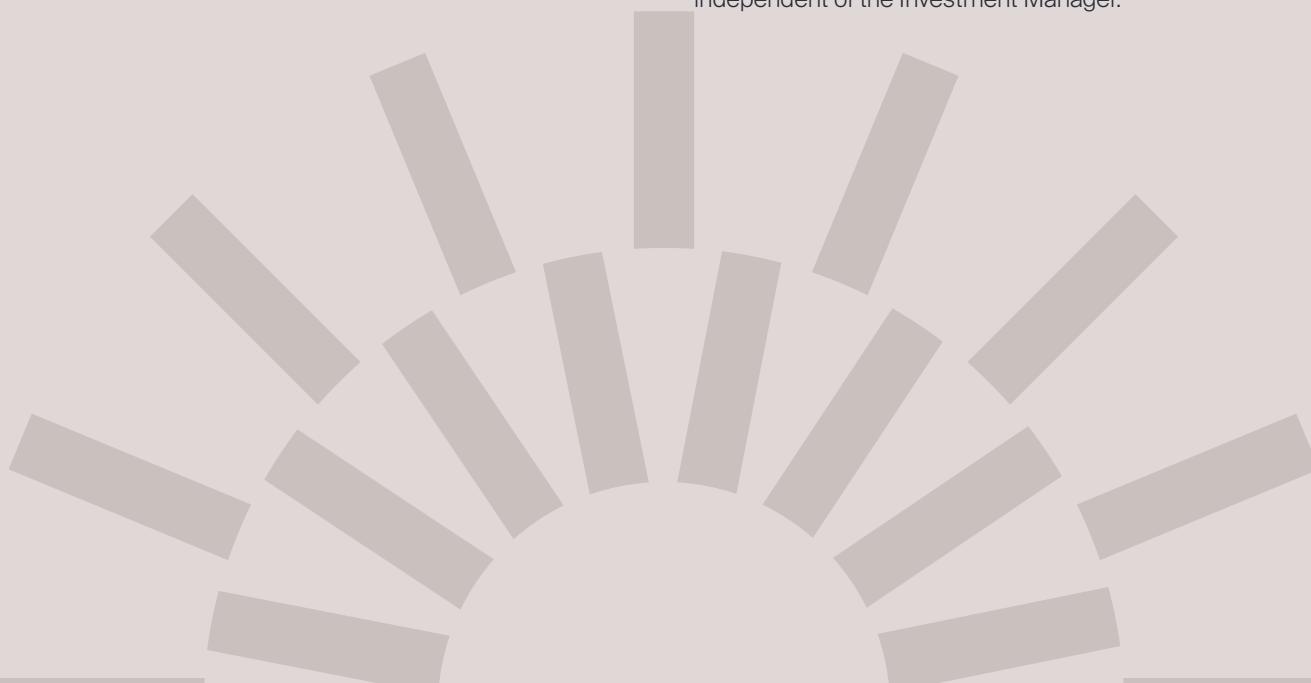
Malcolm is a Founding Partner of Beringea LLP. Over the last 30 years he has been responsible for the growth, development and management of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc and ProVen Growth and Income VCT plc, he sits on the investment committees of Beringea Group's US funds. He also sits on the boards of Lupa Foods Ltd, Disposable Cubicle Curtains Trustee Ltd, Cogora Group Ltd and Litchfield Media Limited, all companies within the ProVen VCTs' portfolio, as well as ProVen Legacy Limited. Malcolm was appointed a Director of the Company in December 2007.

**Lorna Tilbian**

NON-EXECUTIVE DIRECTOR

Lorna was formerly an executive director of Numis Corporation plc and a director of WestLB Panmure Limited and S G Warburg Securities. She is currently chair of Dowgate Capital Limited and a director of Dowgate Wealth Limited. Lorna also serves as a non-executive director on the boards of FTSE 250 constituents Finsbury Growth and Income Trust plc and Premier Foods plc as well as FTSE 100 company Rightmove plc. Lorna was appointed a Director of the Company in July 2013.

With the exception of Malcolm Moss, all Directors are independent of the Investment Manager.



# Strategic Report

The Directors present the Strategic Report for the year ended 28 February 2023. The Board prepared the Annual Report & Accounts 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 permitted for liquidity management purposes,

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 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 2023 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 the Annual Report & Accounts, a close company for the purpose of the Income Tax Act 2007.

## Business Model

The business acts as an investment company, investing in a portfolio of carefully selected smaller companies. The Company operates as a Venture Capital Trust 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 £124.8 million of venture capital investments and ended with £115.2 million spread over a portfolio of 52 companies. Of these companies, 49 investments with a value of £112.2 million were VCT qualifying (or part qualifying).

The loss on ordinary activities after taxation for the year was £13.8 million, comprising a revenue loss of £1.1 million and a capital loss of £12.7 million. The Ongoing Charges ratio (which is calculated in line with the AIC methodology as recurring operational expenses excluding performance fees, trail commission and recoverable VAT divided by the Company's average net assets in the period) is an Alternative Performance Measure used by the Board to monitor expenses. Recurring operational expenses for the year ended 28 February 2023, excluding trail commission of £81,000, were £3,867,000, and the average net assets over the year were £163,800,000. Therefore, the Ongoing Charges ratio in respect of the year ended 28 February 2023 was 2.4% (2022 restated: 2.4%) and was within the Company's cap of 3.25%. The Ongoing Charges ratio for the year ended 28 February 2022 was incorrectly stated as 1.8% in last year's Annual Report & Accounts due to an error in the net assets figure that was used in the calculation.

The Company's business review and developments during the year are reviewed further within the Chair's Statement, 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; and
- a clearly identified route for a profitable realisation within a three to four year period.

The Company invests in companies at various stages of development, including those requiring capital for expansion, but not in start-ups or management buy-outs or businesses seeking to use funding to acquire other businesses. Investments are spread across a range of different sectors.

#### Other investments

Funds not invested in qualifying investments may be invested in non-qualifying investments permitted for liquidity management purposes, which include cash, alternative investment funds ("AIFs") and UCITS which may be redeemed on no more than 7 days' notice, or ordinary shares or securities in a company that are acquired on a regulated market.

#### Borrowings

It is not the Company's intention to have any borrowings. The Company, does, however, have the ability to borrow a

maximum amount equal to the nominal capital of the Company and its distributable and non-distributable reserves which, at 28 February 2023, was equal to £161.7 million (2022: £147.6 million). There are no plans for the Company to borrow at the current time.

#### Maximum exposures

No investment will constitute more than 15% of the Company's portfolio by value at the time of investment.

#### 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 Report. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 Income Tax Act 2007.



# Strategic Report (cont.)

## Venture Capital Trust Regulations

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

Compliance with the main VCT regulations as at 28 February 2023 and for the year then ended is summarised as follows:

(i)	the Company holds at least 80 per cent. of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);	Complied
(ii)	at least 70 per cent. (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);	Complied
(iii)	the Company's ordinary share capital has throughout the period been listed on a regulated European market;	Complied
(iv)	no investment in a company constitutes more than 15 per cent. of the Company's portfolio (by value at time of investment);	Complied
(v)	the Company's income for each financial year is derived wholly or mainly from shares and securities;	Complied
(vi)	the Company distributes sufficient revenue dividends to ensure that not more than 15 per cent. of the income from shares and securities in any one year is retained;	Complied
(vii)	the Company has not made a prohibited payment to Shareholders derived from an issue of shares since 6 April 2014;	Complied
(viii)	no investment made by the Company causes an investee company to receive more than the permitted investment from State Aid sources (including from VCTs);	Complied
(ix)	since 18 November 2015, the Company has not made an investment in a company which exceeds the maximum permitted age requirement;	Complied
(x)	the funds invested by the Company in another company since 18 November 2015 have not been used to make a prohibited acquisition;	Complied
(xi)	since 6 April 2016, the Company has not made a prohibited non-qualifying investment; and	Complied
(xii)	of funds raised on or after 1 March 2019, at least 30% has been invested in qualifying holdings by the anniversary of the end of the accounting period in which shares were issued.	Complied

## Investment Management and Administration Fees

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 below. The investment management agreement is terminable by either party at any time by one year's prior written notice. The total fees relating to this service amounted to £3,299,000 (2022: £3,981,000), comprising a management fee of £3,299,000 (2022: £2,963,000) and performance incentive fees as described below of £nil (2022: £1,018,000). At the year end, an amount of £nil (2022: £1,018,000) was outstanding.

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 interests of Shareholders.

Throughout the year ended 28 February 2023, Beringea also provided administration services to the Company. In the year, total administration fees amounted to £70,000 (2022: £65,000).

The annual running costs (excluding any performance fees payable) of the Company are subject to a cap of 3.25% of the Company's net assets at the end of the year. Any running costs in excess of this are borne by Beringea.

Beringea also received arrangement fees in respect of investments made by the Company and other VCTs managed by Beringea totalling £305,000 (2022: £398,000) and directors or monitoring fees of £501,000 (2022: £605,000) during the year ended 28 February 2023. These fees are payable by the investee companies into which the Company invests and are not a direct liability or expense of the Company.

## Performance Incentive Fees

The Investment Manager is entitled to receive an annual performance incentive fee in respect of the shares in issue at 29 February 2012 (the "Original Offer") and each share offer made by the Company since the Original Offer (each being a "Relevant Offer"), if the Performance Value of the Relevant Offer achieves a Hurdle Amount.

The "Performance Value" is calculated on an annual basis based on the latest annual audited NAV, plus cumulative dividends and any previous performance fees paid in respect of the Relevant Offer since 29 February 2012.

The "Hurdle Amount" is represented by the higher of: (i) 1.25 times the initial share offer NAV; and (ii) the initial share offer NAV compounded by the annual Bank of England base rate plus 1%. Please note that the hurdle amount for the Original Offer is calculated differently but based on similar principles.

For each Relevant Offer, if the Hurdle Amount is not met, no performance incentive fee will be payable. Once the Hurdle Amount has been met, the performance incentive fee payable in relation to a financial year is 20% of the amount by which the Performance Value exceeds the initial NAV of the Relevant Offer, less any performance fees paid previously.

Performance fees will be reduced, if necessary, to ensure that: (i) the cumulative performance fee per share payable to the Investment Manager in respect of a Relevant Offer does not exceed 20% of the relevant cumulative dividends paid in respect of that share; and (ii) the audited net asset value per share at the relevant financial year end plus the relevant cumulative dividends is at least equal to the relevant respective Hurdle Amount.

Performance fees for the year ended 28 February 2023 amounted to £nil (2022: £1,018,000).



# Strategic Report (cont.)

## Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objective of delivering long term returns. Some of these are classified as alternative performance measures ("APMs") in line with Financial Reporting Council ("FRC") guidance. The Board believes the Company's key performance indicators are:

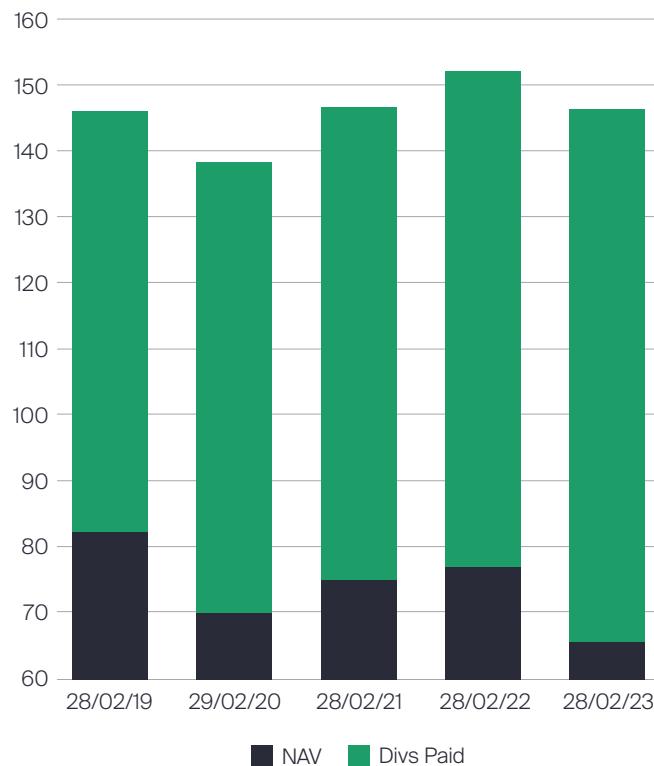
- total return (net asset value plus dividends paid since launch)\*;
- dividends paid and the dividend yield;
- change in net asset value per share (adjusted for dividends paid in the year)\*;
- ongoing charges ratio\*; and
- VCT compliance.

\* Classified as an APM.

The total return is calculated as the net asset value per share plus the cumulative dividends paid to date. This is a performance measure of the fund and used to evaluate the total value generated for Shareholders. The graph shows the total return over the last five years and is split between the net asset value and the cumulative dividends paid.

The following table shows the total return, annual return shown as the movement in net asset value per share (adjusted for dividends paid in the year), dividends paid in respect of each year and the dividend yield.

## Last 5 Years Total Return



	28/02/2019	29/02/2020	28/02/2021	28/02/2022	28/02/2023
<b>Total return (p)</b>	145.95	138.35	146.55	151.95	146.25
<b>Change in net asset value per share (adjusted for dividends paid in the year)<sup>1</sup></b>					
Opening NAV per share (p)	99.7	82.2	70.1	74.8	76.7
Closing NAV per share (p)	82.2	70.1	74.8	76.7	65.5
<b>(Decrease)/increase in NAV per share (p)</b>	<b>(17.5)</b>	<b>(12.1)</b>	<b>4.7</b>	<b>1.9</b>	<b>(11.2)</b>
Dividends paid per share in the year (p)	27.75	4.5	3.5	3.5	5.5
<b>Increase/(decrease) in NAV per share (adjusted for dividends paid in the year) (p)</b>	<b>10.25</b>	<b>(7.6)</b>	<b>8.2</b>	<b>5.4</b>	<b>(5.7)</b>
<b>Increase/(decrease) in NAV per share (adjusted for dividends paid in the year) (%)</b>	<b>10.3%</b>	<b>(9.2)%</b>	<b>11.7%</b>	<b>7.2%</b>	<b>(7.4)%</b>
<b>Dividends</b>					
Opening NAV per share (p)	99.7	82.2	70.1	74.8	76.7
Less final/special dividend(s) paid per share in relation to prior year (p)	2.5	2.5	2.0	2.0	3.75
<b>Adjusted opening NAV per share (p)</b>	<b>97.2</b>	<b>79.7</b>	<b>68.1</b>	<b>72.8</b>	<b>72.95</b>
Dividends paid and payable in respect of year (p)	27.75	4.0	3.5	5.25	3.75
<b>Dividend yield<sup>2</sup></b>	<b>28.5%</b>	<b>5.0%</b>	<b>5.1%</b>	<b>7.2%</b>	<b>5.1%</b>

<sup>1</sup> Calculated as the change in total return in the year divided by the opening net asset value.

<sup>2</sup> Calculated as the total dividends paid and payable in respect of the financial year divided by the opening net asset value, adjusted for the final dividend paid in respect of the previous year.

The change in net asset value per share (adjusted for dividends paid in the year) is defined as an APM and the Board considers it to be the primary measure of shareholder value.

The dividends per share are also set out in Note 8 on page 69.

As discussed earlier on page 24, the ongoing charges ratio for the year of 2.4% is within the ongoing charges cap of 3.25%. Also shown earlier on page 26, the Company has maintained compliance with VCT regulations throughout the period.

The key performance indicators are discussed further in the Chair's Statement on pages 4 to 7 and the Investment Manager's Review on pages 8 to 11.

## Risks and risk management

The principal financial risks faced by the Company, which include market price risk, interest rate risk, credit risk and liquidity risk, are summarised within Note 15 to the financial statements.

## Principal risks

Risk	Mitigation	Change during period
<b>Investment risk</b> By nature, companies that qualify for venture capital trust purposes have a higher level of risk than larger quoted companies and poor performance could reduce returns for Shareholders through downward valuations.	The Directors place reliance on the Investment Manager's experience and expertise in adding new companies to the portfolio. The Investment Manager has a rigorous and robust formal process in selecting new companies which includes financial and legal due diligence and review by an Investment Committee made up of senior investors, whilst also drawing on the expertise of the Directors. In addition, a member of the Manager's team is usually appointed to the board of each portfolio company on investment. The Board reviews the investment portfolio and its performance at least on a quarterly basis.	Increased due to the economic and geopolitical disruption referred to above.
<b>VCT qualifying status</b> A breach of the VCT rules and loss of approval as a VCT could lead to Shareholders losing tax benefits associated with VCT investments.	VCT qualification monitoring reports are prepared by the Administration Manager and approved by the Board on a quarterly basis. On a bi-annual basis, the Company's VCT status adviser reports to the Audit Committee in relation to compliance with the VCT legislation. The report for the year ended 28 February 2023 showed compliance with all aspects of the VCT regulations as summarised on page 26. The Investment Manager regularly liaises with the Company's VCT status adviser in relation to VCT qualification on individual investments and addresses any recommended actions to ensure compliance.	No change

The Board carries out a regular review of the risk environment in which the Company operates, and reviews the mitigating controls and actions applicable to those risks. In the period the most noticeable change to the risks faced by the Company have been as a result of the economic turbulence due to the invasion of Ukraine by Russia and rising interest rates and inflation globally. The full impacts of these risks are likely to continue to be uncertain for some time.

## Emerging risks

The Board also discusses emerging risks as they arise and puts in place appropriate procedures to monitor and, where possible, mitigate the effects of these emerging risks on the Company and the portfolio. The following are some of the potential emerging risks the Investment Manager and the Board are currently monitoring:

- adverse changes in the global macroeconomic environment; and
- geo-political instability.

# Strategic Report (cont.)

Risk	Mitigation	Change during period
<b>Valuation</b> The companies within the portfolio are valued in accordance with the International Private Equity and Venture Capital (IPEV) guidelines but establishing fair value can be difficult and is reliant on the accuracy and completeness of information provided.	The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board on a quarterly basis although new valuations may be prepared and agreed as required in the event of a material movement in the valuations. On an annual basis, at the year end, the Company's Auditor, BDO LLP, reports to, and discusses with, the Audit Committee their findings and any concerns arising from their review of the investment valuations.	Increased due to the economic and geopolitical disruption referred to above.
<b>Legislative and Regulatory</b> The Company operates in a complex regulatory environment, failure to comply could lead to suspension from the Stock Exchange, penalties and damage to the Company's reputation. A change in VCT regulation could also restrict the ability for the Company to invest.	The Investment Manager ensures that it hires suitably qualified members of staff who are experienced with regulatory requirements and relevant accounting standards and the Investment Manager and the Company Secretary have procedures in place to ensure recurring Listing Rules requirements are met. Legislative and regulatory developments are kept under review with the Company's solicitor and specialist compliance consultants. The Investment Manager is also a member of the Venture Capital Trust Association which engages with the Government to help shape future legislation.	No change
<b>Economic</b> Economic changes such as the war in Ukraine, higher interest rates, economic recession, social upheaval from events such as COVID and Brexit and change in Government could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.	The Board and Investment Manager continuously assess the resilience of the portfolio, and ongoing discussions and planning are held with the portfolio companies to provide assistance and support, particularly during periods of economic uncertainty. The Company has a clear investment policy (outlined on pages 24 to 25) and a diversified portfolio operating in a range of sectors which helps to mitigate against sector specific impacts. Additionally, ensuring adequate liquidity to cope with unexpected pressures on the finances of the portfolio and allow the Company to make follow-on investments where suitable is an important part of the risk mitigation in times of economic uncertainty.	Increased due to the high levels of inflation, rising interest rates and the geopolitical risks from the invasion of Ukraine.
<b>Operational</b> The Company is reliant on a number of third parties, in particular the Investment Manager, for management and administration services. Failure of the operational systems and controls of third parties could result in an inability to provide accurate reporting and monitoring.	The Investment Manager has a documented business continuity plan, which provides for back-up services in the event of a system breakdown. The Investment Manager's systems are protected against viruses and other cyber-attacks and appropriate insurances are maintained. The Board reviews the performance of all service providers at least annually and the Investment Manager conducts due diligence on all new service providers to ensure that third parties have adequate operational systems in place.	No change

Risk	Mitigation	Change during period
<b>Cyber security &amp; IT</b> Outsourcing and the increase in remote working could give rise to cyber and data security risk. Failure in key IT systems and controls might lead to business interruption, loss of data or loss of access to systems.	The Investment Manager has significant cybersecurity controls, including two factor authentication, email protection software, monitored firewalls and staff regularly receive training in relation to their cybersecurity obligations. Due diligence is conducted on service providers including a review of controls, to reduce the risk of business interruption due to insufficient cyber security controls of third parties. The Investment Manager has a robust cyber insurance to ensure that financial liabilities are mitigated in the event of a cyber-attack.	No change
<b>ESG</b> Failure to comply with current and future requirements and recommended practices could result in reduced investor attraction which may affect the level of capital the Company has available to meet its investment objectives.	The Investment Manager has further expanded its initiatives focused on driving improved performance across environmental, social and governance ("ESG") factors, both internally and across the portfolio. To evaluate impact and improvement in its internal operations, the Investment Manager has developed an ESG committee responsible for assessing and strengthening the firm's approach to sustainability, diversity and inclusion, and governance. Further details of these initiatives and the Investment Manager's role in ESG_VC can be found in the ESG Report at pages 21 to 22.	No change
<b>Foreign exchange</b> The Company has made a number of its initial investments in a foreign currency; most often in Euros or US Dollars. Furthermore, some companies may function, in part, in a currency other than GBP. The portfolio is therefore exposed, to some extent, to foreign exchange risk and specifically that of transaction risk and translation risk.	The Investment Manager and the Board regularly review the exposure to foreign currency movement to make sure the level of risk is appropriately managed. Investments are primarily made in GBP, EUR and USD so exposure is limited to a small number of currencies.  On realisation of investments held in foreign currencies, cash is translated to GBP shortly after receiving the proceeds to limit the amount of time exposed to foreign currency fluctuations.	No change

# Strategic Report (cont.)

Risk	Mitigation	Change during period
Liquidity  The Company invests into smaller unquoted companies, which are inherently illiquid as there is no readily available market for these shares. Therefore, these may be difficult to realise for their fair market value at short notice.	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. The Company always holds sufficient levels of funds as cash in order to meet expenses and other cash outflows as required. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.	No change

## 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 twelve months from the date of sign off of these financial statements. In its assessment of the Company's activities as a going concern, the Board has reviewed the risks to future performance as set out in the Strategic Report on pages 29 to 32, and considered the potential impacts of those on the Company's future ability to continue as a going concern. The Company's cash resources are currently healthy, and the portfolio of investments is diverse and not reliant on any one sector. All significant cash outflows, including dividends, share buybacks and investments, are within the Company's control. Therefore, the Board expects that the Company has sufficient cash resources to withstand any reasonable stress scenario, for example if the Company was unable to raise further funds, and believes that it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

## Viability Statement

The Board has assessed the Company's prospects over the three-year period to 28 February 2026. A three-year period has been considered appropriate as it broadly aligns with the time frame during which the Investment Manager will be required to invest 80% of the funds from the most recent offer for subscription in qualifying investments.

In order to support this statement, the Board has carried out a robust assessment of the principal and emerging risks faced by the Company, as detailed above, including those risks associated with the current economic landscape and the war in Ukraine, and considered the availability of mitigating factors.

The Board considers that the primary risk faced by the Company is compliance with the VCT rules and although there are a number of mitigating factors such as a robust

deal identification and diligence process, an experienced investment team and consultation with the Company's VCT status advisers to ensure that investments made comply with the VCT rules, these factors cannot mitigate the risk that insufficient qualifying investments are identified to ensure ongoing compliance with the VCT rules.

Accordingly, the amount required to invest in qualifying holdings to maintain compliance with the VCT rules was a major consideration in the Board's analysis. Together with the expected liabilities of the Company for the three years to 28 February 2026, the Board considered the forecast cash requirements against the expected cash position, taking into account a level of assumed investment realisations and investment income during the period. The Board has also considered stress scenarios whereby no proceeds upon the realisation of investments are received and no further funds are raised.

Based on the assessment of the above considerations on the cash flow forecasts and stress scenarios, the Board has determined that the Company will be able to continue in operation, maintain compliance with the VCT rules and meet its liabilities as they fall due for the three years to 28 February 2026.

## Section 172 Statement

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in a way that they consider, in good faith, will most likely promote the success of the Company for the benefit of the members as a whole. In doing so, the Directors should have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;

- 
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
  - the need to act fairly as between members of the Company.

The Board considers its significant stakeholder groups to be its Shareholders, its suppliers (including the Investment Manager to whom most executive functions are delegated) and its portfolio companies. The Company is an externally managed investment company with no employees and no customers in the traditional sense and, therefore, there is nothing to report in relation to these relationships. The Company takes a number of steps to understand the views of its key stakeholders and considers these, along with the matters set out above, in Board discussions and decision making.

### **Shareholders**

The Company's Shareholders are key to the success of the Company and the Board engages and communicates with Shareholders by various means. The Company encourages all Shareholders to attend its annual shareholder event, which last year was held as a hybrid event on 16 November 2022 and attended by approximately 200 Shareholders and which gives Shareholders the opportunity to ask questions of the Board and the Investment Manager and also hear from some of the Company's portfolio companies. Following the success of last year's event and our previous virtual events, plans are in motion for a virtual event in 2023, allowing the maximum number of Shareholders to attend. The event has been scheduled for 10.30am to 12.30pm on Thursday, 16 November 2023.

The Board also encourages all Shareholders to attend and vote on the resolutions proposed at the Annual General Meeting, which this year will be held at 11:00am on Wednesday 12 July 2023 at the offices of Beringea LLP, at Charter House, 55 Drury Lane, London WC2B 5SQ. We are pleased to report that this year the Company will also offer Shareholders the option to follow proceedings of the meeting online. Please note that Shareholders will not be able to vote or ask questions at the AGM when joining remotely and therefore Shareholders are encouraged to vote electronically before the deadline of 11:00am on 10 July 2023. For further details, please see the Chair's Statement on page 6 and the Notice of Annual General Meeting at the end of the document.

As a result of the shareholder event, together with other communications with Shareholders and advisors, the Company has received useful feedback which allows the Board to understand the nature of stakeholder concerns better. The Board works very closely with the Investment

Manager in reviewing how Shareholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs. Ultimately, the Directors' decisions are intended to achieve the Company's principal objective of long term returns for Shareholders greater than those available from investing in a portfolio of quoted companies.

The Board recognises the value of the buyback scheme and approves the level of buyback authority on a quarterly basis within the maximum authority provided by the Shareholders annually at the AGM. The buyback policy has been offered to Shareholders throughout the period under review, providing Shareholders with liquidity should they wish to sell their shares. Further details can be found in the Chair's Statement at page 5 and Directors' Report pages 36 to 37.

The Board also understands the importance of tax free dividends to Shareholders, and takes this into consideration when making the decision to pay dividends to Shareholders. During the period under review, the Company paid an interim dividend in respect of the year ended 28 February 2023 of 1.75p per share on 2 December 2022 and is proposing a final dividend for the year ended 28 February 2023 of 2.0p per share to be paid on 4 August 2023 to Shareholders on the register on 7 July 2023. The total tax-free dividends of 3.75p per share for the year ended 28 February 2023 represents a cash return to Shareholders of 5.1% on the opening NAV per share at 1 March 2022 (after deducting the prior year's final and special dividends of 3.25p per share in total). This cash return is in line with the target dividend yield of 5% per annum which, although not guaranteed, when achieved can provide predictable income returns and create value for Shareholders. The Board is not proposing a special dividend for the year ended 28 February 2023, principally due to the level of realised losses during the year.

### **Suppliers**

The Company's suppliers, and in particular Beringea as Investment Manager, are the cornerstone of the Company's business. There is regular contact with the Investment Manager and members of the Investment Manager's senior management team attend all of the Company's Board meetings.

### **Portfolio Companies**

The Investment Manager provides updates to the Board on the entire portfolio at least quarterly. Furthermore, the Investment Manager continuously supports the portfolio via a host of practices, including, but not limited to, having a representative of the Investment Manager on the boards of most of our material portfolio companies. The Investment

# Strategic Report (cont.)

Manager's Portfolio Value-Add Initiative has developed further in the past year, supporting companies in overcoming barriers to growth and harnessing commercial opportunities. The initiative is led by Harry Thomas, the firm's Portfolio Director, with support from Vanessa Evanson-Goddard (General Counsel), and Henry Philipson (Director of Marketing and Communications). Together, the team provides both ad-hoc and structured support on a range of topics from recruitment to marketing and fundraising.

The Beringea Scale-Up Academy is one of the primary pillars of the Value-Add Initiative, offering a year-round programme of events for portfolio leadership teams. In 2022, the Academy delivered ten webinars to portfolio company senior managers, providing valuable insight and training on topics such as pricing strategy, accessing R&D tax credits, and hiring.

The Investment Manager's Portfolio Value-Add Initiative also offers a range of services to support portfolio companies in their growth journey. These services include: identifying existing and potential service providers and negotiating group discounts; establishing a central database of information and contacts related to key operational and strategic concerns for companies; hosting in-person and online events for sharing knowledge and ideas; building relationships with external stakeholders, including investors, customers and suppliers; helping to identify potential acquisition or exit opportunities; and encouraging companies to consider and adopt ESG initiatives.

## Environmental, Social, Human Rights Policy and Greenhouse Emissions

The Board seeks to conduct the Company's affairs responsibly and maintain high standards in respect of ethical, environmental, governance and social issues. The Board recognises the requirement under section 414C of the Companies Act 2006 to detail information about social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies.

As an externally managed investment company with no employees, the Company has no formal policies in these matters. However, the Company and the Investment Manager recognise the need for the Company and the businesses within its portfolio to embrace environmental, social and governance ("ESG") practices. The Investment Manager has played a pivotal role in the creation of ESG\_VC and its development of a standardised framework for evaluating ESG within early-stage companies, which has been endorsed by the British Private Equity and Venture Capital Association (BVCA). Completing the ESG\_VC Measurement Framework is

now part of the annual reporting requested from members of the ProVen VCTs' portfolio. It is used as part of the onboarding of new investments, and to help shape the development of resources and events for the portfolio.

The Investment Manager's ongoing role as Chair of ESG\_VC, which now brings together more than 200 leading VC firms across the UK and Europe, has also provided valuable opportunities for the firm and the portfolio. As a result of its role within ESG\_VC, the Investment Manager was shortlisted among the leading firms for ESG in venture capital at the Real Deals Awards 2022, and Henry Philipson, Director of Marketing and Communications, was named among the Future 40 ESG Innovators.

To evaluate impact and improvement in its internal operations, the Investment Manager has an ESG committee responsible for assessing and strengthening the firm's approach to sustainability, diversity and inclusion, and governance. The firm has performed particularly strongly in its diversity-focused initiatives, and it is now certified as a Level 2 firm under the Diversity VC Standard, an industry accreditation for diversity and inclusion best practice. The Investment Manager is also a signatory of the Investing in Women Code, submitting annual data on the diversity of companies in the portfolio and investment pipeline.

On a general note, the Board considers that the Company's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefiting the community and the economy more generally. Where appropriate, the investment proposals considered by the Investment Manager and the Board also include any relevant information on any social, employee, ethical or environmental matters relevant to that investment.

Whilst as a UK quoted company the VCT is required to report on its Greenhouse Gas (GHG) Emissions for any direct emissions, as it outsources all of its activities and does not have any physical assets, property, employees or operations, it is not responsible for any direct emissions. As a result, total energy emissions are less than 40,000 kWh and the additional Streamlined Energy and Carbon Reporting (SECR) disclosures have not been made.

## Directors and Senior Management

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

## Directors' Remuneration

It is a requirement under Companies Act 2006 for Shareholders to approve the Directors' remuneration policy every three years, or sooner if the Company wishes to make changes to the policy. No changes are being proposed to the Directors' remuneration policy. The Directors' remuneration policy that was approved at the AGM of the Company on 14 July 2021 is set out on page 46, and the following votes were received at that AGM:

Voting	Votes received	Percentage
Votes for	7,756,200	88.70%
Votes for - discretion	291,527	3.33%
Votes against	696,858	7.97%
Votes received	8,744,585	100.00%
Votes withheld	353,109	

## Future Prospects

The Company's future prospects are set out in the Chair'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 or with a presence in the United Kingdom, with a view to providing both capital growth and dividend income to Shareholders over the long term whilst maintaining VCT qualifying status. As noted in the Chair's Statement, unless legislation to extend or remove the Sunset Clause is enacted, income tax relief will no longer be available for new VCT subscriptions made on or after 6 April 2025. However, the Government announced in September 2022 its commitment to extending the VCT scheme beyond 2025, and the Directors look forward to receiving details from the Government in due course of how the removal of the Sunset Clause will be enacted.

By order of the Board

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### Beringea LLP

Company Secretary of ProVen VCT plc  
Company number: 03911323

Charter House  
55 Drury Lane  
London, WC2B 5SQ  
9 June 2023

# Directors' Report



## Results and Dividends

	£'000	Pence per share
Loss on ordinary activities after tax for the year ended 28 February 2023	(13,831)	(5.9p)

During the year ended 28 February 2023, the Company paid final and special dividends on 5 August 2022 of 2.25p and 1.5p per share respectively in relation to the year ended 28 February 2022, and the Company paid an interim dividend of 1.75p per Ordinary Share in respect of the year ended 28 February 2023 on 2 December 2022.

The Board is proposing a final dividend of 2.0p per share to be paid on 4 August 2023 to Shareholders on the register at 7 July 2023.

## Directors

The Directors whose names and biographies are set out on page 23, all served throughout the year.

All the Directors will retire at the forthcoming Annual General Meeting and, being eligible, offer 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 23 together with the performance of the Company over a number of years, in order to support the resolutions to re-appoint all four Directors.

Each of the Directors has an agreed 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.

## Share Capital

The Company has one class of shares: Ordinary Shares of 10p each ("Ordinary Shares"). The total number of Ordinary Shares in issue at 28 February 2023 was 247,113,415. Each Ordinary Share entitles the holder to attend and vote at general meetings of the Company and to receive a copy of the Annual Report and Financial Statements of the Company.

Each Ordinary Share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights. Holders of Ordinary Shares are entitled to receive dividends and are entitled to the return of surplus capital on winding up or other return of capital based on the surpluses attributable to the Ordinary Shares.

During the year, 46,497,751 shares were issued at between 70.75p and 80.6p per share, with an aggregate nominal value of £4,649,775 pursuant to the offer for subscription announced on 11 January 2022. The aggregate consideration for the shares was £37,253,437 which excluded share issue costs of £1,671,169.

Also, 8,104,621 shares were issued at 64.55p per share with a nominal value of £810,462 pursuant to the offer for subscription announced on 19 October 2022. The consideration for these shares was £5,419,393 which excluded share issue costs of £187,729.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted: 2,095,063 Ordinary Shares at 70.75p per share to subscribing Shareholders on 5 August 2022 and 1,110,056 Ordinary Shares at 64.55p per share to subscribing Shareholders on 2 December 2022. The aggregate consideration for the shares was £2,213,229.

At the 2022 Annual General Meeting, Shareholders authorised the Company to make market purchases of its own shares of up to 14.99% of the share capital in issue at that date and to waive pre-emption rights and issue up to 34,922,734 Ordinary Shares.

During the year, the Company repurchased a further 3,072,254 Ordinary Shares for an aggregate consideration

(net of costs) of £2,058,958 being an average price of 67.02p per share and which represented 1.6% of the Company's issued share capital at the start of the year and had an aggregate nominal value of £307,225. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £16,969. These shares were repurchased in accordance with the Company's buyback policy in order to provide liquidity to Shareholders.

At the current date, authority remains for the Company to make market purchases of up to 31,850,480 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the Annual General Meeting taking place on 12 July 2023.

## Auditor

The financial year to 28 February 2023 sees the twelfth audit completed by BDO LLP. In line with the FRC's guidance on audit best practice and its recommendation that companies should put their audit out to tender every 10 years, the Company completed an audit tender process in May 2021 which led to the re-appointment of BDO LLP at the 2021 AGM.

A resolution to re-appoint BDO LLP as the Company's auditor for the following year will be proposed at the forthcoming AGM.

## Annual General Meeting

The Annual General Meeting will be held at the offices of Beringea LLP, at Charter House, 55 Drury Lane, London, WC2B 5SQ at 11:00am on Wednesday 12 July 2023.

Those intending to attend the AGM are asked to register their intention by emailing [info@beringea.co.uk](mailto:info@beringea.co.uk) in advance of the meeting.

This year, the Company will also offer Shareholders the option to follow proceedings of the meeting online. Any Shareholders who wish to listen to the meeting remotely, should email [info@beringea.co.uk](mailto:info@beringea.co.uk) for joining instructions.

Please note that Shareholders will not be able to vote or ask questions at the AGM when joining remotely. Shareholders are encouraged, even if they are planning to attend the AGM in person, to exercise their votes by submitting their proxy electronically via their Signal Shares account at [www.signalshares.com](http://www.signalshares.com) in advance of the Meeting and to appoint the Chair of the AGM as their proxy with their voting instructions.

Shareholders who wish to submit questions in advance of the AGM may do so via e-mail to [info@beringea.co.uk](mailto:info@beringea.co.uk) and the Board will respond to questions raised at the meeting.

In addition to the ordinary business, five items of special business will be proposed at the AGM. There are two resolutions giving the Directors authority to allot shares, to

enable the Company to raise additional funds and, as mentioned above, there is one resolution to allow the Company to continue to make share buybacks. In addition, the following resolutions will be proposed:

### Cancellation of Share Premium

The Company may, with the sanction of a special resolution of its Shareholders and the confirmation of the Court, reduce or cancel all or part of its existing share capital and apply the sums resulting from such reduction to, among other things, create distributable reserves. The Company has cancelled such share capital in the past to provide the Company with flexibility to support, amongst other things, share buybacks and the payment of dividends or other distributions to Shareholders.

The Company now proposes to put a special resolution to Shareholders at the AGM which seeks approval for the cancellation of the entire amount standing to the credit of the Company' share premium account and capital redemption reserve as at the date the relevant Court order is made. Subject to the approval of the Court, and the reduction in capital taking effect, the amount so cancelled will be credited to the Company's distributable reserves to facilitate, amongst other things, further share buy-backs and/or the payment of dividends in the future. The Company will monitor all distributions being made from cancelled share capital to ensure compliance with the VCT Rules.

### Amendment to Articles of Association

A special resolution is proposed to be put to Shareholders at the AGM to amend the Articles of Association such that the aggregate limit of £150,000 per annum on director fees is increased to £200,000 per annum. The £150,000 limit has remained unchanged since 2015 and since that time, the Company has significantly increased in size and complexity. The increase will enable the Company to expand the Board in the future in order to plan for succession. Further details of the Directors' remuneration are set out in the Directors' Remuneration Report at pages 46 to 49.

A copy of the Company's proposed new Articles of Association marked to show the changes is available on request by email to [info@beringea.co.uk](mailto:info@beringea.co.uk) and will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this notice of meeting until the close of the meeting. The proposed new Articles of Association will also be available for inspection at the AGM at least fifteen minutes prior to the start of the meeting and up until the close of the meeting.

Full details of the business to be conducted at the AGM are given in the Notice of Annual General Meeting on pages 80 to 81 of this Report.

# Directors' Report (cont.)

## Substantial Interests

As at 28 February 2023, and at the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital. The same was true of the prior year.

## Directors' Indemnity

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

## Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report and Accounts 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the Companies Act 2006.

The Board considers that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and that they provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

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 requirements of the Companies Act 2006. The maintenance and integrity of the Company's website is the responsibility of the directors. 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 Accounts are made available on a website. The Annual Report and Accounts are published on the ProVen VCTs' website [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk), 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 ongoing integrity of the financial statements contained therein.

## Directors' Responsibilities Pursuant to the Disclosure and Transparency Rule 4

Each of the Directors, whose names are listed on page 23, confirms that to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report, Chair's Statement, Strategic Report, Investment Manager's Review and Review of Investments include 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 Statement of Corporate Governance is set out on pages 40 to 45 and forms part of this Directors' Report.

## Political Donations

No political donations were made by the Company during the year ended 28 February 2023 (2022: £nil).

## Other Matters

Information in respect of financial instruments, greenhouse gas emissions and future developments which were

previously disclosed within the Directors' Report has been disclosed within the Strategic Report on pages 24 to 35 and in the Auditor's Report.

## Post Balance Sheet Events

Between 28 February 2023 and the date of the Annual Report & Accounts, the Company issued 8,116,540 Ordinary Shares for an aggregate consideration of £5.5 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 19 October 2022. Share issue costs thereon amounted to £0.3 million.

In March 2023, the Company disposed of its holding in Monica Vinader for initial proceeds of £6.3 million, representing an 11.8x return on cost at 28 February 2023, with potential for future proceeds. A strong performer in the Company's portfolio for several years, Monica Vinader had been exploring funding options and agreed a strategic sale to Bridgepoint Development Capital IV. After originally investing in Monica Vinader in 2010, the Company sold 60% of its holding in February 2016 for proceeds of £5.2 million and a multiple on cost of 5.2x.

The Company also disposed of its holding in Aistemos in March 2023, with proceeds of £3.1 million, representing a multiple on cost of 1.7x.

## 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 have 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.

The Directors' Report, which has been approved by the Board, includes all relevant information required to be disclosed under LR9.8.4R.

## 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 Chair's Statement on pages 4 to 7, the Investment Manager's Review on pages 8 to 11, the Strategic Report on pages 24 to 35 and the Directors' Report on pages 36 to 39. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 62, the Statement of Cash Flows on page 63 and the Strategic Report on pages 24 to 35. In addition, notes 15 and 16 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 part of the viability statement, financial projections for a three year period are also prepared and subjected to stress testing. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the twelve months from the date of sign off of this Report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

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**Beringea LLP**  
Company Secretary  
Charter House  
55 Drury Lane  
London, WC2B 5SQ  
9 June 2023

# Statement of Corporate Governance

The Statement of Corporate Governance forms part of the Directors' Report on pages 36 to 39. The longer term viability statement on page 32 also forms part of this report.

The Board has considered the principles and provisions of the AIC Code of Corporate Governance ("AIC Code").

The AIC Code addresses the principles and provisions set out in the 2018 UK Corporate Governance Code (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to investment companies. The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders. Except as set out below, where it is noted that two directors have served on the Board for more than nine years, the Company has complied with the principles and provisions of the AIC Code.

The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

By reporting against the AIC Code, the Board are meeting their obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The UK Code includes provisions relating to the role of the chief executive, executive directors' remuneration and workforce which are not relevant to an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

## The Board

The Company has a Board comprising four non-executive Directors. The Chair is Neal Ransome and the Senior Independent Director is Barry Dean. Neal Ransome, Barry Dean and Lorna Tilbian are considered to be independent Directors by the Board, and this independence is considered and challenged annually through a formal review of independence. Barry Dean and Lorna Tilbian have served on the Board for more than nine years and will offer themselves for re-election at the forthcoming AGM in accordance with Company policy. The Board has reviewed the independence of Barry Dean and Lorna Tilbian and concluded that despite their long tenures, they continue to be independent. They are not involved in the day-to-day running of the Company and provide strong strategic insight to the Company as well as robust challenge to the Investment Manager. Malcolm Moss is not independent by virtue of being a partner of the Investment Manager. Biographical details of all Board members (including the significant commitments of the Chair) are shown on page 23. All non-executive Directors have sufficient time to meet their board responsibilities and

no significant additional external appointments have been taken by any of the non-executive Directors during the current financial year.

In accordance with Company policy, all Directors will resign at the forthcoming AGM and, being eligible, offer themselves for re-election. Following a formal Board evaluation (further details of which are set out on page 44), each Director continues to be effective, providing considerable experience and continuity to the Company. Each of the Directors demonstrates commitment to their role, to the Board and the Company and the Board therefore has no hesitation in recommending each of the Directors for re-election at the forthcoming AGM.

The primary focus of Board meetings is the review of investment performance and associated matters. Full Board meetings take place to discuss and approve the quarterly results of the Company and the Board may meet periodically to address specific issues including considering recommendations from the Investment Manager.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- determination of the Company's investment objective and policy;
- determination and approval of appropriate dividend payments;
- approval of new share issues and share buybacks;
- regular review of the group's overall corporate governance arrangements; and
- regular review of the performance of the Company's Investment Manager.

The Board also provides oversight of the Company's strategy. The Investment Manager regularly consults with the Board on potential new investments as well as preparing detailed reports to the Board covering advanced investment prospects and the performance of individual portfolio companies which are considered by the Board on a quarterly basis. When considering business strategy, the Board also considers other matters such as the interests of its various stakeholders and the long-term impact of its actions on the Company's future and reputation.

The Chair leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of the Company or any other relationships that may create a conflict of interest between the Chair's interest and those of the Shareholders.

The Board does not have a policy of limiting the tenure of any Director, including the Chair, as the Board does not consider that a Director's length of service reduces his or her ability to act independently of the Investment Manager.

The Senior Independent Director is available to Shareholders if they have a concern that contact through the normal channels of the Chair and/or other Directors have failed to resolve or where such contact would be inappropriate. The Senior Independent Director also provides a sounding board for the Chair and serves as an intermediary to other non-executive directors where necessary as well as reviewing and appraising the Chair's performance on at least an annual basis.

Whilst the Company does not have a workforce, the Board assesses and monitors its own behaviour to ensure it promotes a culture of openness and debate. The Board is also very conscious of promoting its culture in its engagement with the wider stakeholders of the Company. The Board works closely with the Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs.

Directors review the disclosure of conflicts of interest regularly, with any changes reviewed and noted at the beginning of each Board meeting. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year. 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 Chair, in advance of each Board meeting as well as advising on corporate governance related matters. Should any Director have concerns about the operation of the Boards or Company that cannot be resolved by the Board, they can raise such concerns with the Company Secretary or with independent professional advisers. Any such concerns would be recorded in Board minutes of the Company and in the case of a resigning non-executive Director, the Director would be asked to make a written statement to the Chair, for circulation to the Board.

## Share Capital

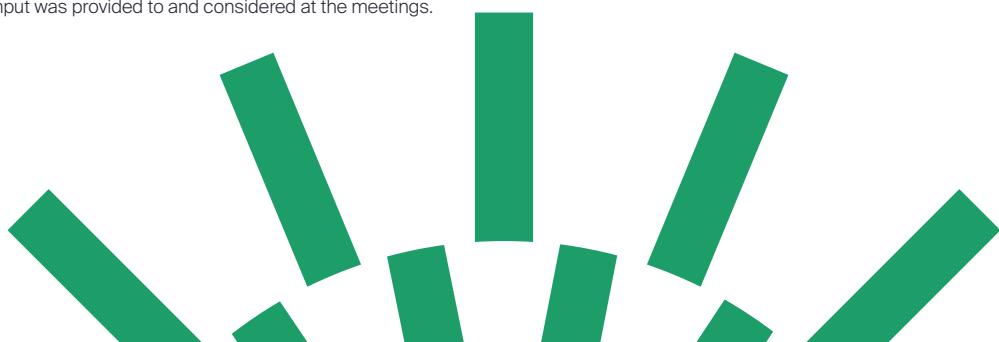
The rights and obligations attaching to the Company's shares, including the power of the Company to buy back shares and details of any significant Shareholders, are set out in the Chair's Statement on page 5 and the Directors' Report on pages 36 to 37.

## 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 2023.

<b>Director</b>	<b>Board Meetings</b>		<b>Audit Committee Meetings</b>		<b>Remuneration Committee Meetings</b>		<b>Nomination Committee Meetings</b>	
	<b>held</b>	<b>attended</b>	<b>held</b>	<b>attended</b>	<b>held</b>	<b>attended</b>	<b>held</b>	<b>attended</b>
Neal Ransome	5	5	2	2	1	1	1	1
Barry Dean*	5	4	2	1	1	1	1	1
Malcolm Moss*	5	4	n/a	n/a	n/a	n/a	n/a	n/a
Lorna Tilbian	5	5	2	2	1	1	1	1

\* One Board meeting and one Audit Committee meeting during the year were required to be held outside the normal board meeting cycle and on shorter notice than is usually provided to board members. This meant that not all Directors were available to attend. However, they received and reviewed all board papers prior to the meetings and their input was provided to and considered at the meetings.



# Statement of Corporate Governance (cont.)

## Audit Committee

The Company has an Audit Committee currently comprising of Barry Dean, as Chair, Lorna Tilbian and Neal Ransome (who sits on the Audit Committee despite being Chair of the Board because he is a chartered accountant and brings valuable experience from sitting on several other audit committees).

The Audit Committee has defined terms of reference and duties and is responsible for:

- monitoring the Company's financial reporting;
- advising the Board on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable;
- advising the Board on whether the Annual Report and Accounts provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;

- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

The Directors' Responsibilities Statement for preparing the accounts is set out in the Directors' Report on page 38, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on pages 55 and 56.

The Audit Committee has considered the Annual Report and Accounts for the year ended 28 February 2023 and has reported to the Board that it considers them to be fair, balanced and understandable providing the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

The key areas considered by the Audit Committee to be principal risks in relation to the financial statements of the Company are set out in the following table, together with how these risks were addressed. A detailed analysis of the other risks and uncertainties facing the business is set out in the Strategic Report on pages 29 to 32.

Principal Risks	Mitigation
Valuation of unquoted investments.	<p>The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board on a quarterly basis although new valuations may be prepared and agreed as required in the event of a material movement in the valuations. On an annual basis, at the year end, the Company's Auditor, BDO LLP, reports to, and discusses with, the Audit Committee their findings and any concerns arising from their review of the investment valuations.</p> <p>No material issues were identified for the year ended 28 February 2023.</p>
Compliance with HM Revenue & Customs conditions for approval as a Venture Capital Trust and the consequent preservation and/or availability of tax reliefs for Shareholders.	<p>VCT qualification monitoring reports are prepared by the Administration Manager and approved by the Board on a quarterly basis. On a bi-annual basis, the Company's VCT status adviser reports to the Audit Committee in relation to compliance with the VCT legislation. The report for the year ended 28 February 2023 showed compliance with all aspects of the VCT regulations as summarised on page 26. The Investment Manager regularly liaises with the Company's VCT status adviser in relation to VCT qualification on individual investments and addresses any recommended actions to ensure compliance.</p> <p>No issues were identified for the year ended 28 February 2023.</p>

These areas are discussed between the Audit Committee, Board and the Investment Manager during the year and at the regular Board meetings in order that any potential issues are identified and addressed on a timely basis. The Audit Committee and/or Investment Manager will engage outside professional support where this is deemed desirable and in the interests of Shareholders.

The Audit Committee reviews the performance and continued suitability of the Company's auditor. In advance of

each audit, BDO LLP provides an audit strategy plan for consideration by the Committee, including confirmation of BDO's compliance with the Ethical Standards of the Financial Reporting Council and of the audit and non-audit fees chargeable to the Company. BDO liaises directly with the Investment Manager during the audit process and attends the Audit Committee meeting at which the Annual Report and Accounts is considered. BDO provides a detailed Audit Committee Report outlining their audit process and setting out their findings. The Audit Committee and Investment

Manager are able to assess the quality of BDO's work and of BDO's understanding of the business. Based on these procedures, the Audit Committee has obtained sufficient assurance as to BDO's independence and performance and it therefore recommends to Shareholders that BDO be re-appointed as Auditor for the forthcoming year. Audit fees are disclosed in Note 5, on page 67.

The Audit Committee safeguards the objectivity and independence of the Auditor by reviewing the nature and extent of non-audit services supplied by the external Auditor of the Company, seeking to balance objectivity and value for money, and pre-approves all non-audit work. No non-audit work was completed in the year.

The Audit Committee has considered the need for an internal audit function. Given the size and nature of the Company and its relationship with key service providers, the Audit Committee has recommended to the Board that the oversight of the Audit Committee, together with the processes in place, are sufficiently robust and that no internal audit function is required.

The Audit Committee terms of reference are available from [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).

## Remuneration Committee

The Board has appointed a Remuneration Committee comprising all independent Directors and chaired by Lorna Tilbian. The Remuneration Committee determines and agrees with the Board the framework or broad policy for the remuneration of the Company's non-executive Directors and reviews the ongoing appropriateness and relevance of the remuneration policy. The Committee generally meets once a year and at other times as required and has specific terms of reference in order to fulfil its duties in respect of matters relating to remuneration. The Remuneration Committee terms of reference are available from [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).

## Nomination Committee

The Board has appointed a Nomination Committee comprising all independent Directors and chaired by Neal Ransome. 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 the Board composition and balance.

In particular, the Nomination Committee:

- regularly reviews the structure, size and composition (including the skills, knowledge, experience and

diversity) required of the Board compared to its current position and makes recommendations to the Board with regard to any changes;

- gives full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- is responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- before any appointment is made by the Board, evaluates the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepares a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Nomination Committee:
  - uses open advertising or the services of external advisers to facilitate the search;
  - considers candidates from a wide range of backgrounds; and
  - considers candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the board, including gender, social and ethnic background, and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- ensures that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

The Nomination Committee meets as and when appropriate. The Nomination Committee terms of reference are available from [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).

## Diversity

When considering a new appointment to the Board, the Nomination Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender or ethnicity) 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. However, the Nomination Committee regularly reviews the composition of the Board, including diversity and, when considering new candidates, will take due regard to the benefits of diversity on the Board.

# Statement of Corporate Governance (cont.)

For the forthcoming financial year ending 29 February 2024, the FCA rules requiring listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards as set out in paragraph 9.8.6R(9) of the Listing Rules will apply to the Company. These requirements are as follows:

- (i) at least 40% of the individuals on the Board of Directors are women;
- (ii) at least one of the senior positions on the Board of Directors is held by a woman; and
- (iii) at least one individual on the Board of Directors is from a minority ethnic background.

The Directors self-reported their gender identities and ethnic backgrounds as part of the formal board evaluation process in May 2023, the result of which are shown in the table below:

<b>As at 1 March 2023</b>	<b>Number of Board members</b>	<b>Percentage of the Board</b>
<b>Gender Identity</b>		
Male	3	75%
Female	1	25%
Non-binary	-	-
Not specified/prefer not to say/other	-	-
<b>Ethnic Background</b>		
White	4	100%
Mixed/Multiple ethnic groups	-	-
Asian/Asian British	-	-
Black/African/Caribbean/ Black British	-	-
Other ethnic group	-	-

The Board notes that it does not currently meet the targets. Due to the small size of the Board, any change in the Board membership will have a much greater impact on representation. Therefore, as referred to above, on future succession and recruitment of new members to the Board, the diversity in gender identity and ethnic background will be taken into consideration.

## 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 at [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).

## Board Performance Evaluation

An evaluation of the performance of the Board, each of its committees and of the non-executive Directors was last conducted in May 2023 using a series of questionnaires. A broad range of standard topics was covered including the programme of regular Board or Committee business, Board behaviours, culture and strategy. The evaluation will be updated each year to assess the approach to risk, Board training and the Directors' ability to provide effective challenge.

Representatives of the Company Secretary were well placed to prepare an updated evaluation that i) was relevant and appropriate to the Company, ii) was understandable and iii) ensured a full and frank discussion around any concerns raised.

The Chair has reviewed the results of the questionnaire and followed up relevant matters with each Director. The outcome of the 2023 Board review has confirmed that the Directors consider the Board to have a good balance of skills and to be working well. The Board does not undergo an externally facilitated board evaluation, but will consider the merits of such a review on an annual basis.

## Investment Manager and Third Party Performance

The Board conducts a review of the terms and performance of all service providers, including the Investment Manager and Administration Manager on at least an annual basis. The 2023 review did not raise any concerns and the performance of all third party service providers was considered satisfactory. The Board also reviews the terms of the investment management agreement with the Investment Manager immediately before an offer is launched. The investment management agreement sets out the duties and responsibilities of the Investment Manager.



## Relations with Shareholders

Shareholders have the opportunity to meet the Board at the Annual General Meeting. 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 Event for the ProVen VCTs is also held each year and Shareholders were invited to attend a hybrid version of this in Autumn 2022.

Separate resolutions are proposed at the Annual General Meeting on each substantially separate issue. The proxy votes are collated and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the Annual General Meeting. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the Annual General Meeting, except in the event of a poll being called. The notice of the next Annual General Meeting can be found at the end of the Annual Report and Accounts.

## Articles of Association

The Company may amend its Articles of Association by special resolution in accordance with section 21 of the Companies Act 2006.

## Risk Management and Internal Control

The Board has adopted an Internal Control Manual (the "Manual") for which it is responsible, which has been compiled to comply with the UK Corporate Governance Code and the AIC Code of Corporate Governance. 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 at least an annual basis. The main aspects of internal control in relation to financial reporting by the Board are 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 Philip Hare & Associates LLP;
- a separate review of the Annual Report and Accounts and Half Yearly report by the Audit Committee prior to Board approval; and
- a review by the Board of all financial announcements prior to release.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and for monitoring the systems of risk management and internal control. It also 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 external advisers, including Beringea LLP as the Investment Manager and the Administration Manager.

The Board is satisfied that the risk management and internal control systems are effective and has identified no significant problems that warrant disclosure in the Annual Report and Accounts.

By order of the Board

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### Beringea LLP

Company Secretary  
Charter House  
55 Drury Lane  
London, WC2B 5SQ  
9 June 2023



# Directors' Remuneration Report



## Annual Statement by the Chair of the Remuneration Committee

The Remuneration Committee comprises all independent members of the Board and is chaired by Lorna Tilbian. An increase in Directors' remuneration in accordance with the current remuneration policy was recommended based on a review of similar companies and was effective from 1 March 2023.

## Directors' Remuneration Policy

Shareholders must vote on the Directors' remuneration policy every three years or sooner if the Company wishes to make changes to the policy. Shareholders last voted on the remuneration policy on 14 July 2021 and no further changes to the Directors' remuneration policy are proposed.

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 of 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; and

- the Directors shall be entitled to be repaid all reasonable travel, hotel and other expenses incurred by them respectively in 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.

Under resolution 14 to be proposed to Shareholders at this year's AGM, the Company is proposing to amend its Articles of Association to increase the cap on aggregate service fees to £200,000 per annum. This will allow the Company to expand the Board in the future in order to plan for succession, as needed.

Further details of the resolutions to be proposed at the AGM are set out on pages 80 and 81.

## Statement of Voting at Annual General Meeting

The Board usually receives feedback from Shareholders from time to time via direct correspondence, telephone calls, at the Annual General Meeting 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.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting held on 20 July 2022, the following votes were received in respect of the resolution approving the Directors' Remuneration Report:

Voting	Votes received	Percentage
Votes for	6,908,463	90.9%
Votes for - discretion	306,294	4.0%
Votes against	388,499	5.1%
Votes received	7,603,256	100.0%
Votes withheld	148,651	

## Agreements for Service

Each of the Directors has an agreed letter of appointment (which is available for inspection at the Company's registered office) whereby he or she is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his or her 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 12 July 2023.

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 Independent Auditor's Report on page 55.

## Directors' Remuneration (Audited)

Directors' fees for the year under review were as follows:

	Year ended 28 Feb 2023 £	Year ended 28 Feb 2022 £
Neal Ransome (Chair)	40,000	40,000
Barry Dean	34,000	34,000
Malcolm Moss	15,000	15,000
Lorna Tilbian	32,000	32,000
	121,000	121,000

The remuneration of Malcolm Moss is paid to Beringea LLP.

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

## Directors' Remuneration for the Year to 29 February 2024

The remuneration levels for the forthcoming year are expected to be at the following rates:

	Expected Annual Expense £
Neal Ransome (Chair)	43,000
Barry Dean	37,000
Malcolm Moss	15,000
Lorna Tilbian	35,000
	130,000

# Directors' Remuneration Report (cont.)

## Changes to Directors' Remuneration Over Five Years

Role	Year ended 28 Feb 2023 (£)	Year ended 28 Feb 2018 (£)	Overall Change	Annual Average Change
Chair	40,000	37,500	6.7%	1.3%
Audit Chair	34,000	30,000	13.3%	2.7%
Other Independent Director	32,000	30,000	6.7%	1.3%
Non-Independent Director	15,000	15,000	0.0%	0.0%
<b>Total</b>	<b>121,000</b>	<b>112,500</b>	<b>7.6%</b>	<b>1.5%</b>

## Insurance Cover

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

There have been no movements in Directors' holdings since the year end.

The Company has not set out any formal shareholding guidelines for Directors.

## Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of the Company at 28 February 2023 and 28 February 2022 were as follows:

Director	28 Feb 2023	28 Feb 2022
Neal Ransome (Chair)	64,985	64,985
Barry Dean	29,252	29,252
Malcolm Moss	307,757	142,662
Lorna Tilbian	62,987	-

## Relative Importance of Spend on Pay

The difference in actual spend between 2023 and 2022 on remuneration for all Directors in comparison to distributions (dividends and share buy backs) and other significant spending are set out in the tabular graph below:

Relative Spend on Pay (£'000)



## Performance Graph



The chart above represents the Company's Ordinary Share performance over the reporting periods since 28 February 2008 and compares the Net Asset Value Total Return and the Share Price Total Return to the rebased Numis Smaller Companies Index (excluding investment companies) ("Numis"). Net Asset Value Total Return is calculated as Net Asset Value plus dividends and/or capital distributions reinvested in the share class at the Net Asset Value prevailing at the date the dividends/distributions were paid. Share Price Total Return is calculated in a similar way, but reinvesting dividends at the mid-market share price at the date dividends are paid. Numis is not considered to be a benchmark for the Company but has been selected as an

appropriate publicly available broad equity market index. The series has been rebased to 100 as at 28 February 2008.

By order of the Board

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**Beringea LLP**  
 Company Secretary  
 Charter House  
 55 Drury Lane  
 London, WC2B 5SQ  
 9 June 2023

# Independent Auditor's Report

To the members of ProVen  
VCT plc



## Opinion on the 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 2023 and of the loss attributable to equity shareholders for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ProVen VCT plc (the 'Company') for the year ended 28 February 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom

Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

## Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 29 February 2012 and subsequent financial periods. The period of total



uninterrupted engagement including retenders and reappointments is 12 years, covering the years ended 29 February 2012 to 28 February 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness and considered additional more severe downside scenarios; and
- Evaluating the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about

whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Overview

<b>Key audit matters</b>	Valuation of unquoted investments 2022 ✓ 2021 ✓
<b>Materiality</b>	Company financial statements as a whole £2.3m (2022: £2.5m) based on 2% (2022: 2%) of the gross investment value

## An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

### Key audit matters

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

### Valuation of unquoted investments (Note 1 and Note 10)

We consider the valuation of investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

There is also an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated and assessed based on the net asset value of the Company.

# Independent Auditor's Report (cont.)

For these reasons we considered the valuation of unquoted investments to be a key audit matter.

## How the scope of our audit addressed the key audit matter

Our sample for the testing of unquoted investments was stratified according to the value of individual investments.

For all Investments in our sample we considered whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards. We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies.

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

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

For a sample of investments valued using less subjective valuation techniques (net asset value) we:

- Agreed the net assets to supporting management accounts, agreed the cash balances to bank statements and where applicable agreed other assets to supporting documentation such as loan agreements; and
- Considered whether there were any indications that net asset value was not representative of fair value.

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

- Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations;
- Considered the revenue or earnings multiples applied and the discounts applied by reference to observable listed company market data;
- Challenged the consistency and appropriateness of discounts applied to multiples; and
- Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies, the market and sector in which the investee company operates and other factors as appropriate.

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

## Key observations

Based on the procedures performed we consider the investment valuations to be appropriate.





## Our application of materiality

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower

materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023 £	2022 £
Materiality	2,300,000	2,500,000
Basis for determining materiality	2% of Gross investments	
Rationale for the benchmark applied	As a VCT, investments are considered to be the key measure of performance. In setting materiality, we have had regard to the nature and disposition of the investment portfolio.	
Performance materiality	1,720,000	1,875,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the brought forward uncorrected misstatements, known or expected misstatements for the current year, management's attitude towards proposed adjustments and the number of areas of the financial statements subject to estimation uncertainty.	

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £115,000 (2022: £125,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

# Independent Auditor's Report (cont.)



## Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and</li> <li>The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>Directors' statement on fair, balanced and understandable;</li> <li>Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;</li> <li>The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and</li> <li>The section describing the work of the audit committee.</li> </ul>

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

### Strategic report and Directors' report

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

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

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

### Directors' remuneration

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

### Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
  - certain disclosures of Directors' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit.

## Responsibilities of Directors

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

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;

# Independent Auditor's Report (cont.)

- Discussion with management and Those Charged With Governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of meeting of those charged with governance and the general ledger for legal fees throughout the period for instances of non-compliance with laws and regulations.

## Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and Those Charged With Governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.

- Review of minutes of meeting of Those Charged With Governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- Relevant aspects of the procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## Use of our report

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

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**Chris Meyrick (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
9 June 2023

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



# Income Statement

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For the year ended 28 February 2023

	Note	Year ended 28 February 2023			Year ended 28 February 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	405	-	405	199	-	199
Realised (losses)/gains on investments	10	-	(10,125)	(10,125)	-	2,490	2,490
Unrealised (losses)/gains on investments	10	-	(163)	(163)	-	12,673	12,673
		<b>405</b>	<b>(10,288)</b>	<b>(9,883)</b>	<b>199</b>	<b>15,163</b>	<b>15,362</b>
Investment management fees	3	(825)	(2,474)	(3,299)	(741)	(2,222)	(2,963)
Performance incentive fees	4	-	-	-	-	(1,018)	(1,018)
Other expenses	5	(648)	(1)	(649)	(736)	(3)	(739)
<b>(Loss)/return on ordinary activities before tax</b>		<b>(1,068)</b>	<b>(12,763)</b>	<b>(13,831)</b>	<b>(1,278)</b>	<b>11,920</b>	<b>10,642</b>
Tax on ordinary activities	7	-	-	-	-	-	-
<b>(Loss)/return attributable to equity shareholders</b>		<b>(1,068)</b>	<b>(12,763)</b>	<b>(13,831)</b>	<b>(1,278)</b>	<b>11,920</b>	<b>10,642</b>
<b>Basic and diluted (loss)/return per share</b>	<b>9</b>	<b>(0.4p)</b>	<b>(5.5p)</b>	<b>(5.9p)</b>	<b>(0.7p)</b>	<b>6.4p</b>	<b>5.7p</b>

All revenue and capital movements in the year relate to continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the Income Statement 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 Comprehensive Income has not been prepared as no items have been recognised in 'other comprehensive income' in the current or prior year as shown.

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

# Statement of Changes in Equity

For the year ended 28 February 2023

	Note	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share Premium reserve £'000	Re-valuation reserve £'000	Capital reserve-realised £'000	Revenue reserve £'000	Total £'000
<b>At 1 March 2022</b>		19,238	1,066	31,716	71,018	24,793	4,482	(4,729)	147,584
<b>Comprehensive Income for the year:</b>									
Management fees allocated as capital expenditure	3	-	-	-	-	-	(2,474)	-	(2,474)
Legal fees allocated as capital expense		-	-	-	-	-	(1)	-	(1)
Realised loss on investments	10	-	-	-	-	-	(10,125)	-	(10,125)
Unrealised loss on investments	10	-	-	-	-	(163)	-	-	(163)
Loss after tax		-	-	-	-	-	-	(1,068)	(1,068)
<b>Total comprehensive loss</b>		-	-	-	-	(163)	(12,600)	(1,068)	(13,831)
<b>Contributions by and distributions to owners:</b>									
Issue of new shares (includes DRIS) (net of share issue costs)	13	5,780	-	(1,858)	39,105	-	-	-	43,027
Share buybacks	13	(307)	307	(2,069)	-	-	-	-	(2,069)
Dividends paid (includes DRIS)	8	-	-	(12,971)	-	-	-	-	(12,971)
<b>Total contributions by and distributions to owners</b>		<b>5,473</b>	<b>307</b>	<b>(16,898)</b>	<b>39,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,987</b>
<b>Other movements:</b>									
Transfer of previously unrealised gains now realised		-	-	-	-	(5,279)	5,279	-	-
<b>Total other movements</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,279)</b>	<b>5,279</b>	<b>-</b>	<b>-</b>
<b>At 28 February 2023</b>		<b>24,711</b>	<b>1,373</b>	<b>14,818</b>	<b>110,123</b>	<b>19,351</b>	<b>(2,839)</b>	<b>(5,797)</b>	<b>161,740</b>

# Statement of Changes in Equity (cont.)

For the year ended 28 February 2022

	Note	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share Premium reserve £'000	Re-valuation reserve £'000	Capital reserve-realised £'000	Revenue reserve £'000	Total £'000
<b>At 1 March 2021</b>		16,982	590	42,765	52,739	13,915	3,440	(3,451)	126,980
<b>Comprehensive Income for the year:</b>									
Management fees allocated as capital expenditure	3	-	-	-	-	-	(2,222)	-	(2,222)
Legal fees allocated as capital expense		-	-	-	-	-	(3)	-	(3)
Realised gain on investments		-	-	-	-	-	2,490	-	2,490
Unrealised gain on investments		-	-	-	-	12,673	-	-	12,673
Loss after tax		-	-	-	-	-	-	(1,278)	(1,278)
Performance fee		-	-	-	-	-	(1,018)	-	(1,018)
<b>Total comprehensive return</b>		-	-	-	-	12,673	(753)	(1,278)	10,642
<b>Contributions by and distributions to owners:</b>									
Issue of new shares (includes DRIS) (net of share issue costs)		2,732	-	(866)	18,279	-	-	-	20,145
Share buybacks		(476)	476	(3,406)	-	-	-	-	(3,406)
Dividends paid (includes DRIS)	8	-	-	(6,777)	-	-	-	-	(6,777)
<b>Total contributions by and distributions to owners</b>		2,256	476	(11,049)	18,279	-	-	-	9,962
<b>Other movements:</b>									
Transfer of previously unrealised gains now realised		-	-	-	-	(1,795)	1,795	-	-
FX translation		-	-	-	-	-	-	-	-
<b>Total other movements</b>		-	-	-	-	(1,795)	1,795	-	-
<b>At 28 February 2022</b>		<b>19,238</b>	<b>1,066</b>	<b>31,716</b>	<b>71,018</b>	<b>24,793</b>	<b>4,482</b>	<b>(4,729)</b>	<b>147,584</b>

The special reserve, capital reserve-realised and revenue reserve are all distributable reserves. Reserves available for distribution therefore amount to £6,182,000 (2022: £31,469,000). During the year the Company repurchased 3,072,254 shares (2022: 4,762,331) with a nominal value of £307,225 (2022: £476,233). All shares were subsequently cancelled.

The composition of each of these reserves is explained below:

**Called up share capital** – The nominal value of shares issued, increased for subsequent share issues either via an offer for subscription or the Company's dividend reinvestment scheme, or reduced due to shares bought back by the Company for cancellation.

**Capital redemption reserve** – The nominal value of shares bought back and cancelled.

**Special reserve** – The Company has previously cancelled its share premium reserve and capital redemption reserve to create a special reserve that can assist in writing off losses, which in turn enhances the ability for a company to make distributions and implement share buybacks. This is the distributable reserve which is currently used to fund shares bought back by the Company for cancellation and share issue costs on shares issued under an Offer for Subscription. Dividends that are classified as capital may be paid from this reserve. The special reserve is currently wholly distributable as it does not contain any capital arising from shares issued less than three years ago.

**Share premium reserve** – This reserve contains the excess of gross proceeds over the nominal value of shares allotted under offers for subscription and the Company's dividend reinvestment scheme, to the extent that it has not been cancelled.

**Revaluation reserve** – Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and capital reserve – realised are shown within the Income Statement for the year.

**Capital reserve – realised** – The following are accounted for in this reserve:

- gains and losses on realisation of investments;
- permanent diminution in value of investments;
- transaction costs incurred in the acquisition of investments;
- 75% of the investment manager's fee expense and 100% of any performance incentive fee payable; and
- other capital expenses and charges.

Dividends that are classified as capital may be paid from this reserve.

**Revenue reserve** – Income and expenses that are revenue in nature are accounted for in this reserve together with the related tax effect, as well as dividends paid that are classified as revenue in nature.

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



# Statement of Financial Position

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As at 28 February 2023

	Note	28 February 2023 Total £'000	28 February 2022 Total £'000
<b>Fixed assets</b>			
Investments	10	115,218	124,836
<b>Current assets</b>			
Debtors	11	740	576
Cash at bank and in hand		46,565	23,497
		<b>47,305</b>	<b>24,073</b>
<b>Creditors: amounts falling due within one year</b>	12	(783)	(1,325)
<b>Net current assets</b>		<b>46,522</b>	<b>22,748</b>
<b>Total assets less current liabilities</b>		<b>161,740</b>	<b>147,584</b>
<b>Capital and reserves</b>			
Called up share capital	13	24,711	19,238
Capital redemption reserve		1,373	1,066
Special reserve		14,818	31,716
Share premium reserve		110,123	71,018
Revaluation reserve		19,351	24,793
Capital reserve – realised		(2,839)	4,482
Revenue reserve		(5,797)	(4,729)
<b>Total equity shareholders' funds</b>		<b>161,740</b>	<b>147,584</b>
<b>Basic and diluted net asset value per share</b>	14	<b>65.5p</b>	<b>76.7p</b>

The financial statements on pages 58 to 63 were approved and authorised for issue by the Board of Directors on 9 June 2023 and were signed on its behalf by:

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**Neal Ransome**

Chair

ProVen VCT plc  
Company number: 03911323

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

# Statement of Cash Flows

For the year ended 28 February 2023

	Note	Year ended 28 February 2023 Total £'000	Year ended 28 February 2022 Total £'000
(Loss)/return on ordinary activities before taxation		(13,831)	10,642
Loss/(gain) on investments		10,287	(15,163)
(Increase)/decrease in prepayments, accrued income and other debtors		(8)	21
(Decrease)/increase in accruals and other creditors		(1,049)	894
<b>Net cash outflow from operating activities</b>		<b>(4,601)</b>	<b>(3,606)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	10	(22,862)	(28,982)
Sale of investments	10	22,044	9,104
<b>Net cash outflow from investing activities</b>		<b>(818)</b>	<b>(19,878)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues	13	42,673	19,909
Share issue costs <sup>1</sup>	13	(1,672)	(867)
Purchase of own shares <sup>2</sup>		(1,754)	(3,402)
Equity dividends paid	8	(10,760)	(5,673)
<b>Net cash inflow from financing activities</b>		<b>28,487</b>	<b>9,967</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>23,068</b>	<b>(13,517)</b>
Cash at beginning of year		23,497	37,014
<b>Cash at end of year</b>		<b>46,565</b>	<b>23,497</b>

<sup>1</sup> Share issue costs of £1,672,000 as shown above are lower than those shown in the Statement of Changes in Equity (£1,858,000) due to a creditor of £186,000 held at the year end.

<sup>2</sup> The Purchase of own shares figure of £1,754,000 as shown above is lower than those shown in the Statement of Changes in Equity (£2,069,000) due to a creditor of £319,000 held at the year end, partly offset by a creditor of £4,000 held at the previous year end.

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

'Net cash used in operating activities' includes interest received of £236,000 (2022: £282,000) and dividends received of £nil (2022: £4,000). No interest was paid during the period (2022: £nil).

# Notes to the Accounts

For the year ended 28 February 2023

## 1. Accounting policies

### Basis of preparation

The Company has prepared its financial statements under Financial Reporting Standard 102 ("FRS102") and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the "SORP") issued by the Association of Investment Companies ("AIC"), which was updated in July 2022.

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

The following accounting policies have been applied consistently throughout the period.

### 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 twelve months from the date of sign off of these financial statements. In its assessment of the Company's activities as a going concern, the Board has reviewed the risks to future performance as set out in the Strategic Report on pages 29 to 32, and considered the potential impacts of those on the Company's future ability to continue as a going concern. The Company's cash resources are currently healthy, and the portfolio of investments is diverse and not reliant on any one sector. All significant cash outflows, including dividends, share buybacks and investments, are within the Company's control. Therefore, the Board expects that the Company has sufficient cash resources to withstand any reasonable stress scenario, for example if the Company was unable to raise further funds, and believes that it is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

### Presentation of Income Statement

In order to better reflect the activities of an investment company and, in accordance with guidance issued by the 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 set out in Part 6 of the Income Tax Act 2007.

### Investments

Investments, including equity and loan stock, are recognised at their trade date and measured at "fair value through profit or loss" due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") updated in December 2022, together with sections 11 and 12 of FRS102.

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

### Key judgements

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

- where a company is in the early stage of development, the estimate of fair value is based on market data and assumptions as to the potential outcomes, benchmarked against alternative valuation methodologies during this time;
- where a company is well established after an appropriate period, the investment may be valued by applying a suitable earnings, revenue or transaction multiple to that company's maintainable earnings or revenue. The multiple used is based on comparable listed companies, transaction data or a sector but discounted to reflect factors such as the different sizes of the comparable businesses, different growth rates and the lack of marketability of unquoted shares;
- where a value is indicated by a material arm's-length transaction by a third party in the shares of the company the valuation will normally be based on this, whilst also being benchmarked against alternative valuation methodologies;
- where alternative methods of valuation, such as net assets of the business, are more appropriate then such methods may be used; and

- where repayment of the equity is not probable, redemption premiums will be recognised.

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. Methodologies are applied consistently from year to year except where a change results in a better estimate of fair value.

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

All investee companies are held as part of an investment portfolio and measured at fair value. Therefore, it is not the policy for investee companies to be consolidated and any gains or losses arising from changes in fair value are included in the Income Statement for the period as a capital item.

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.

Investments are derecognised when the contractual rights to the cash flows 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.

### Key estimates

The key estimates involved in determining the fair value of a company can include:

- identifying a relevant basket of market comparables;
- deducing the discount to take on those market comparables;
- determining reoccurring revenue;
- determining reoccurring earnings; or
- identifying surplus cash.

The table below shows the investment portfolio categorised by valuation methodology, as well as the range of market comparables used in reaching the closing valuations. The table also shows the possible outcomes if different ranges of multiples were used in valuing the portfolio.

Valuation Basis	Range of market comparables	Valuation as at 28 February 2023 £'000	Range of market comparables when reduced by 15%	Valuation outcome £'000	Range of market comparables when increased by 15%	Valuation outcome £'000
Multiple of revenue or EBITDA	1.0x - 8.7x	86,412	0.9x - 7.4x	76,316	1.1x - 10.0x	101,545
Price of recent investment	n/a	11,941	n/a	11,941	n/a	11,941
Price of recent offer	n/a	11,921	n/a	11,921	n/a	11,921
Net asset value	n/a	4,944	n/a	4,944	n/a	4,944
<b>Total</b>		<b>115,218</b>		<b>105,122</b>		<b>130,351</b>

# Notes to the Accounts (cont.)

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## Fair value

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. 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: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

## 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 in the foreseeable future. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investments.

A provision is made for any fixed income not expected to be received.

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

Deferred taxation, which is not discounted, is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

## Foreign Exchange

Where a new investment is made in a currency other than GBP, its cost is recorded in the accounts at the GBP equivalent on the date of purchase and held in GBP for the life of the investment.

## Share issue costs

Expenses in relation to share issues are deducted from the Special Reserve.

## Cash

Cash comprises cash on hand and demand deposits. All cash at the year end is held in instant access accounts.

## Debtors

Short term debtors are initially measured at transaction price. Subsequent remeasurement deducts any impairment from the transaction price.

## Creditors

Short term trade creditors are initially and subsequently measured at the transaction price, and are settled in a short time frame.

## 2. Income

	2023 £'000	2022 £'000
<b>Income from investments</b>		
Loan stock interest	288	195
Dividend income	-	2
	288	197
<b>Other income</b>		
Deposit interest	117	2
	405	199

The Directors consider that the Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers.

All activities arise in the United Kingdom.

## 3. Investment Management Fees

	2023 £'000	2022 £'000
Investment management fees	3,299	2,963

The Company has an agreement with Beringea LLP for the provision of management services in respect of its portfolio of venture capital investments, which is terminable with one year's notice. The management fee is based upon an annual amount of 2.0% of net assets. The annual running costs (excluding performance incentive fees and trail commission) of the Company are subject to a cap of 3.25% of the Company's net assets. 25% of the management fee is allocated as capital expenditure.

## 4. Performance Incentive Fees

	2023 £'000	2022 £'000
Performance incentive fees	-	1,018

Beringea LLP is entitled to receive performance incentive fees as described in the Strategic Report on page 27. At 28 February 2023, performance hurdles were not met. Therefore, no performance incentive fee is accrued in these accounts.

## 5. Other Expenses

	2023 £'000	2022 £'000
Administration services	70	65
Directors' remuneration	121	121
Social security costs on Directors' remuneration	15	14
Trail commission	81	169
Auditors' remuneration for the audit of the Company's annual accounts (net of VAT)	68	61
Other expenses	294	309
	<b>649</b>	<b>739</b>

Included within other expenses is £1,000 (2022: £3,000) allocated to capital expenses in respect of expenses incurred in relation to investments. All other expenses are allocated as revenue costs.

## 6. Directors' Remuneration

Details of remuneration (excluding employers' NIC and VAT) are given in the Directors' Remuneration Report on page 47. The Company had no employees (other than Directors) during either year. Directors are key management personnel and no separate key management personnel exist in the Company. Costs in respect of Directors are disclosed in Note 5.

# Notes to the Accounts (cont.)

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## 7. Taxation on Ordinary Activities

		2023 £'000	2022 £'000
(a) <b>Tax charge for the year</b>			
<b>Current year</b>			
UK corporation tax (charged to revenue account)		-	-
Charged to capital expenses		-	-
<b>Charge for the year</b>		-	-
(b) <b>Factors affecting tax charge for the year</b>			
(Loss)/return on ordinary activities before tax		(13,831)	10,642
Tax charge calculated on operating profit at the applicable rate of 19% (2022: 19%)		(2,628)	2,022
Effects of:			
Loss/(gain) on investments		1,955	(2,881)
Expenses disallowed for tax purposes		1	6
Deferred tax not recognised		672	853
		-	-
(c) <b>Deferred tax not recognised</b>			

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £36,002,000 (2022: £32,455,000). The deferred tax asset, calculated at a rate of 25%, of £9,001,000 (2022: £8,114,000) would only be recovered were the Company to make sufficient taxable profits in the future. Given the Company is not expected to generate taxable income in excess of deductible expenses, no deferred tax asset has been recognised for the year ended 28 February 2023.

## 8. Dividends

	Pence	Year ended 28 February 2023			Year ended 28 February 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Ordinary Share dividends paid in the year</b>							
2021 Final	2.0	-	-	-	-	3,872	3,872
2022 Interim	1.5	-	-	-	-	2,905	2,905
2022 Final	2.25	-	5,272	5,272	-	-	-
2022 Special	1.5	-	3,514	3,514	-	-	-
2023 Interim	1.75	-	4,185	4,185	-	-	-
		-	12,971	12,971	-	6,777	6,777
<b>Proposed dividends</b>							
2022 Final	2.25	-	-	-	-	5,242	5,242
2022 Special	1.5	-	-	-	-	3,495	3,495
2023 Final	2.0	-	5,105	5,105	-	-	-

Dividends paid in the year ended 28 February 2023 of £12,971,000 as shown above differs to that shown in the Statement of Cash Flows of £10,758,000 due to £2,213,000 of new shares issued as part of the Company's DRIS.

## 9. Basic and diluted return per share

	Year ended 28 February 2023	Year ended 28 February 2022
Revenue loss per share based on:		
Net loss after taxation (£'000)	(1,068)	(1,278)
Weighted average number of shares in issue	233,086,216	186,421,327
Pence per share	(0.4)	(0.7)
Capital (loss)/return per share based on:		
Net capital (loss)/return for the financial year (£'000)	(12,763)	11,920
Weighted average number of shares in issue	233,086,216	186,421,327
Pence per share	(5.5)	6.4
Total (loss)/return per share based on:		
Total (loss)/return for the financial year (£'000)	(13,831)	10,642
Weighted average number of shares in issue	233,086,216	186,421,327
Pence per share	(5.9)	5.7

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.

# Notes to the Accounts (cont.)

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## 10. Investments

“Fair value through profit or loss” assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
<b>Opening cost at 1 March 2022</b>	<b>287</b>	<b>102,635</b>	<b>102,922</b>
Unrealised gains at 1 March 2022	11	24,781	24,792
Realised losses on investments held at 1 March 2022	–	(2,878)	(2,878)
<b>Opening fair value at 1 March 2022</b>	<b>298</b>	<b>124,538</b>	<b>124,836</b>
<b>Movement in year:</b>			
Purchases at cost (Note a)	–	22,868	22,868
Sales – proceeds (Note b)	(247)	(21,951)	(22,198)
– net realised losses on sales	(51)	(10,074)	(10,125)
Net unrealised losses in the income statement	–	(163)	(163)
<b>Closing fair value at 28 February 2023</b>	<b>–</b>	<b>115,218</b>	<b>115,218</b>
<b>Closing cost at 28 February 2023</b>	<b>–</b>	<b>109,541</b>	<b>109,541</b>
Unrealised gains at 28 February 2023	–	19,352	19,352
Realised losses on investments held at 28 February 2023	–	(13,675)	(13,675)
<b>Closing fair value at 28 February 2023</b>	<b>–</b>	<b>115,218</b>	<b>115,218</b>

Note a) Purchases in the year of £22,868,000 as shown above is higher than that shown in the Statement of Cash Flows of £22,862,000 due to £6,000 of deal costs associated with the purchase of an investment which are a creditor in these accounts.

Note b) Sale proceeds in the year of £22,198,000 as shown above is higher than that shown in the Statement of Cash Flows of £22,044,000. The difference arises due to a deferred proceeds debtor of £499,000 held at the year end, partly offset by a deferred proceeds debtor of £345,000 at the previous year end. An analysis of venture capital investments is set out in the review of the investments on pages 14 to 20. Note 15 includes an analysis of the fair value of the financial instruments.

## 11. Debtors

	2023 £'000	2022 £'000
Contingent proceeds receivable	499	343
Prepayments and accrued income	241	233
	740	576

## 12. Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Accruals	448	1,306
Share buybacks awaiting settlement	319	4
Other creditors	16	15
	783	1,325

## 13. Called Up Share Capital

	2023 £'000	2022 £'000
<b>Issued, allotted, called up and fully-paid:</b>		
247,113,415 (2022: 192,378,178) Ordinary Shares of 10p each	24,711	19,238

During the year, 46,497,751 shares were issued at between 70.75p and 80.6p per share, with an aggregate nominal value of £4,649,775 pursuant to the offer for subscription announced on 11 January 2022. The aggregate consideration for the shares was £37,253,437 which excluded share issue costs of £1,671,169.

Also, 8,104,621 shares were issued at 64.55p per share with a nominal value of £810,462 pursuant to the offer for subscription announced on 19 October 2022. The consideration for these shares was £5,419,393 which excluded share issue costs of £187,729.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted: 2,095,063 Ordinary Shares at 70.75p per share to subscribing Shareholders on 5 August 2022 and 1,110,056 Ordinary Shares at 64.55p per share to subscribing Shareholders on 2 December 2022. The aggregate consideration for the shares was £2,213,229.

At the 2022 Annual General Meeting, Shareholders authorised the Company to make market purchases of its own shares of up to 14.99% of the share capital in issue at that date and to waive pre-emption rights and issue up to 34,922,734 Ordinary Shares.

During the year, the Company repurchased a further 3,072,254 Ordinary Shares for an aggregate consideration (net of costs) of £2,058,958 being an average price of 67.02p per share and which represented 1.6% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £307,225. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £16,969. These shares were repurchased in accordance with the Company's buyback policy in order to provide liquidity to Shareholders.

# Notes to the Accounts (cont.)

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The below table sets out a reconciliation of the movement in Ordinary Shares during the year. All Ordinary Shares have full voting, dividend and capital distribution rights.

	2023	2022
Ordinary Shares brought forward	192,378,178	169,820,219
Ordinary Shares issued	57,807,491	27,320,290
Ordinary Shares repurchased for cancellation	(3,072,254)	(4,762,331)
<b>Ordinary Shares carried forward</b>	<b>247,113,415</b>	<b>192,378,178</b>

## 14. Basic and diluted net asset value per share

	Shares in issue		2023		2022	
	2023	2022	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	247,113,415	192,378,178	65.5p	161,740	76.7p	147,584

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 net asset value per share.

## 15. Financial Instruments

The Company's financial instruments comprise investments held at fair value through 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 Statement of Financial Position.

### 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. Due to ongoing geo-political and economic instability, certain risks that the Company is exposed to have increased in significance over the year, e.g. market risk. However, these risks are actively managed as set out below, and their increase in significance has not resulted in any 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 2023, the Company had no AIM-quoted portfolio companies and therefore the AIM-quoted portfolio was valued at £nil (2022: £298,000).

At 28 February 2023, the unquoted portfolio was valued at £115,218,000 (2022: £124,538,000). As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a fall in listed share prices generally would impact on the valuation of the unquoted portfolio. A 15% movement in the multiples used to reach the valuations of the unquoted investments held by the Company would have an effect as follows:

Valuation Basis	Range of market comparables	Valuation as at 28 February 2023 £'000	Range of market comparables when reduced by 15%	Valuation outcome £'000	Range of market comparables when increased by 15%	Valuation outcome £'000
Multiple of revenue or EBITDA	1.0x - 8.7x	86,412	0.9x - 7.4x	76,316	1.1x - 10.0x	101,545
Price of recent investment	n/a	11,941	n/a	11,941	n/a	11,941
Price of recent offer	n/a	11,921	n/a	11,921	n/a	11,921
Net asset value	n/a	4,944	n/a	4,944	n/a	4,944
<b>Total</b>		<b>115,218</b>		<b>105,122</b>		<b>130,351</b>

### 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 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.

- "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. The Company holds one class of loan with a portfolio company where the interest is partly based on LIBOR. As this loan is past due and is not being repaid, nor is it expected to be repaid in the near future, the Company has not yet renegotiated the interest terms of this loan since the transition from LIBOR. Should there be an expectation that the loan will be repaid, the Company will renegotiate the interest terms before repayment occurs.
- "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.

# Notes to the Accounts (cont.)

	Average interest rate	Average period until maturity	2023 £'000	2022 £'000
Fixed rate	6.9%	657 days	7,699	9,291
Floating rate	0.6%	21 days	47,516	23,669
No interest rate			106,525	114,624
			161,740	147,584

The Company monitors the level of income received from fixed, floating and non-interest bearing 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 or decrease of 1% in interest rates would have increased or decreased total return before taxation for the year by £475,000 (2022: £237,000).

## Foreign Exchange risk

The Company has made a number of its initial investments in a foreign currency; most often in Euros or US Dollars, though these costs are recorded in their GBP equivalents on the relevant transaction dates. Furthermore, as not all companies' operations are restricted to the UK, some companies may function, in part, in a currency other than GBP. The portfolio is therefore exposed, to some extent, to

foreign exchange risk and specifically that of transaction risk and translation risk.

The Investment Manager and the Board regularly review the exposure to foreign currency movement to make sure the level of risk is appropriately managed. On realisation of investments held in foreign currencies, cash is translated to GBP shortly after receiving the proceeds to limit the amount of time exposed to foreign currency fluctuations.

## 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 investments in cash deposits and debtors. Credit risk relating to loan stock in investee companies is considered to be part of market risk.

The Company's exposure to credit risk is summarised as follows:

	2023 £'000	2022 £'000
Cash and cash equivalents	46,565	23,497
Interest, dividends and other receivables	197	185
	46,762	23,682

The management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

For the year ended 28 February 2023, cash was mainly held by the Royal Bank of Scotland plc, rated A and A+ by Standard and Poor's and Fitch, respectively, and is also ultimately part-owned by the UK Government. Following the year end, in order to take advantage of recent increases in interest rates, cash balances have been placed in high quality liquidity funds held with JP Morgan, Morgan Stanley

and UBS. 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 generally maintains a relatively low level of creditors relative to cash balances (£0.8 million relative to cash balances of £46.6 million at 28 February 2023) 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 these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The carrying value of loan stock investments (as opposed to the contractual cash flows) held at 28 February 2023, which is analysed by expected maturity date, is as follows:

<b>As at 28 February 2023</b>	<b>Not later than 1 Year £'000</b>	<b>Between 1 and 2 Years £'000</b>	<b>Between 2 and 3 Years £'000</b>	<b>Between 3 and 5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
Fully performing loan stock	-	1,073	2,622	3,199	-	6,894
Past due loan stock	-	1,752	-	-	-	1,752
	-	2,825	2,622	3,199	-	8,646
<b>As at 28 February 2022</b>						
Fully performing loan stock	4,111	640	-	2,551	-	7,302
Past due loan stock	2,161	-	-	-	-	2,161
	6,272	640	-	2,551	-	9,463

Of the loan stock classified as "past due" above, the full amount relates to the principal of loan notes where the principal has passed its maturity date.

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 stock, highlighting the length of time that it could take the Company to realise its loan stock assets if it were required to do so.



# Notes to the Accounts (cont.)

## 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 financial liabilities recorded at amortised cost, which includes short term debtors and creditors, is considered by the 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.

**Level 2** – Reflects financial instruments that have been valued using inputs, other than quoted prices, that are observable.

**Level 3** – Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

	2023				2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	-	-	-	-	298	-	-	298
Loan notes	-	-	8,646	8,646	-	-	9,463	9,463
Unquoted investments	-	-	106,572	106,572	-	-	115,075	115,075
	-	-	115,218	115,218	298	-	124,538	124,836

There have been no movements between levels during the financial year to 28 February 2023.

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

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 1 March 2022	9,463	115,075	124,538
Movements in the Income Statement:			
Gains/(losses) in the Income Statement	3,776	(14,013)	(10,237)
Reclassification at value	(1,109)	1,109	-
Purchases at cost	958	21,910	22,868
Sales proceeds	(4,442)	(17,509)	(21,951)
Balance at 28 February 2023	8,646	106,572	115,218

There is an element of judgement in the choice of assumptions for unquoted investments and if different assumptions were used, different valuations would have been attributed to certain investments.

Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown on page 73.

## 16. Capital Management

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on pages 24 to 25, in pursuit of its principal investment objectives as stated on page 24. 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.

## 17. Post balance sheet events

Between 28 February 2023 and the date of the Annual Report & Accounts, the Company issued 8,116,540 Ordinary Shares for an aggregate consideration of £5.5 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 19 October 2022. Share issue costs thereon amounted to £0.3 million.

In March 2023, the Company disposed of its holding in Monica Vinader for initial proceeds of £6.3 million, representing an 11.8x return on cost at 28 February 2023, with potential for future proceeds. A strong performer in the Company's portfolio for several years, Monica Vinader had been exploring funding options and agreed a strategic sale to Bridgepoint Development Capital IV. After originally investing in Monica Vinader in 2010, the Company sold 60% of its holding in February 2016 for proceeds of £5.2 million and a multiple on cost of 5.2x.

The Company also disposed of its holding in Aistemos in March 2023, with proceeds of £3.1 million, representing a multiple on cost of 1.7x.

## 18. Contingencies, Guarantees and Financial Commitments

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

## 19. Controlling and Related Party Transactions

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

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's investment manager during the period. During the year ended 28 February 2023, £3,299,000 (2022: £2,963,000) was payable to Beringea LLP in respect of these services. At the year end the Company owed Beringea LLP £nil (2022: £nil).

As the Company's investment manager, Beringea LLP is also entitled to receive a performance incentive fee based on the Company's performance for each financial year to 28 February. The performance incentive fee arrangements are set out, in detail, on page 27. For the year ended 28 February 2023, no performance fee was payable to Beringea (2022: £1,018,000).

Beringea LLP may charge arrangement fees, in line with industry practice, to companies in which it invests. It may also receive directors fees or monitoring fees from investee companies. These costs are borne by the investee company not the Company. In the year to 28 February 2023, £305,000 (2022: £398,000) was payable to Beringea LLP for arrangement fees under such arrangements. Directors and monitoring fees payable to Beringea LLP in the year to 28 February 2023 amounted to £501,000 (2022: £605,000).

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the year ended 28 February 2023 amounted to £70,000 (2022: £65,000) of which £nil remained outstanding at the year end (2022: £nil).

During the year ended 28 February 2023 an amount of £121,000 (2022: £121,000) was payable to the Directors of the Company for remuneration for services provided to the Company. No amount was outstanding at the year end (2022: £nil).

In its role as promoter to the Company, Beringea received promoter fees totalling £0.9 million for the year ended 28 February 2023 (2022: £0.4 million).

Malcolm Moss, a Director of the Company, is also a Director of Lupa Foods Limited, Cogora Group Limited, Disposable Cubicle Curtains Limited and Litchfield Media Limited, companies that form part of the investment portfolio. Lupa Foods Limited made loans repayments to the Company in the year totalling £498,000.

# Shareholder Information

## Websites

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

[www.proveninvestments.co.uk](http://www.proveninvestments.co.uk)

Shareholders can also check details of their shareholdings using Link Group's website at [www.signalshares.com](http://www.signalshares.com).

## 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.linkassetservices.com](http://www.linkassetservices.com)).

Shareholders are also reminded that the Company operates a Dividend Reinvestment Scheme ("DRIS"). The DRIS provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share. New shares allotted via the DRIS attract the same tax reliefs as shares purchased through an offer for subscription. Shareholders who would like to join the scheme for any future dividends can do so by completing the Dividend Reinvestment Forms located in the Key Documents section of the Company's website at [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk) and returning them to the Company Registrar whose details are set out below. Alternatively, Shareholders can update their dividend payment preference using the shareholder portal at [www.signalshares.com](http://www.signalshares.com).

Queries relating to dividends and requests for mandate forms should be directed to the Company's Registrar:

**Registrar:** Link Group

**Tel:** 0371 664 0324 (calls are charged at the standard geographic rate and will vary by provider)

**Email:** [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)

**Address:**

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds, LS1 4DL

## Share prices

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

TIDM/EPIC code	"PVN"
Latest share price (7 June 2023):	61.5p per share

## Selling shares

Shareholders should be aware that they need to hold their shares for a minimum of five years to retain the income tax relief they received on investment. Selling your shares may have tax consequences, therefore, you should contact your financial adviser if you have any queries.

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. The Company also 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:

<b>Chris Lloyd</b>	0207 886 2716 <a href="mailto:chris.lloyd@panmure.com">chris.lloyd@panmure.com</a>
<b>Paul Nolan</b>	0207 886 2717 <a href="mailto:paul.nolan@panmure.com">paul.nolan@panmure.com</a>

## Key dates

Annual General Meeting	12 July 2023
Next dividend payment date	4 August 2023
Announcement of half year results	November 2023
Shareholder Event	16 November 2023

## Unsolicited communication with Shareholders

Whilst we are not aware of any instances in the last year, we have in prior years been informed that some Shareholders in ProVen VCT plc have received unsolicited telephone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that either the Company, Beringea or the Company registrar, Link Group, 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 Beringea LLP, the Company Secretary, on 020 7845 7820.

## 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, Link Group, under the signature of the registered holder.

# Company Information

**Company number**

03911323

**Directors**

**Neal Ransome (Chair)**

Barry Dean

Lorna Tilbian

Malcolm Moss

all of

Charter House

55 Drury Lane

London WC2B 5SQ

**Investment Manager**

**Beringea LLP**

Charter House

55 Drury Lane

London WC2B 5SQ

Tel: 020 7845 7820

[www.proveninvestments.co.uk](http://www.proveninvestments.co.uk)

**Registrars**

**Link Group**

10th Floor

Central Square

29 Wellington Street

Leeds

LS1 4DL

Tel: 0371 664 0324

(calls are charged at the standard geographic rate and will vary by provider)

[www.linkgroup.eu](http://www.linkgroup.eu)

**Auditor**

**BDO LLP**

55 Baker Street

London

W1U 7EU

**Corporate Broker**

**Panmure Gordon (UK)**

**Limited**

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**Company Secretary**

**Beringea LLP**

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**Beringea LLP**

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**VCT Status Adviser**

**Philip Hare & Associates LLP**

1 Temple Avenue

London

EC4Y 0HA

**Bankers**

**Royal Bank of Scotland**

London Victoria Branch

119/121 Victoria Street

London SW1E 6RA



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ProVen VCT plc will be held at the offices of Beringea LLP, at Charter House, 55 Drury Lane, London, WC2B 5SQ at 11:00am on Wednesday 12 July 2023.

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 2023 together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report set out on pages 46 to 49, excluding the Director's Remuneration Policy set out on page 46 of the Directors' Remuneration Report, for the year ended 28 February 2023.
3. To declare a final dividend of 2.0p per Ordinary Share in respect of the year ended 28 February 2023.
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.
5. To authorise the Directors to determine the Auditor's remuneration.
6. To re-elect as Director, Neal Ransome, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
7. To re-elect as Director, Barry Dean, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
8. To re-elect as Director, Malcolm Moss, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
9. To re-elect as Director, Lorna Tilbian, who retires in accordance with Company policy and, being eligible, offers herself for re-election.

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

## ORDINARY RESOLUTION

10. 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" or the "Act") 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 £19,142,247 (representing approximately 75% of the Ordinary Share capital in issue at today's date), provided that the authority conferred by this resolution shall expire on the conclusion of

the next Annual General Meeting of the Company held after the passing of this resolution or, if earlier, on the expiry of 15 months on 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

11. THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 10 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 or, if earlier, on the expiry of 15 months on 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.
12. THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares provided that:
  - (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 38,258,970 representing approximately 14.99% of the present issued Ordinary Share capital of the Company;
  - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 10p the nominal amount thereof;
  - (iii) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent. above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
  - (iv) the Company may make a contract to purchase its own Ordinary Shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract;

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

13. THAT, the amounts standing to the credit of the share premium account of the Company and the capital redemption reserve of the Company, as at the date an order is made confirming such cancellation by the Court, be and is hereby cancelled.

14. THAT, with effect from the conclusion of the meeting, the articles of association of the Company be amended by deleting article 88 and replacing it with the following new article 88:

*"The Directors shall be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £200,000 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 provisions of this Article shall not apply to the remuneration of any Managing Director or Executive Director which shall be determined pursuant to the provisions of Article 96 hereof."*

By order of the Board

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**Beringea LLP**

Company Secretary  
Registered Office:  
Charter House  
55 Drury Lane  
London WC2B 5SQ  
9 June 2023

**Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).**

Note: Please see the notes set out on pages 82 and 83 which contain important information about the Annual General Meeting.



# Notes for Notice of Annual General Meeting

The following notes explain your general rights as a Shareholder and your right to vote at the Annual General Meeting.

1. To be entitled to vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of trading on 10 July 2023. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
2. Any Shareholder attending the Annual General Meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006, the Company must cause to be answered.
3. This year, the Company will also offer Shareholders the option to follow proceedings of the meeting via conference call link. Any Shareholders who wish to listen to the meeting remotely, should email [info@beringea.co.uk](mailto:info@beringea.co.uk) for joining instructions. Please note that Shareholders will not be able to vote or ask questions at the AGM when joining remotely. Shareholders who wish to submit questions in advance of the AGM may do so via e-mail to [info@beringea.co.uk](mailto:info@beringea.co.uk) and the Board will respond to questions raised at the meeting.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. We recommend that all Shareholders appoint the Chair of the meeting as proxy. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person. The return of a completed proxy will not prevent a member attending the Annual General Meeting and voting in person if the member wishes to do so.
6. In the case of a Shareholder which is a company, the proxy form 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 proxy form is signed (or a duly certified copy of such power or authority) must be included

with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your 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.
9. To be valid, any Form of Proxy or other instrument appointing a proxy, must be returned by no later than 11 a.m. on Monday 10 July 2023 through any one of the following methods:
  - i) by post, courier or (during normal business hours only) hand to the Company's UK registrar at:

Link Group  
PXS1  
10th Floor Central Square  
29 Wellington Street Leeds  
LS1 4DL;
  - ii) electronically through the website of the Company's UK registrar at [www.signalshares.com](http://www.signalshares.com); or
  - iii) in the case of shares held through CREST, via the CREST system (see notes below);
- We strongly recommend voting electronically at [www.signalshares.com](http://www.signalshares.com) as your vote will automatically be counted.**
10. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting (and any adjournment of the Annual General Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal

Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. CREST members are strongly encouraged to appoint the Chair as their proxy to exercise all or part of their rights to attend and vote on their behalf at the Annual General Meeting.

12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00am on 10 July 2023. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

15. As at 8 June 2023 (being the latest practicable business day prior to the publication of this Notice), the Company's

ordinary issued share capital consists of 255,229,955 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 8 June 2023 are 255,229,955.

16. Under Section 527 of the Companies Act 2006, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

17. The following documents are available on request by email to [info@beringea.co.uk](mailto:info@beringea.co.uk) from the date of this Notice until the time of the Annual General Meeting:

- copies of the Directors' Letters of Appointments; and
- copies of the Register of Directors' interests in the Ordinary Shares of the Company; and
- copies of the amended articles of association of the Company.

18. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.proveninvestments.co.uk](http://www.proveninvestments.co.uk).



# ProVenVCTs

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