OCTOPUS
TITAN VCT PLC

(Formerly Octopus Titan VCT 2 plc)

Annual Report & Accounts for the year ended 31 October 2015

Registered Number: 06397765

FOR UK INVESTORS ONLY

octopusinvestments.com

OCTOPUS INVESTMENTS

Octopus Titan VCT plc ('Titan' or 'Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly unquoted companies and is managed by Octopus Investments Limited ('Octopus').

Contents

Financial Summary

	As at 31 October 2015	As at 31 October 2014
Net assets (£'000s)	**228,461**	32,876
Profit after tax (£'000s)	**15,196**	3,734
Net asset value per share ('NAV')	**102.7p**	101.4p
Cumulative dividends paid since launch	**52.0p**	47.5p
NAV plus cumulative dividends paid ('Total Value')	**154.7p**	148.9p
Total Return*	**5.8p**	11.2p
Total Return %**	**5.7%**	11.8%
Dividends paid in the year	**4.5p**	5.0p
Final dividend proposed	**2.0p**	2.5p

*Calculated as the change in NAV in the period plus dividends paid in the period
**Calculated as total return/opening NAV

Key Dates

Special dividend payment date*	29 April 2016
Final dividend payment date	29 April 2016
Annual General Meeting	18 March 2016 (11.30 a.m. at 33 Holborn, London EC1N 2HT)
Half-yearly results to 30 April 2016 published	June 2016
Annual results to 31 October 2016 announced	January 2017
Annual Report and financial statements published	February 2017

*This was announced on 3 February 2016 and is subject to the successful completion of the realisation of a portfolio investment prior to 14 April 2016, as discussed further in the Chairman's Statement.

Shareholder Information and Contact Details

Octopus Titan VCT 2 plc was renamed Octopus Titan VCT plc on 27 November 2014 following the merger with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc on the same date.

The Company was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc, over £30.8 million in aggregate (£29.5 million net of expenses) was raised through an Offer for Subscription during the year to 31 October 2008. Since then, further funds have been raised through fundraises as follows:

- £1.37 million (£1.29 million net of expenses) during the year to 31 October 2010
- £1.40 million (£1.32 million net of expenses) during the year to 31 October 2012
- £4.82 million (£4.58 million net of expenses) during the year to 31 October 2013
- £10.78 million (£10.41 million net of expenses) during the year to 31 October 2014
- £54.69 million (£52.56 million net of expenses) during the year to 31 October 2015

There is currently an open Offer for Subscription for Ordinary Shares, as detailed in the Prospectus issued on 8 September 2015, to raise up to £50 million in aggregate with an over allotment facility of a further £30 million. On 16 December 2015, £30.5 million (£29.8 million net of expenses) was allotted at a share price of 108.7p per share, equivalent to the current NAV at the time of 102.7p grossed up by 5.5% as set out in the Prospectus. The £30.5 million is exclusive of some shares allotted through the re-investment of financial advisor charges. The offer will close on 1 September 2016 or earlier at the behest of the Board.

Further details of the VCT's progress are discussed in the Chairman's Statement and Investment Manager's Review on pages 9 to 12 and pages 18 to 31 respectively.

During the year the five Octopus Titan funds merged into one enlarged entity to deliver annual cost savings and bring a number of additional benefits to existing and future Shareholders including:

- amalgamation of the Companies' portfolio assets, many of which were commonly held, for efficient management and administration;
- participation in a larger VCT with a more diversified portfolio thereby spreading the portfolio risk across a broader range of investments;
- efficiencies in annual running costs for the Enlarged Company compared to the separate companies;
- enhancing the ability of the Enlarged Company to raise new funds, as well as pay dividends and support buybacks in the future;
- the potential for greater liquidity in the secondary market;
- the removal of potential conflicts relating to the Titan VCTs' portfolio investments;
- streamlining communications with Shareholders; and
- improving risk management in respect of compliance with the VCT Rules.

Further details are contained in the Chairman's Statement on pages 9 to 12.

VENTURE CAPITAL TRUSTS ("VCTs")

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The principal activity of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been granted full approval as a VCT by HM Revenue & Customs ("HMRC").

In order to maintain its approval the Company must comply with certain requirements on a continuing basis including the provisions of chapter 3 of the Income Tax Act 2007; in particular s280A:

- at least 70% of the Company's investments must comprise 'qualifying holdings'* (as defined in the legislation);
- at least 70% of the 70% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted pre April 2011 the limit is 30% for new investments);
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

The 2015 Summer Budget introduced legislation designed to ensure that VCTs comply with changes to the EU State Aid rules. The legislation introduced new criteria which stipulate a lifetime cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised. The Board, in conjunction with the Manager, has reviewed the impact of the new legislation on the Company's investment strategy and has concluded that it expects there to be sufficient investment opportunities to enable the Manager to comply with the new rules and to continue to generate attractive returns for shareholders.

DIVIDENDS

Dividends are paid by Capita Asset Services ("Capita") 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 or complete an instruction electronically by visiting the Capita shareholder portal at: **www.capitashareportal.com**.

Shareholders should note that if a dividend mandate was not in place with the Company but was lodged for one of the other Titan companies at the time of the merger, this will now have lapsed and a new mandate is required. Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Capita by calling **0371 664 0324** (calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open Monday–Friday 9.00am–5.30pm), or by writing to them at:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

The table below shows the NAV per share and lists the dividends that have been paid since the launch of the Company:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends (Total Value)
30 April 2008	95.00p	–	95.00p
31 October 2008	89.90p	–	89.90p
30 April 2009	91.50p	0.50p	92.00p
31 October 2009	96.10p	0.50p	97.10p
30 April 2010	92.00p	0.50p	93.50p
31 October 2010	94.90p	0.50p	96.90p
30 April 2011	92.10p	0.75p	94.85p
31 October 2011	91.50p	0.75p	95.00p
30 April 2012	92.80p	1.00p	97.30p
31 October 2012	121.90p	1.50p	127.90p
30 April 2013	88.70p	34.00p	128.70p
31 October 2013	95.20p	2.50p	137.70p
30 April 2014	92.20p	2.50p	137.20p
31 October 2014	101.40p	2.50p	148.90p
30 April 2015	97.70p	2.50p	147.70p
31 October 2015	102.70p	2.00p	154.70p

Subject to shareholder approval at the AGM a final dividend of 2.0p per share will be paid on 29 April 2016 to shareholders on the register on 15 April 2016. This takes the total dividends paid in respect of the year to 31 October 2015 to 4.0p per share.

A special dividend of 5.0p per share will also be paid on 29 April 2016 to shareholders on the register on 15 April 2016, subject to the successful completion of the sale of a portfolio investment as discussed further in the Chairman's Statement.

At the General Meeting held in October 2013, shareholders approved a Dividend Reinvestment Scheme ("DRIS") and gave the Directors' authority to offer shareholders the right to elect to receive Ordinary shares instead of a dividend. Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Capita on **0371 664 0324**. The application form can also be found on the Octopus Investments Limited website: **www.octopusinvestments.com**. Following the merger on 27 November 2014, shareholders who do not have a DRIS instruction relating to the Company will need to complete another form. If you are uncertain about your current DRIS position, please call Capita on the number above or complete a new form.

SHARE PRICE

The Company's share price can be found on various financial websites including **www.londonstockexchange.com**, with the following TIDM/EPIC code:

	Ordinary shares
TIDM/EPIC code	OTV2
Latest share price (3 February 2016)	98.0p per share

BUYING AND SELLING SHARES

The Company's Ordinary shares can be bought and sold via a stockbroker in the same way as any other company quoted on the London Stock Exchange. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

BUYBACK OF SHARES

The Company operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at no greater than a 5% discount to the prevailing NAV. The Company is, however, unable to buy back shares directly from shareholders. 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 shares) and details of the price at which the Company has bought shares. Panmure can be contacted as follows:

Chris Lloyd	020 7886 2716	chris.lloyd@panmure.com
Paul Nolan	020 7886 2717	paul.nolan@panmure.com

SECONDARY MARKET

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax free dividends
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable)
- No minimum holding period
- No need to include VCT dividends in annual tax returns

The UK tax treatment of VCTs is on a first in and first out basis and therefore tax advice should be obtained before shareholders dispose of their shares.

NOTIFICATION OF CHANGE OF ADDRESS

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to the Company's registrar, Capita Asset Services, under the signature of the registered holder or via the Capita online share portal at: **www.capitashareportal.com**. Capita's contact details are provided on page 77.

OTHER INFORMATION FOR SHAREHOLDERS

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Octopus Investments Limited ("Octopus") website at **www.octopusinvestments.com/investors/shareholder-information/titan-vct**.

All other statutory information can also be found here.

ELECTRONIC COMMUNICATIONS

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by email, please complete the enclosed form or contact Octopus on **0800 316 2295** or Capita on **0371 664 0324**. Alternatively you can sign up to receive e-communications via the Capita online shareholder portal: **www.capitashareportal.com**.

WARNING TO SHAREHOLDERS

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount, or offer for free company reports.

Please note that it is very unlikely that either Octopus or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on **0800 316 2295**.

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website: **www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams**. You can report any share fraud to them by calling **0800 111 6768**.

Strategic Report

OUR STRATEGY

The Directors are required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to include a Strategic Report to shareholders.

INVESTMENT POLICY

The investment approach of the Company did not change on the merger and is not designed to deliver a return that is measured against a stock market index. Instead, the focus of the Company is on generating absolute returns over the medium-term. In order to achieve this, the Company focuses on providing early stage, development and expansion funding to unquoted companies, with the Company making a typical initial investment size of £0.5 million to £5 million, and comprises a portfolio of largely unquoted companies, predominantly focused within the following sectors:

- Technology
- Media
- Telecoms
- Consumer lifestyle and well-being
- Environment

The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of companies from a number of different sectors. In order to limit the risk to the portfolio that is derived from any particular investment, no more than 15% of the amount invested by shareholders in the Company will be invested in any one unquoted company (including both Non-Qualifying and Qualifying Investments). Further details of the Company's risk management policies are provided in Note 16 to the financial statements.

NON-QUALIFYING INVESTMENTS

An active approach is taken to managing the cash prior to investing in qualifying companies. As the Company has reached its investment target for HMRC, the majority of the remainder of funds will be invested in money market funds and other funds. By investing a proportion of its assets into these other funds, some exposure to a broad range of AIM-quoted and main market listed smaller and medium-sized companies is gained, whilst maintaining liquidity within the Company.

The Company may also make Non-Qualifying Investments where the Investment Manager believes that the risk/return profile is consistent with the overall objective of the Company, which may include, from time to time, making a small number of investments or further investments in companies which meet the profile of a Qualifying Investment but would otherwise not be a Qualifying Investment.

QUALIFYING INVESTMENTS

Now that the Company is through its initial Qualifying Investment Period the following investment profile is expected to be:

- 75-85% in Qualifying Investments, primarily in unquoted companies
- 15-25% in cash, money market securities and funds managed by Octopus and other Non-Qualifying Investments.

The Company will not borrow money for the purposes of making investments. The investment decisions made must adhere to the HMRC qualification rules as stated in the above section.

In considering a prospective investment in a company, particular regard is made to:

- the strength of the management team;
- evidence of high margin products capable of addressing fast-growing markets;
- the company's ability to sustain a competitive advantage;
- the existence of proprietary technology; and
- the company's prospects of being sold or floated, usually within three to five years.

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

A review of the investment portfolio and of market conditions during the year is included in the Chairman's

Statement and Investment Manager's Review which form part of the Strategic Report on pages 9 to 12 and pages 18 to 31 respectively. A Business Review also forms part of the Strategic Report on pages 13 to 17.

LIQUIDITY STRATEGY

The Board's strategy is to maintain an appropriate level of liquidity in the balance sheet to continue to achieve five aims:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to cover the running costs of the Company as they fall due;
- to support a consistent dividend flow; and
- to assist liquidity in the shares through the buyback facility.

Liquidity in the VCT is primarily driven by capital realisations and fundraising activities.

VCT REGULATION

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. The main criteria to which the Company must adhere is detailed on pages 2 and 3.

The Company will continue to ensure its compliance with the qualification requirements.

FUTURE PROSPECTS

The Company's performance record reflects the success of the strategy set out above and has allowed the Company to maintain the dividend payments to shareholders in line with the Dividend Policy set out on page 10. The Board believes this business model will continue to meet the investment approach above and enable the Company to continue to deliver the targeted regular tax-free annual dividends referred to in the Chairman's Statement. The Outlook statements in both the Chairman's Statement and the Investment Manager's Report on pages 9 to 12 and pages 18 to 31 respectively provide further details on the future prospects of the Company.

Chairman's Statement

I am pleased to present the annual results for Octopus Titan VCT plc (formerly Octopus Titan VCT 2 plc) for the year ended 31 October 2015.

These accounts relate principally to the period following the merger with our sister companies (Octopus Titan VCT plcs 1, 3, 4 and 5) on 27 November 2014 when we changed our name to Octopus Titan VCT plc (the 'Company' or 'Titan'). The comparative figures therefore only relate to the Company prior to the merger and are not a true comparison to the period under review.

Following the merger Titan had assets of almost £170 million and became the largest VCT by some margin. Since then we have had a successful fundraising in 2014/15 raising a total of £54.7 million and are now seeking to raise a further £50 million with an over allotment facility of £30 million. To date we have raised £35 million under this offer and our unaudited net asset value today is over £260 million.

I would particularly like to mention that Titan won the 2015 'Best Venture Capital Trust Award' at the What Investment Trust awards and Investment Week's 'VCT of the year 2015'. These are prestigious awards and recognise the notable success of our Investment Managers for which I would like to thank them on Shareholders' behalf.

PERFORMANCE

The Net Asset Value ('NAV') per share at 31 October 2015 was 102.7p (2014: 101.4p) representing a total return for the year of 5.8p per share, being an underlying increase in NAV of 8.3p per share less costs associated with the merger of 0.6p per share and the effect of the fundraise, equivalent to 1.9p per share. The 8.3p uplift equates to the underlying performance which we consider is more indicative of the sustainable medium to longer term performance of the Company.

We are delighted with this total return % of 5.7% which represents a continuing strong performance and results in a Total Return for the Company of 59.7p since our original fund raising completed in 2008, summarised in the table on page 4.

	Pence per ordinary share
NAV at 31 October 2014	101.4
Valuation uplift	8.3*
Merger costs	(0.6)
Effect of 2015 fundraise	(1.9)
NAV at 31 October 2015 before dividends	**107.2**
Interim dividend paid on 21 November 2014	(2.5)
Interim dividend paid on 24 July 2015	(2.0)
NAV at 31 October 2015	**102.7**

*This corresponds to an underlying net assets increase of £15.4 million (2014: £3.7 million)

INVESTMENT PORTFOLIO

The investments acquired from Titans 1, 3, 4 and 5 as a result of the merger in the year totalled £126.0 million. In addition to this, the Company made eight new investments and 21 follow-on investments (including follow-ons from companies acquired as a result of the merger) in the year which totalled £35.1 million, taking the number of portfolio companies to 50 as at 31 October 2015 (excluding the three companies which are in liquidation but including the underlying companies invested into by Zenith LP, the partnership into which Titan's largest investment Zenith Holding Company is invested and which is discussed further below). I believe that this investment profile firmly demonstrates the strong pipeline of deals generated by our Managers and supports our philosophy of continuing to support investee companies as they achieve milestones.

This, combined with an overall uplift in valuation of £23.2 million and one loan repayment of £0.2m, took the total portfolio value to £211.6 million at 31 October 2015.

The investment portfolio has also continued to mature and has had another strong year of performance. Shareholders will recall that Titan 1-3's holdings in Calastone, Nature Delivered (Graze), Secret Escapes and Zoopla Property Group were transferred into a separate fund, with the Company continuing to hold an interest in them via its holding in Zenith Holding Company Limited ("Zenith"). Titan continues to hold a direct holding in Secret Escapes through an investment in Titan 4. This transaction allowed us to realise value in these investments for further investment in new and existing portfolio companies at earlier stages of development as well as ensuring that we did not breach VCT qualifying conditions in relation to these holdings. Our holding in Zenith has continued to show a strong uplift in value in the year, driven by gains in Calastone, Secret Escapes and Zoopla. In addition to the success shown by Zenith, we are also delighted with the performances of the Company's holdings in Touchtype (trading name Swiftkey), Vision Direct and Uniplaces, all of which have shown significant uplifts in value in the year.

Unfortunately, given the nature of funding small companies, there are a few investments that have fallen short of expectations and where we have taken valuation write downs in the year, with our investment in Shopa unfortunately placed into liquidation in October 2015. Our Investment Manager is working hard alongside the companies that are underperforming to assist them to realise their potential or limit investment losses.

Further information can be seen in the Investment Manager's review on pages 18 to 31 including the pie charts showing that we have a well diversified portfolio.

PERFORMANCE INCENTIVE FEES

In line with the principles approved by shareholders at the time of the merger, your Board has now agreed to the specific details of the performance incentive fee payable to Octopus. The performance fee in respect of the shares relating to Titan 5 is detailed in Note 19 and the performance fee on the remainder of the fund is 20% on all gains above a total value of 148.9p, subject to a High Water Mark.

DIVIDEND AND DIVIDEND POLICY

It remains your Board's policy to strive to maintain a regular dividend, whilst retaining the appropriate level of liquidity in the Company. Following the merger, the Company is targeting regular tax-free annual dividends of at least 4.0p per share, increasing to 5.0p per share by the year ended 31 October 2017. As shareholders will be aware, the Company has paid one interim dividend of 2.0p in respect of the 2015 financial interim period (on 24 July 2015) in addition to one interim dividend of 2.5p in respect of the 2014 financial interim period (on 21 November 2014) taking the total dividends paid in the year to 4.5p per share (2014: 5.0p per share). A final dividend of 2.0p is proposed in respect of the second half of the 2015 financial year, payable on 29 April 2016 to those shareholders on the share register on 15 April 2016.

Additionally, I am delighted to announce a special dividend of 5.0p will be paid on 29 April 2016 to those shareholders on the share register on 15 April 2016, conditional upon the successful completion of the realisation of Swiftkey prior to 14 April 2016 (the ex-dividend date). Swiftkey is the company behind the app for faster, easier typing on mobile phones and tablets that is now being used on more than 300 million devices worldwide, and the exit highlights the important role Titan (and VCTs more broadly) plays in developing the next generation of disruptive technologies and UK business. Based on the provisional figures at the date of exchange, the sale of Swiftkey will generate a significant gain on the original investment which will allow for re-investment into established companies as well as funding for new early stage businesses, and this dividend represents the Board's continued commitment to pay special dividends as a result of profits gained from the sale of portfolio investments.

FUNDRAISE AND BUYBACKS

The Company successfully raised £54.7 million (£52.6 million net of costs) during the year. The majority of the funds raised are being used to make new investments and to support existing portfolio companies, where the Investment Manager sees the opportunity for further growth.

The Board announced a further opportunity to invest in the Company to raise up to £50 million (with a facility to raise a further £30 million) on 8 September 2015. On 16 December 2015, £30.5 million (£29.8 million net of costs) was allotted. I would like to thank all shareholders who have supported the fundraising and welcome new shareholders. Your Board is quietly confident that we will achieve at least our fundraising target, thus providing significant funds to invest in the strong pipeline of new and follow-on investments which our Investment Manager is seeing.

During the period, the Company repurchased 6.2 million shares. Further details can be found in Note 14 of the accounts. The Board continues to buy back shares from shareholders at no greater than a 5% discount to NAV. The Board will continue to monitor the volume of shares bought back and at present intends to maintain the existing limit of the share capital that it buys back and cancels each year at 5%, noting that all requests for buybacks from Shareholders have been satisfied by all of the Titans historically. This policy will continue to operate at the Board's discretion. However, it is the Board's intention that shareholders should be able to sell their shares back to the Company, in the absence of an active secondary market, since we believe that this share buyback policy enhances the Company's attractiveness as an investment for both existing and new shareholders.

VCT QUALIFYING STATUS

PricewaterhouseCoopers LLP provides both the Board and the Investment Manager with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that the Company is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is for 70% of the portfolio to remain continually invested in qualifying investments. As at 31 October 2015, over 85% of the Company (as measured by HMRC rules) was invested in VCT qualifying investments across a variety of industries.

The Finance Bill was published on 15 July, following the second 2015 Budget, which included a number of of proposed changes to the VCT rules designed to bring the legislation into line with the EU State Aid Risk Finance Guidelines which were revised in 2014. The changes came into effect after Royal Assent in November.

All investments made since the 2014 merger would qualify under the new VCT qualification rules. This reflects the fact that Titan's investment mandate as an early stage investor is fully aligned with the objectives of the UK Government and the EU to encourage investment where it's needed most, into dynamic, smaller companies with the potential for high growth.

ANNUAL GENERAL MEETING ("AGM")

The Company's Annual General Meeting will take place on 18 March 2016 at 11.30 a.m. and will be held at the offices of Octopus Investments Limited, 33 Holborn, London EC1N 2HT.

OUTLOOK

Following the recent opening of the 2015/16 fundraise we are delighted to have raised £30.5 million gross of fees into the Company, which is some way to reaching the £80 million total Offer. Given the successful start to the year we hope to have a Company with assets of well in excess of £275 million by the end of the current tax year.

Your Board views the outlook for our Company with confidence. The current portfolio contains a number of exciting companies which will require further funding rounds and our aim is to ensure we can take full advantage of the opportunities through our expected increase in liquid funds. We anticipate that these funds will be increased by realisations in the foreseeable future given the increase in Merger & Acquisition activity by large companies.

Cognisant of the VCT regulations, we expect the portfolio to grow in size but our investment companies require considerable input from our Investment Manager and so we would not expect the overall number of portfolio companies to increase significantly in the future. Our Investment Manager's strength lies in the identification of early stage companies, which we continue to support as they prove their business models, and this will continue. It is also our aim to ensure that we have a diverse portfolio so that the Company minimises the risk of unpredictable economic events to any one sector. More detail of our strategy can be found in the Strategic Report on pages 7 and 8.

We believe this strategy will allow us to achieve significant capital growth and, as already mentioned, it is our aim to distribute this by way of an annual dividend, supplemented by special distributions as and when realisations allow.

I would like to thank all our shareholders for supporting us and also for approving our merger. We are now, by some measure, the largest VCT and this will not only attract good opportunities but also reduce the unnecessary administration and cost of running five sister funds. I would also like to thank both the investment and administration teams at Octopus who have worked so hard to achieve both the performance and merger over the course of the year as well as the retired Directors of the merged companies. These are exciting times for the Company and our Investment Manager.

I hope to see as many shareholders as possible at our AGM on 18 March 2016 in London where we will give an update of our Company and future plans.

John Hustler
Chairman
3 February 2016

Business Review

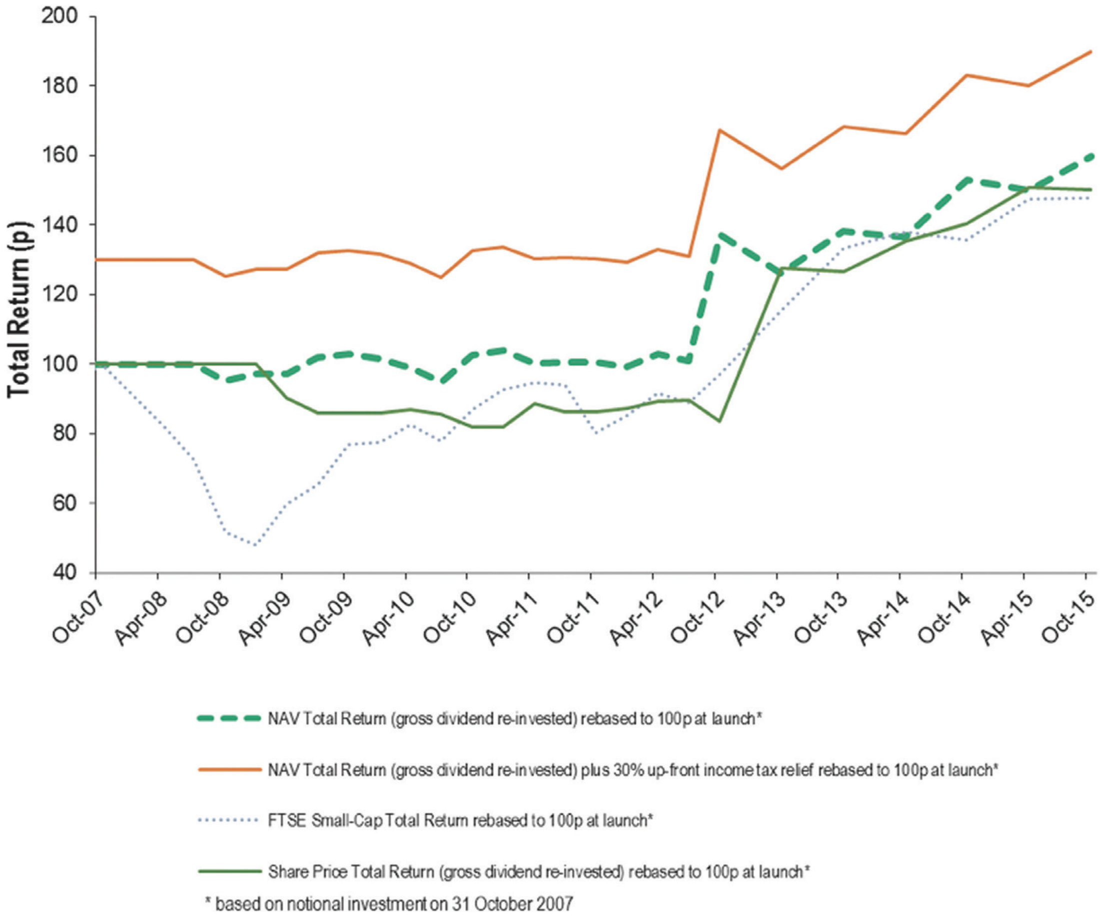
COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 34.

The graph below compares the NAV total return and Share Price total return (gross dividends re-invested) of the Company over the period from October 2007 to October 2015, with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

It is agreed by the Board that it would be unwise to present a comparison of the Company's NAV with that of other VCTs as the year ends are not aligned and thus there would be timing differences in comparisons. The Board also believes that the International Private Equity and Venture Capital (IPEVC) valuation guidelines require an element of judgement. Without a full analysis of the guidelines as applied by other fund managers there is a risk these valuations would not be directly comparable.

Net asset value and share price total return since launch agsinst the FTSE Small-Cap Index total return



AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming that dividends paid were re-invested at the NAV of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

The Earnings Per Share of the Company is 7.7p. Further details can be found in Note 8 on page 63.

The total remuneration of the Directors for the year based on annual salaries agreed at the time of the merger was:

	Year ended 31 October 2015 £'000	Year ended 31 October 2014 £'000
Total	85	43

Further details can be found in the Directors' Remuneration Report on page 63.

RESULTS AND DIVIDEND

	Year ended 31 October 2015 £'000	Year ended 31 October 2014 £'000
Net return attributable to shareholders	15,196	3,734
Appropriations:		
Interim Dividend	4,495	814

In addition to the 2p per share interim dividend paid on 24 July, a final dividend of 2.0p and a separate special dividend of 5p will be paid on 29 April 2016 to shareholders on the register on 15 April 2016. The special dividend is conditional upon the completion of the sale of an investment after year end as discussed in the Chairman's Statement.

KEY PERFORMANCE INDICATORS (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of smaller unquoted UK companies which meet the relevant criteria for VCTs.

The Board expects Octopus to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments, and maximising tax–free income for shareholders. The KPIs in meeting these objectives are:

- net asset value and the performance of dividends paid;
- the discount of the share price relative to the NAV;
- the total expense as a proportion of shareholders' funds; and
- improvement of the investment performance.

A record of some of the indicators is detailed on the first page entitled Financial Summary. Additional comments are provided in the Chairman's Statement regarding the performance of the Company over the current year. The Board regularly assesses the performance of Octopus in meeting the Company's objectives against the KPIs highlighted above.

As previously discussed, the performance has been strong with an overall Total Return of 5.7% and 5.8 pence per share increase and an underlying performance, netting out the merger costs and effects of the fundraise, of 8.2% underlying return and and increase of 8.3 pence per share, as explained in the Chairman's Statement. The total running costs in the period, as defined in the Prospectus, were 2.8% of the Company's net assets, within the annual limit of 3.2%. In accordance with the Board's policy, no greater than a 5% discount of NAV is applied to all buybacks.

Clearly, when making investments in unquoted companies at an early stage of their development, some are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an environment of improved returns for shareholders. The growth of these companies is largely dependent on continuing the existing levels of corporate spending. A volatile economic environment could adversely affect corporate spending patterns which would, in turn, have a negative impact on the development of the investment companies.

Performance, measured by the change in NAV and Total Value per share, is also measured against the FTSE Small-Cap index. This is shown in the graph on page 13. This index has been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of the other generalist VCTs.

The Chairman's Statement, on pages 9 to 12, includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 18 to 31.

VIABILITY STATEMENT

In accordance with provision C.2.2 of The UK Corporate Governance Code 2014 the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company had raised funds under an offer for subscription which closed on 30 June 2015, a further fundraising had launched on 8 September 2015 and, under VCT rules, subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the principal risks facing the Company and its current position, including those which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to the Company's reliance on, and close working relationship with, the Investment Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to 31 October 2020.

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

The Board carries out a regular review of the risk environment in which the Company operates. The main areas of risk identified by the Board are as follows:

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007, and, subsequent to Royal Assent, the Finance Act 2015, for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

Investment risk: the majority of the Company's investments will be in small and medium-sized companies which are VCT qualifying holdings and which, by their nature, entail a higher level of risk and lower liquidity than investments in larger quoted companies.

The Directors and the Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

Financial risk: as most of the Company's investments involve medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing. Accordingly, they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to take advantage of new investment opportunities.

The Company has very little exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits which are held on the balance sheet of HSBC Bank plc and in cash funds managed by BlackRock, Fidelity and HSBC. The risk of loss to this cash is deemed to be low due to the historical credit ratings and a current Standard & Poor's rating of A for HSBC, AA- for BlackRock and A for Fidelity. Inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to mis-posting or breaches of regulations.

Regulatory risk: the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. The Company is also a small registered AIFM and has to comply with the requirements of the AIFM Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Reputational risk: inadequate or failed controls might result in breaches of regulation or loss of shareholder trust.

Internal control risk: the Board reviews annually the system of risk management and internal controls, financial and non-financial, operated by the Company and Octopus. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Operational risk: the Board reviews the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Competitive Risk: retention of key personnel within Octopus is vital to the success of the Company. Incentives to the Investment Manager's key staff are monitored.

Economic risk: the risk that the value of a security or portfolio of securities could decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.

Events such as an economic recession and movement in interest rates could affect smaller companies' valuations.

Price risk: the risk that the value of a security or portfolio of securities will decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Market risk: investment in unquoted companies involves a higher degree of risk than investment in companies listed on the Official List, which could result in the value of such investment, and interest income and dividends therefrom, reducing. In particular, small companies often have limited product lines, markets or financial resources, may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes and therefore, may not produce the hoped for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities.

Liquidity risk: the Company's investments may be difficult to realise. The spread between the buying and selling price of shares may be wide and thus the price used for valuation may not be achievable.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance report on pages 38 to 42.

Further details of the Company's financial risk management objectives and policies are provided in Note 16 to the financial statements.

GENDER AND DIVERSITY

Following the merger of the Company with Octopus Titan VCTs 1, 3, 4 and 5, Mark Faulkner stood down as a director of the Company and Mark Hawkesworth and Jane O'Riordan joined the Board. The Board of Directors now comprises one female and three male Non-Executive Directors with considerable experience of the VCT industry and the investment companies. The gender and diversity of the constitution of the Board will continue to be reviewed on an annual basis.

HUMAN RIGHTS ISSUES

Due to the structure of the Company with no employees and only four Non-Executive Directors, there are no Human Rights Issues to report.

The strategic report was approved on behalf of the board by:

John Hustler
Chairman
3 February 2016

Investment Manager's Review

PERSONAL SERVICE

At Octopus, we focus on both managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. At the time of writing we managed seven VCTs, including this VCT, and manage over £500 million in the VCT sector. Octopus has over 450 employees.

INVESTMENT STRATEGY IMPLEMENTATION

The Company invests in companies that we believe have great potential, but which need financial support in order to realise their potential. Each company that we target has the opportunity to create a large business by taking a relatively modest market share, given the size of the markets that they address. We are particularly interested in businesses that are led by excellent management teams and which focus on innovation through technology. Based on this investment strategy we have created a balanced portfolio spanning multiple industries and business sectors.

Having reached the level of invested funds required by HMRC, our focus has now shifted to managing the portfolio and optimising growth in the investee companies whilst also seeking to add new investments where appropriate. The current portfolio of holdings following the merger encompasses investments in 50 companies (47 unquoted and three quoted, excluding three companies in liquidation but including the underlying companies in Zenith). In aggregate, these investments employed 500 people and had a turnover of approximately £22 million at the point of initial investment. In 2013, an average of three years after initial investment, they employed 1,100 people and had revenues of over £175 million. Over the last year, the companies in the portfolio have generated more than £100 million in additional revenue and employed approximately 800 additional people, with one third of the companies growing at over 50% per annum.

As Investment Manager, we typically invest in significant minority equity stakes in these qualifying Companies. These investments provide the financial capital for the businesses to build and grow their operations with the objective being either to float or to sell these businesses at some point in the future. These entrepreneurial early stage businesses, often developing innovative new products and services, frequently face challenges as they seek to establish themselves in their market. The amount of capital we initially deploy is typically intended to be only the first investment that we will make into a business, prior to seeing if the company meets or exceeds its initial milestones.

If the business is unsuccessful in meeting these initial milestones, we strive to minimise the financial exposure of the Company to the business, to mitigate the risk of what is commonly referred to as "good money after bad".

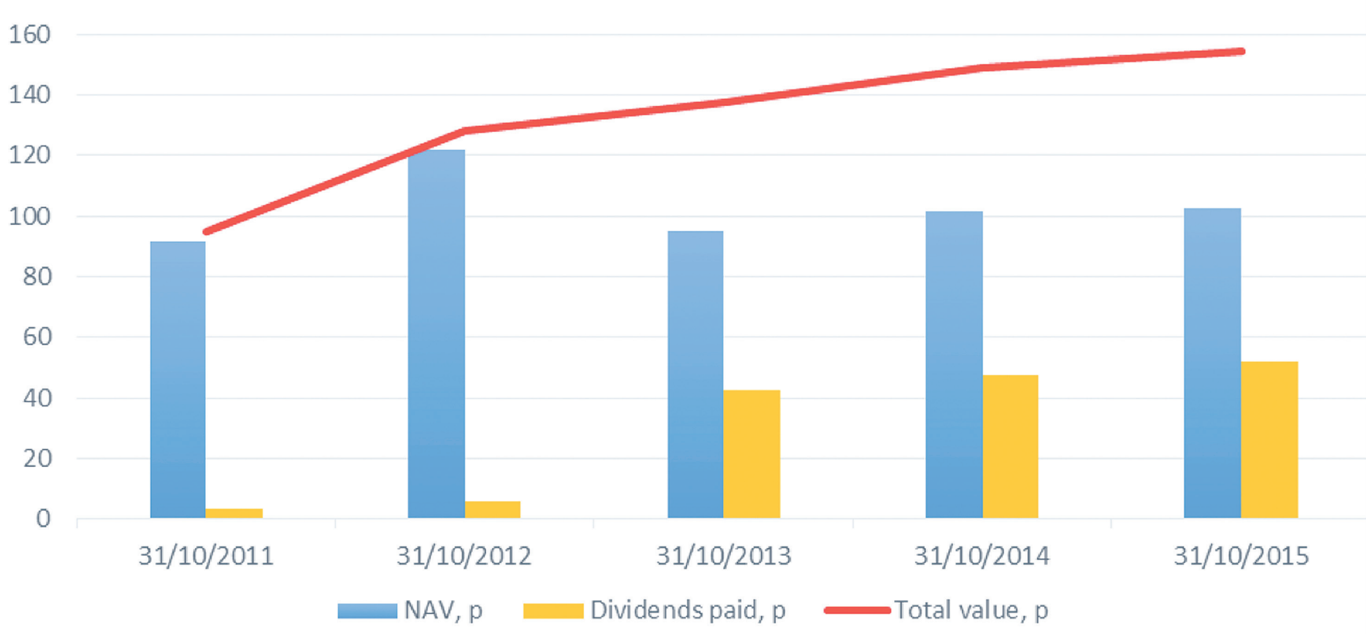
Other businesses which meet some, but not necessarily all, of their milestones will require more time to prove their concept. As such these businesses may be reduced in value prior to our making a further investment. This is intended to give them an opportunity to progress further and prove more convincingly their business models.

Finally, there are those that meet and exceed the expectations initially set. It is these businesses in which we actively seek to increase our investment exposure as they prove their ability to create significant and valuable businesses.

Our investment approach requires us to maintain liquidity in the Company in order to ensure adequate resources are available to support further portfolio funding needs as they arise. This liquidity should be further enhanced following the current Prospectus offer for new shares as described in the Chairman's Statement, and it is an important feature of our investment strategy, with the primary objective being to deliver sustainable returns to shareholders.

PERFORMANCE

The following graph represents the performance of the Company in the last five years since 31 October 2011 in NAV, dividends paid and NAV plus cumulative dividends paid (total value):



The Total Value has seen a significant increase since 31 October 2011 as shown on the graph, from 95.0p to 154.7p. This represents an increase of 62.8% in value in the last four years. Additionally the dividends paid between 31 October 2011 and 2015 were 48.5 pence per share representing a significant cash return to investors.

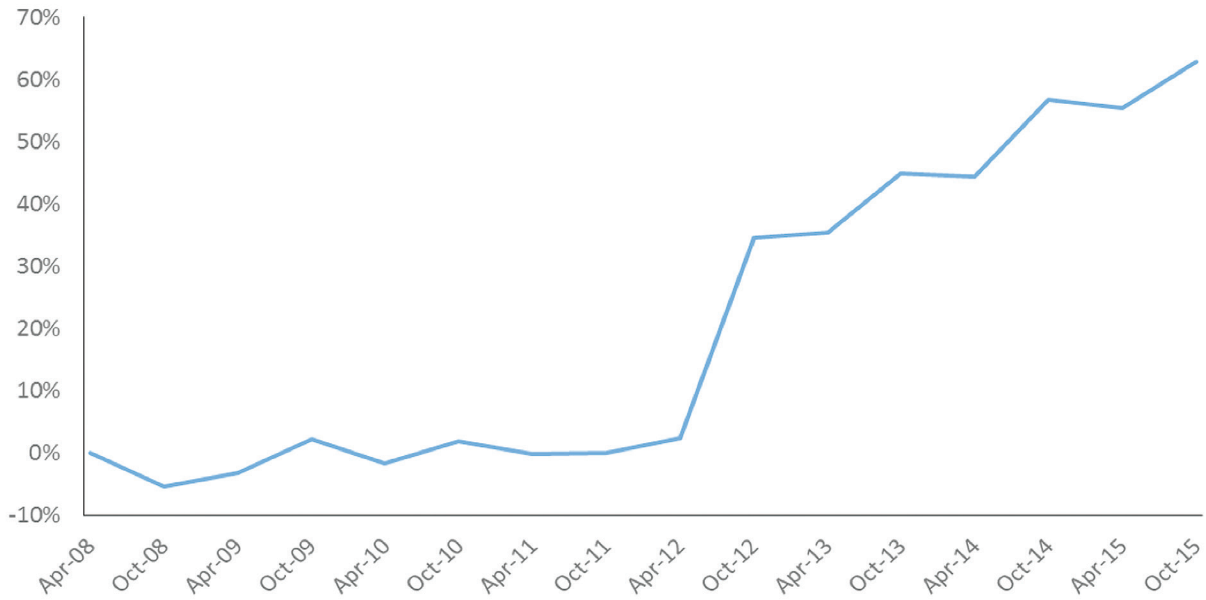
The discrete performance over the last five years is represented below:

	31/10/2011	31/10/2012	31/10/2013	31/10/2014	**31/10/2015**
NAV, p	91.5	121.9	95.2	101.4	**102.7**
Net assets, £m	14.8	21.4	20.9	32.9	**228.4**
Dividends paid*, p	3.5	6.0	42.5	47.5	**52.0**
Total value, p	95.0	127.9	137.7	148.9	**154.7**
Discrete performance	(2.0%)	34.6%	7.7%	8.1%	**3.9%**

*Since launch.

The following graph shows the cumulative total value since 30 April 2008. We believe that the Company is now in its growth phase.

Cumulative Total Value by date



PORTFOLIO REVIEW

As at 31 October 2015 the NAV was 102.7p per share, compared to 101.4p per share as at 31 October 2014 which represents a total return of 5.8p per share being an increase in NAV of 1.3p and dividends paid during the year of 4.5p (2014: 5.0p) per share. This represents a considerable increase of 5.7% (2014: 11.7%). The performance of the portfolio continued to be strong this year with a number of portfolio companies having uplifts in fair value, and these totalled £36.9 million. Downward revaluations in the period totalled £13.8 million.

In particular Zenith Holding Company, which owns a stake in Calastone, Zoopla Property Group, Nature Delivered (Graze) and Secret Escapes, through its interest in the Zenith fund, performed very well with the individual investment holdings delivering significant growth. As previously reported, these holdings were sold to Zenith in order to maintain the qualifying status of the VCT, deliver cash back to the Company and ensure that a stake could be held by the Company so that it may continue to share in the growth of the underlying assets. At the year end, Zenith comprised 15.0% of the total net assets of the Company.

As expected with the nature of the businesses we invest in, some of the portfolio companies have fallen behind expectations and budgets resulting in reductions in fair value of the companies. We work closely with the management teams of these companies to realise their potential or limit investment losses.

The Company now holds over 85% of its assets in qualifying holdings from an HMRC perspective and we continue to work with each portfolio business as they develop in their respective markets.

NEW AND FOLLOW-ON INVESTMENTS

Your Investment Manager is always looking for opportunities to invest in new companies where capital growth can be achieved. The Company made eight new investments in the year totalling £13.5 million taking the total number of portfolio companies to 50 as at 31 October 2015, excluding those companies in liquidation but including the underlying companies invested into through Zenith. These investments are in a variety of different sectors further diversifying the portfolio.

We have built a strong portfolio but it is important to support the companies where appropriate to allow them to invest for growth and alleviate working capital pressure. During the year, 21 follow-on investments totalling £21.6 million were made. These exclude the additions arising from the merger in November 2014.

The eight new investments comprised:

- **Terido** – a trading partnership managed by Octopus which supports a range of secured asset backed lending in sectors including residential property, solar and reserve power. The investment into Terido LLP was made in line with the Company's cash allocation policy, not as part of the Investment Manager's long term investment mandate.
- **CurrencyFair** – an online currency exchange and money transfer service.
- **Stratajet** – a real time search engine and booking platform for private jets, so that private jet travellers can make informed searches for charter prices with real time availability and transparent prices, as well as booking their private aircraft online.
- **BridgeU** – helps to bridge the transition between secondary and higher education for students by providing an individually adaptive university preparation and application platform, which helps to match students with their best fit universities and then guides them through the application process step by step.
- **Eve Sleep** – an ecommerce mattress retailer and brand. The company is focused on trying to create a frictionless buying experience for the customer by offering a simplified product offering (currently only one mattress in seven sizes), combined with a hassle free and intuitive online sales experience.
- **Trafi** – a free mobile application (available on both iOS and Android) and website that allows people to get directions to go from A to B in urban areas using public transport
- **Permutive** – enables publishers to better monetise their online content by allowing publishers to integrate articles sponsored by a specific brand alongside their standard content.
- **Magic Pony** – utilises state of the art computer vision to achieve high resolution video content.

Subsequent to year end one new investment completed which was committed at 31 October and two separate new investments and six follow on investments were made, totalling £7.4 million. Further details can be seen in Note 17.

OUTLOOK

The merger of the five Titan funds is a big step forward for the Investment Manager, the shareholders and the investee companies. This will improve efficiencies and streamline costs and the administrative burdens, providing more time to focus on and help build these companies.

We are confident that the established portfolio will continue to take advantage of economic conditions with many of the entrepreneurs looking to disrupt markets through innovation. Our primary focus is to support and build those companies within the portfolio but we also intend to add new opportunities to the portfolio.

The growth within the portfolio, and the performance of the Company, is very pleasing and with the more positive economic backdrop, we are optimistic that the portfolio will continue to grow and generate further increases in the Total Value of the Company, which will be distributed to shareholders through regular and special tax-free dividends.

INVESTMENT PORTFOLIO

Fixed asset investments	Sector	Investment cost as at 31 October 2015 (£'000)	Unrealised profit/(loss) as at 31 October 2015 (£'000)	Fair value as at 31 October 2015 (£'000)	Movement in fair value in year to 31 October 2015 (£'000)
Zenith Holding Company Limited	N/a	24,843	9,326	34,169	4,136
TouchType Limited	Telecommunications	15,751	11,900	27,651	8,848
Secret Escapes Limited	Consumer lifestyle and wellbeing	15,636	3,973	19,609	3,973
VisionDirect Group Limited	Consumer lifestyle and wellbeing	3,745	6,423	10,168	5,787
Amplience Limited	Technology	9,905	19	9,924	(203)
Uniplaces Limited	Consumer lifestyle and wellbeing	3,723	4,781	8,504	4,483
Leanworks Limited	Consumer lifestyle and wellbeing	7,225	–	7,225	–
Sourceable Limited	Consumer lifestyle and wellbeing	4,622	1,693	6,315	1,693
Aframe Media Group Limited	Media	6,621	(601)	6,020	(531)
Terido LLP*	N/a	6,000	–	6,000	–
Other**	Various	82,482	(6,486)	75,996	(5,032)
Total fixed asset investments		**180,553**	**31,028**	**211,581**	**23,154**
Money market securities		9,462	–	9,462	
OEICs		6,899	–	6,899	
Cash at bank		10,630	–	10,630	
Total investments, cash and cash equivalents		**207,544**	**31,028**	**238,572**	
Debtors less creditors				(10,111)	
Total net assets				**228,461**	

The top 10 investments detailed in the table represent 64.1% by value of the investment portfolio and account for an uplift in valuation of £28.2 million for the year. This accounts for the material movements within the investment portfolio.

*The investment into Terido LLP was made in line with the Company's cash allocation policy, not as part of the Investment Manager's long term investment mandate.

**The other 38 investments had a combined decrease in fair value of £5.0 million during the year of which eight are new investments with seven held at cost.

VALUATION METHODOLOGY

Initial valuation

Financial assets are measured at fair value. The best estimate of the initial fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent valuation

Further funding rounds are a good indicator of subsequent fair value and this measure is used where appropriate. Subsequent adjustment to the fair value of unquoted investments can be made using sector multiples based on information as at 31 October 2015, where applicable. In some cases the multiples can be compared to specific companies, especially where a particular sector multiple does not appear appropriate.

In accordance with the IPEVC valuation guidelines, investments made within 12 months are usually kept at cost unless performance indicates that fair value has changed.

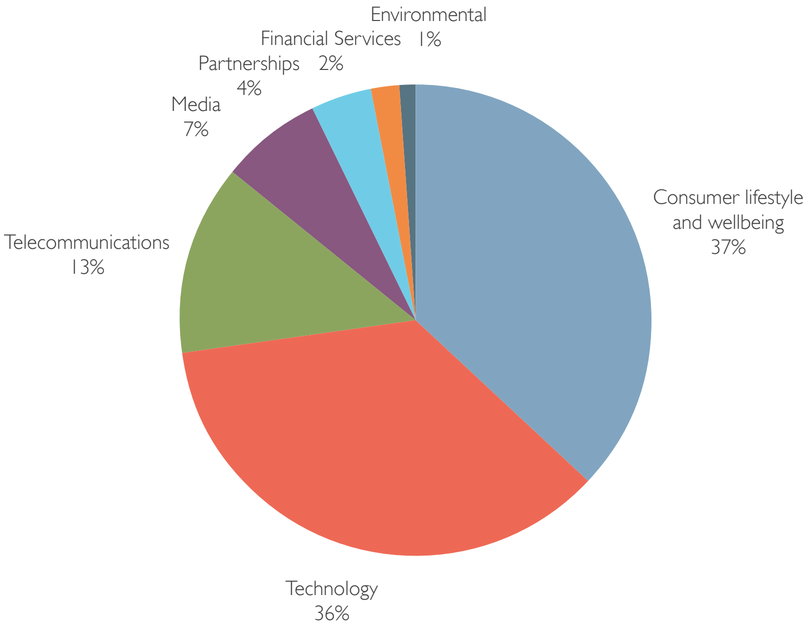
Quoted investments are valued at market bid price. No discounts are applied.

If you would like to find out more regarding the IPEVC valuation guidelines, please visit their website at: **www.privateequityvaluation.com**.

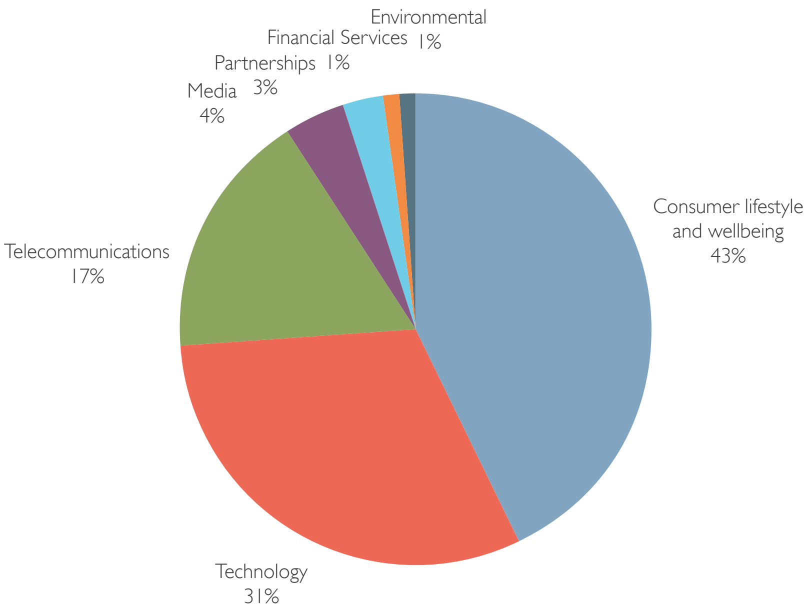
SECTOR ANALYSIS

The pie charts below show the sectors that the Company is invested in as a proportion of the total investments on both a cost and valuation basis

Total Investments by Book Cost



Total Investments by Value



REVIEW OF INVESTMENTS

During the year 21 follow-on investments were made, amounting to £21.6 million and eight new investments amounting to £13.5 million.

Quoted and unquoted investments are valued in accordance with the accounting policy set out in accounting Note 1 which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with IPEVC Valuation guidelines and current financial reporting standards.

Listed on the following pages are details of the Company's ten largest investments by value.

During the merger in November 2014 the Company acquired the investments of Titan's 1, 3, 4 and 5 at their fair values, therefore the cost data shown in the investment financials below reflect the cost of the investments to the Company, added to the fair value of the investments acquired during the merger.

ZENITH HOLDING COMPANY LIMITED

Zenith Holding Company has a holding in Octopus Zenith LP, an Octopus managed fund, which holds stakes in Secret Escapes, Zoopla Property Group, Nature Delivered (Graze) and Calastone, which were formerly held by Titan 1-3 prior to the merger of the five Titan VCTs in November 2014. Following the merger, Zenith became a 100% owned investment of Titan (see note 21).

Founded in April 2007, Graze is the UK's first company to deliver healthy and nutritionally balanced food by post, straight to the home or office. Graze promotes a varied and balanced diet through facilitating the intake of a wide variety of smaller portions of natural, high energy foods throughout the day, allowing for a healthier approach to eating delicious foods. Customers can select Graze boxes created by the company's team of nutrition specialists to place orders for personalised assortments of foods to match their specific tastes and needs including health, diet and indulgent treats. The company has offices in the UK and the US.

Calastone is a financial technology company. Its mission is to make markets friction-free by connecting trading partners through its global fund transaction network. More than 910 customers in 27 domiciles are now processing domestic and cross border transactions via Calastone, benefitting from the cost and risk reduction opportunities transaction automation can offer. Its purpose is to use smart technology solutions and industry collaboration to enable global distribution, reduce operational risk, and enhance client profitability. Calastone is part of Fintech50, ranked in The Sunday Times Hiscox Tech Track 100 and is one of the UK Government Tech City's Future Fifty companies, recognised for high growth and transforming industries. Calastone has offices in London, Luxembourg, Hong Kong and Sydney.

Zoopla Property Group Plc (LSE:ZPLA) is a digital media business that owns and operates some of the UK's most widely recognised and trusted online brands including Zoopla, PrimeLocation, SmartNewHomes and uSwitch. Its websites and mobile apps attract over 40 million visits per month, generating over 2 million leads per month for its partners. Zoopla is the UK's most comprehensive property website, empowering consumers to make smarter property decisions; PrimeLocation is one of the UK's leading property websites, helping house-hunters in the middle and upper tiers of the market; uSwitch is the UK's leading comparison website and lead generation engine for home services switching, helping consumers to find the best deal and save money on their gas, electricity, broadband, TV, phone and personal finance products; and SmartNewHomes is the UK's leading website exclusively for new build properties and lists new developments available for sale from all the leading UK housebuilders. In addition to operating its own websites and apps, Zoopla Property Group powers the property search and/or comparison engines on a number of the UK's biggest websites, including The Times, Telegraph, Daily Mail, Homes24 and many more. Zoopla Property Group Plc was founded in 2007, listed on the London Stock Exchange in 2014, and has a highly-experienced management team, led by Founder & CEO, Alex Chesterman.

Launched in 2011, Secret Escapes offers exclusive rates (up to 70% off) on members-only flash sales for luxury travel. All of the hotels and holidays are hand-picked by a team of travel experts and, while the flash sales are live on Secret Escapes, members will be guaranteed a rate cheaper than anywhere else online. Secret Escapes now has more than 19 million members, has sold more than 2 million rooms and operates in 13 countries.

Country of incorporation:	The Cayman Islands
Initial investment date:	June 2013
Cost (based on Titan merger valuation):	£24,843,000
Valuation:	£34,169,000
Last accounts:	31 October 2015
Profit before tax:	£3,551,048
Net assets:	£3,546,933

TOUCHTYPE LIMITED (TRADES AS SWIFTKEY)

TouchType, trading as SwiftKey, is a leader in the development of Natural Language Processing (NLP) based language inference technologies providing innovative mobile software solutions for handset manufacturers and consumers. SwiftKey's text prediction technology is designed to significantly boost the accuracy, fluency and speed of text entry on mobile devices and is installed on upwards of 250 million devices across multiple platforms (BlackBerry, iOS and Android). Both Google and Apple named SwiftKey Keyboard one of the 'Top Apps of 2014', and the company has offices in London, San Francisco and Seoul, as well as people in India and China.

Initial investment date:	August 2010
Cost (based on Titan merger valuation):	£15,751,000
Valuation:	£27,651,000
Last submitted group accounts:	31 December 2014
Turnover:	£8,412,000
Loss before tax:	£(5,963,000)
Net Assets:	£3,479,000

SECRET ESCAPES LIMITED

Launched in 2011, Secret Escapes offers exclusive rates (up to 70% off) on members-only flash sales for luxury travel. All of the hotels and holidays are hand-picked by a team of travel experts and, while the flash sales are live on Secret Escapes, members will be guaranteed a rate cheaper than anywhere else online. Secret Escapes now has more than 19 million members, has sold more than 2 million rooms and operates in 13 countries.

Initial investment date:	April 2011
Cost (based on Titan merger valuation):	£15,636,000
Valuation:	£19,609,000
Last submitted group accounts:	31 December 2014
Turnover:	£20,385,000
Loss before tax:	£(14,916,000)
Net liability:	£(6,916,000)

VISIONDIRECT GROUP LIMITED

VisionDirect Group Ltd is the UK's largest, most trusted online retailer of contact lenses, solutions and eye care products, with sales in seven European countries through Vision Direct branded websites. It is the largest pure-play online retailer of contact lenses in the UK and a market leader in Europe. To date, it has fulfilled over 1.65 million orders and has more than 700,000 customers. It has offices in Amsterdam, London and York and employs almost 100 members of staff, with sister sites in Spain, Italy, Holland and Ireland.

Initial investment date:	September 2009
Cost (based on Titan merger valuation):	£3,745,000
Valuation:	£10,168,000
Last submitted group accounts:	31 August 2014
Turnover:	£21,492,000
Loss before tax:	£(1,051,000)
Net assets:	£8,399,000

AMPLIENCE LIMITED

Amplience helps retailers deliver profitable growth through improved online shopping experiences across desktop computers, tablets and smartphones. The Amplience Media Platform (AMP) enables non-technical marketing, brand and sales teams to create campaign and product media that increases customer engagement, drives conversions and Average Order Values (AOVs) across all channels and devices, thereby increasing sales for Amplience's customers. AMP is rapidly becoming the standard media platform for retail with over 100 leading UK, European and US brands, including Tesco, Shop Direct Group (Littlewoods.com), LK Bennett, Jimmy Choo, Tom Ford, Labelux and Halfords reporting significant business benefits by producing their digital media using Amplience.

Initial investment date:	December 2010
Cost (based on Titan merger valuation):	£9,905,000
Valuation:	£9,924,000
Last submitted group accounts:	30 June 2015 (abbreviated)
Turnover:	not disclosed
Profit before tax:	not disclosed
Net assets:	£2,611,000

UNIPLACES LIMITED

UniPlaces is the international online marketplace for student accommodation. UniPlaces solves a problem for both the demand (students looking for accommodation) and supply side (landlords) of the market. UniPlaces brings both sides of the market together to create an interactive market place which allows the parties to transact online in a far more efficient and streamlined manner. The verification and production of quality listings is what sets UniPlaces apart from its competitors.

Initial investment date:	October 2013
Cost (based on Titan merger valuation):	£3,723,000
Valuation:	£8,504,000
Last submitted group accounts:	31 December 2014 (abbreviated)
Turnover:	not disclosed
Profit before tax:	not disclosed
Net assets:	£2,108,000

LEANWORKS LIMITED (TRADES AS YPLAN)

YPlan (Leanworks Ltd) is a mobile ticketing app which allows consumers to book last minute tickets to music, sport and entertainment events. For the event organisers, YPlan represents an opportunity to market and sell unsold ticket inventory to nearby people, 24 to 48 hours before the event takes place. YPlan is now available in London, New York, San Francisco, Bristol, and Dublin.

Initial investment date:	July 2012
Cost (based on Titan merger valuation):	£7,225,000
Valuation:	£7,225,000
Last submitted group accounts:	31 December 2014 (abbreviated)
Turnover:	not disclosed
Profit before tax:	not disclosed
Net assets:	£10,084,000

SOURCEABLE LIMITED (TRADES AS SWOON EDITIONS)

Swoon Editions (Sourceable) sells high quality furniture at insider prices. Sourcing direct from factories in India, China and Vietnam, it buys in container quantities and sells direct to consumers and through media partnerships. The volume purchasing and direct sales allows Swoon Editions to sell more efficiently than other retailers and to sell at approximately 50 per cent off retail prices whilst maintaining a 40 to 50 per cent gross margin.

Initial investment date:	March 2013
Cost (based on Titan merger valuation):	£4,622,000
Valuation:	£6,315,000
Last submitted group accounts:	31 July 2014 (abbreviated)
Turnover:	not disclosed
Profit before tax:	not disclosed
Net assets:	£3,237,000

AFRAME MEDIA GROUP LIMITED

Aframe is a central cloud operating system for video with capabilities in the areas of collaboration, review and approval and archive. Aframe software and websites run on owned servers, so data is stored on Aframe dedicated storage arrays. Communication and transfers occur over Aframe networks.

Initial investment date:	March 2012
Cost (based on Titan merger valuation):	£6,621,000
Valuation:	£6,020,000
Last submitted group accounts:	31 December 2014 (abbreviated)
Turnover:	not disclosed
Profit before tax:	not disclosed
Net assets:	£7,815,000

TERIDO LLP

Terido is a trading partnership managed by Octopus Investments which supports a range of secured asset backed lending in sectors including residential property, solar and reserve power. Terido invests in a significant number of individual companies in order to ensure diversification for the partnership. Titan's investment in Terido can be accessed at four months' notice should Titan require these funds to make other investments or pay running costs of the Company.

Cost:	£6,000,000
Valuation:	£6,000,000
Investment date:	August 2015
Equity held:	n/a
Last audited accounts:	31 March 2014
Revenues:	£21.8 million
Profit before interest & tax:	£20.0 million
Net assets:	£174.5 million
Income receivable recognised in year:	£618,000
Valuation basis:	Transaction cost

HOW OCTOPUS CREATES AND DELIVERS VALUE FOR THE SHAREHOLDERS OF THE COMPANY

The Company focuses on providing early stage, development and expansion funding to predominantly unquoted companies. The focus has been to establish a portfolio of qualifying investments in companies that have the potential to achieve a high level of profitability through the combination of:

- **Scalability:** The potential to deliver services to significant numbers of new customers at very low incremental cost and to generate repeat sales from customers.
- **Scope:** The ability to expand into complementary areas by leveraging customer and/or distributor relationships, new product development or brand positioning.
- **Pricing power:** An ability to charge high and defensible prices for its products or services as a result of having intellectual property rights, a strong brand and/or a dominant position in a market niche.

The Investment Manager looks to identify opportunities where the people involved – the entrepreneur, management team, investors, advisers and any other significant stakeholders – have a record of success. Although the Company has the ability to invest across a wide range of industries, the focus will be on several principal sectors:

- environment
- technology
- media
- telecommunications
- consumer lifestyle and wellbeing

INVESTMENT PROCESS

The Investment Manager follows a multi-stage process prior to making qualifying investments in unquoted companies.

Initial Screening

If the initial review of the business plan is positive, a meeting is held with the management team of the business in order to assess the team in terms of its ability to achieve the objectives set out in the business plan. The proposition is then discussed and reviewed with the other members of the Octopus team and a decision is taken as to whether to continue discussions with the company with a view to making an investment.

Due Diligence

Prior to making an investment, due diligence is carried out on the potential investment company. The due diligence process includes a review of the investment company's technology, discussions with customers and suppliers, competitive analysis, assessment of the capabilities of the management team and financial analysis. In addition, the Octopus investment team is supported by the Octopus Venture Partners – a group of over 100 entrepreneurs and business experts including a number of ex-FTSE chairmen and chief executives. The Octopus Venture Partners may be involved at an early stage in the investment decision making process, involving members with relevant industry experience as part of the initial due diligence and they may go on to invest alongside Octopus in investment companies.

Additionally, Octopus also draws on professional input from lawyers, accountants and other specialists as required in order to conduct the due diligence and draw up the required legal documentation in order to complete an investment.

Post-Investment Monitoring

Octopus will usually appoint at least one representative to the board of each investment company. The majority of the investments are expected to be held for approximately five years. There may, however, be opportunities to exit profitably on shorter timescales. The Investment Manager will conduct a regular review of the portfolio, during which each investment company will be assessed in terms of its commercial and financial progress, its strategic positioning, requirement for further capital, progress towards an eventual exit and its current and prospective valuation. As each company matures, the exit considerations become more specific, with a view to establishing a definitive action plan in order to achieve a successful sale of the investment. Throughout the cycle of an investment the Investment Manager will remain proactive in determining the appropriate time and route to exit. It is expected that the majority of exits will be by means of a trade sale or by a float/IPO.

If you have any questions on any aspect of your investment, please call one of the Octopus Ventures team on **0800 316 2295**.

Alex Macpherson
Octopus Investments Limited
3 February 2016

Details of Directors

JOHN HUSTLER (NON-EXECUTIVE CHAIRMAN)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently Chairman of Hygea VCT plc. He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000 and was a member of the Council of the British Venture Capital Association from 1989-1991.

MATT COOPER (NON-EXECUTIVE DIRECTOR)

Matt currently works as a non-executive chairman and/or director with a range of public and private companies. These include Octopus Capital Limited, Imaginatik Plc, Accesso Technology Group Plc, ClearlySo Ltd, VouchedFor Ltd, RNM Financial Ltd and the National Centre for Circus Arts. Matt's areas of expertise include corporate strategy formulation, brand and marketing and implementation, organisational culture and design, and executive coaching and leadership. Previously, Matt was Principal Managing Director of Capital One Bank Europe plc until leaving the company in 2001. Originally from New Jersey, Matt graduated first in his class in Chemistry from Princeton University in 1988.

MARK HAWKESWORTH (NON-EXECUTIVE DIRECTOR)

Mark was appointed a director on 27 November 2014. He retired as an investment partner at Nova Capital Management Limited in January 2010, having spent more than 25 years in the private equity industry. Prior to joining Nova, he was a senior partner at Baring Private Equity Partners and also spent 12 years at Lazard. Mark originally trained as an electrical engineer and spent his early career working for international engineering companies such as Taylor Woodrow, Trafalgar House and BICC/Balfour Beatty. Mark is a Member of Council of the University of Bath and Treasurer of The Gordon Foundation. Mark was a director and Chairman of Octopus Titan VCT 3 plc from 17 March 2008 to 27 November 2014.

JANE O'RIORDAN (NON-EXECUTIVE DIRECTOR)

Jane was appointed a director on 27 November 2014. She is the Managing Director of Yellowwoods Associates (formerly Capricorn Associates), a private equity and venture capital advisory firm where she has been involved in the strategic development of companies such as Nando's, Pizza Express/Gondola and Broker Network as well as many others. Jane is also the global director of strategy on the main board for Nando's Group Holdings. During this time she has led projects including the evaluation of investment opportunities, undertaken strategic due diligence, guided companies through key growth phases, managed disposals and performed board representation functions on behalf of the broader Capricorn investment group. Prior to joining Capricorn in 1997, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche, where she was responsible for a number of major corporate client relationships. Her main areas of specialisation at Deloitte included international expansion, market growth strategies and corporate restructuring. In addition to over sixteen years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a first class BSc in mechanical engineering and an MBA from Harvard Business School. Jane was a director and Chairman of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 October 2015.

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

DIRECTORS

Brief biographical notes on the Directors are given on page 32.

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Hustler offers himself for re-election and the Board recommends his election at the forthcoming Annual General Meeting. The Board has considered provision B.7.2 of the The UK Corporate Governance Code and following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 39, believes that Mr Hustler continues to be effective and demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming Annual General Meeting.

Mr Cooper is not considered to be independent due to his role as Chairman of Octopus Investments Limited, the Investment Manager of Octopus Titan VCT plc. As a non-independent Director, Mr Cooper will stand for re-election at the 2016 Annual General Meeting of the Company as required by Listing Rule 15.2.13A. The Board has also considered provision B.7.2 of The UK Corporate Governance Code and believes that he continues to be effective and to demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming Annual General Meeting.

Further details can be found in the Corporate Governance report on pages 38 to 42.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

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 Strategic Report, on pages 7 to 31. Further details on the management of financial risk may be found in Note 16 to the financial statements.

The Board receives regular reports from Octopus and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

A Special Resolution was approved at the General Meeting of the Company held on 16 October 2014 to change the Articles of Association so that, at the later of (i) the 10th Annual General Meeting of the Company in 2020 and (ii) the Annual General Meeting of the Company held after the fifth anniversary of the last allotment of shares in the Company, an Ordinary resolution will be proposed to the effect that the Company shall continue in being as a venture capital trust. The continuation of the Company to 2020 and beyond will allow shareholders who participate in the current offer to subscribe for Ordinary Shares to hold their shares for the five years required to receive tax relief and, in addition, will also allow the Company to remain a going concern.

The assets of the Company include securities which are readily realisable (8.8% of net assets) and, accordingly, the Company has adequate financial resources to meet its expenses and commitments made under share buybacks and to continue in operational existence for the foreseeable future.

MANAGEMENT

The Company has in place an agreement with Octopus to act as Investment Manager which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in Notes 3 and 19 to the financial statements. Octopus also provides secretarial, administrative and custodian services to the Company.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided, as set out above. Details of the fees paid to Octopus in respect of services provided are detailed in Note 19 to the financial statements.

With the exception of Mr Cooper, no Director has an interest in any contract to which the Company is a party. Mr Cooper is the Chairman of Octopus.

The Company has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. The criteria were met in 2015 resulting in a performance fee payable to Octopus. Further details of this scheme are disclosed within Note 19 to the financial statements.

The Board has delegated the routine management decisions such as the payment of standard running costs to Octopus. However, investment decisions are discussed and agreed with the Board.

WHISTLEBLOWING

The Board has considered the arrangements implemented by Octopus in accordance with The UK Corporate Governance Code's recommendations, to encourage staff of the Investment Manager or Company Secretary of the Company to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

BRIBERY ACT

Octopus has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the firm are aware of their legal obligations when conducting Company business.

ENVIRONMENT POLICY AND GREENHOUSE GAS EMISSIONS

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. As the Company has no employees or operations, it is not responsible for any direct emissions.

SHARE CAPITAL

The Company's ordinary share capital as at 31 October 2015 comprised 222,460,762 (2014: 32,437,373) Ordinary shares of 10p each (as at that date none of the shares were held by the Company as Treasury shares).

SHARE ISSUES AND OPEN OFFERS

On 16 September 2014, the Company launched an offer for subscription for Ordinary shares of 10p to raise up to £50 million in aggregate with an over allotment of £20 million. In total 55,651,648 shares were issued during the year (inclusive of DRIS) raising £52.6m net of costs.

On 8 September 2015 the Company launched an offer for subscription for Ordinary shares of 10p to raise up to

£50 million in aggregate with an over allotment facility of £30 million. On 16 December 2015 29,223,993 shares were issued under this offer at an issue price of 108.7p per share, equivalent to the current NAV of 102.7p grossed up by 5.5% (as set out in the Prospectus dated 8 September 2015).

SHARE BUYBACKS

During the year the Company purchased 6,225,734 shares, with a nominal value of £622,573 for cancellation at a weighted average price of 92.0p per share for a total consideration of £5,727,000 which represents 19.2% of the shares at the prior year end (2014: 832,464 shares, with a nominal value of £83,246 for cancellation at a weighted average price of 87.6p per share for a total consideration of £729,372). These were repurchased in accordance with the Company's share buyback facility to assist the marketability of the shares and to prevent the shares trading at a wide discount to the NAV.

CANCELLATION OF SHARE PREMIUM ACCOUNT AND CAPITAL REDEMPTION RESERVE

On 18 August 2015 the High Court of Justice, Chancery Division approved the cancellation of the Company's share premium account and capital redemption reserve. As a result of these cancellations £181,562,000 was transferred to the special distributable reserve.

RIGHTS ATTACHING TO THE SHARES AND RESTRICTIONS ON VOTING AND TRANSFER

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders the following principal rights:

(a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

(b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities pari passu with the other holders of Ordinary shares; and

(c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (un-certificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of un-certificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

DIRECTORS' AUTHORITY TO ALLOT SHARES, TO DISAPPLY PRE-EMPTION RIGHTS

The authority proposed under Resolution 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a tax-efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 8 renews the Directors' authority to allot Ordinary shares. Such authority would expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 10% of the Company's issued share capital as at the date of the notice of AGM. This authority is in addition to that granted by shareholders at the General Meeting held on 2 October 2015 in relation to the offer for subscription.

Resolution 9 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This Resolution would authorise the Directors, until at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issue shares out of Treasury up to 10% of the Company's issued share capital. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. This authority is in addition to that granted by shareholders at the General Meeting held on 2 October 2015 in relation to the offer for subscription.

DIRECTORS' AUTHORITY TO MAKE MARKET PURCHASE OF ITS OWN SHARES

The authority proposed under Resolution 10 is required so that the Directors may make purchases of up to 12,793,715 Ordinary shares, representing approximately 5% of the Company's issued share capital as at the date of the notice of AGM, and seeks renewal of such authority at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months. The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

SUBSTANTIAL SHAREHOLDINGS

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

INDEPENDENT AUDITOR

James Cowper Kreston offer themselves for re-appointment as auditor. A Resolution to re-appoint James Cowper Kreston will be proposed at the forthcoming AGM.

Corporate Governance

The Board of the Company has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide).

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates The UK Corporate Governance Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on page 42.

BOARD OF DIRECTORS

The Company has a Board of four Non-Executive Directors, three of whom are considered to be independent. Mr Cooper is not considered to be independent due to his role as Chairman of Octopus. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 7.

Subject to the provisions of the Companies Act 2006, the Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of Octopus;
- the performance of the Company, including monitoring of the discount of the net asset value to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman 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. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior Non-Executive Director.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the year the following meetings were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
John Hustler	4	4	2	2
Matt Cooper	4	2	n/a	n/a
Mark Hawkesworth	4	4	2	2
Jane O'Riordan	4	4	2	2

Additional meetings were held as required to address specific issues including considering investment recommendations from Octopus, allotments and purchases of the Company's own shares.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the Annual General Meeting, and that Directors appointed by the Board should seek re-appointment at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least every three years, with the exception of Mr Cooper who is not considered to be independent as he is the Chairman of Octopus, the Investment Manager of Titan, and is therefore required to stand for re-election each year.

This practice was followed during the year under review.

	Date of Original Appointment	Due date for Re-election
John Hustler	29/10/2007	AGM 2016
Matt Cooper	31/10/2008	AGM 2016
Mark Hawkesworth	27/11/2014	AGM 2017
Jane O'Riordan	27/11/2014	AGM 2018

PERFORMANCE EVALUATION

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the directors in the form of one-to-one meetings between the Chairman and each director. The directors were made aware of the annual performance evaluation on their appointment. The Chairman provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the year; however, individual directors undertook to review certain of the Investment Manager's processes to gain a deeper understanding of the investment process. The performance of the Chairman was evaluated by the other Directors.

The Board also conducts an evaluation of Octopus, as the Investment Manager, and feedback of the results of the evaluation is provided to Octopus.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first Annual General Meeting of the Company following his or her appointment. At each Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

POWERS OF THE DIRECTORS

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at the Company's 2015 AGM to make market purchases of up to 5 per cent of the issued ordinary share capital at any time up to the 2016 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2016 AGM as set out in the notice of meeting.

BOARD COMMITTEES

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 45 to 48.

The Board has appointed two committees to make recommendations to the Board in specific areas:

Audit Committee:

Mark Hawkesworth
John Hustler
Jane O'Riordan

The Audit Committee consists of three independent Directors. The Audit Committee believes that Mark Hawkesworth possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee Report is given on pages 43 and 44.

Nomination Committee:

John Hustler (Chairman)
Matt Cooper
Mark Hawkesworth
Jane O'Riordan

The Nomination Committee considers the selection and appointment of Directors considering the composition and skills of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. It also makes recommendations to the Board as to the level of Directors' fees if appropriate.

INTERNAL CONTROLS

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

Octopus identifies the investment opportunities for the consideration of the Board which ultimately makes the decision whether to proceed with that opportunity. Octopus monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. This included a review of the processes in place at Octopus to ensure that the Company complies with the UK Bribery Act, which came into force in July 2011. The Board does not consider it appropriate to have an internal audit function due to the nature of the Company's transactions as this would not be an appropriate control for a VCT.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two approved signatories from Octopus. The Company is subject to a full annual audit whereby the auditor is the same as for other VCTs managed by Octopus. Further to this, the Audit Partner has open access to the Directors of the Company and Octopus is subject to regular review by the Octopus Compliance Department.

FINANCIAL RISK MANAGEMENT

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 16 to the Financial Statements.

RELATIONS WITH SHAREHOLDERS

Shareholders have the opportunity to meet the Board and the Investment Managers at the Annual General Meeting and at any General Meetings held during the year. In addition to the formal business of the Annual General Meeting, the Board is available to answer any questions a shareholder may have for the Board and the Investment Managers on any matters relating to the operation and performance of the Company. The proxy figures for each meeting are announced at the meeting and are available on the Octopus website following the meeting.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on **0800 316 2295**.

COMPLIANCE STATEMENT

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in The UK Corporate Governance Code. The preamble to The UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under The UK

Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 October 2015 with the provisions set out in The UK Corporate Governance Code. The section references to The UK Corporate Governance Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary as it does not have any executive directors. [A.4.1]
2. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [C.3.6]
4. The Company does not have a Remuneration Committee as it does not have any executive directors. [D.1.1 – 2.4]
5. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than at the Annual or General Meetings. [E.1.1 & E.1.2]

By order of the Board

Nicola Board

Nicola Board (ACIS)
Company Secretary
3 February 2016

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 October 2015 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 40.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the annual Report and Accounts provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that Octopus has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to the Board meeting and a report is provided on relevant matters to enable the Board to carry out their duties.

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to James Cowper Kreston, the Company's external auditor. The external auditor has also been appointed to provide the non-audit service of corporation tax compliance. The Committee does not believe this is sufficient to influence the independence or objectivity of the external auditor due to the fee being an immaterial expense. When considering whether to recommend the appointment or reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms.

A review of the audit services was undertaken in 2013 and therefore no review was undertaken in the current year.

The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting if appropriate.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. Octopus has appointed an internal auditor, the function of which has been outsourced to Ernst & Young. The Octopus

Compliance Department regularly reports to the Board on the outcome of the internal audits that have taken place. Any significant issues arising from the Octopus internal audit that affect the Company would be raised to the Committee immediately.

The Committee will monitor the significant risks at each meeting and Octopus will work closely with the Auditor to mitigate the risks and the resultant impact.

During the year ended 31 October 2015, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the Octopus compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval; and
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements;
- reviewing the Company's going concern as referred to on page 33.

The Committee has considered the whole Report and Accounts for the year ended 31 October 2015 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 performance, business model and strategy.

SIGNIFICANT RISKS

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements. The Committee and the Auditors have identified the most significant risks for the Company as:

- Valuation of investment portfolio: The Committee gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in the Company's results. The valuations are supported by investment company audited accounts and third party evidence. These give comfort to the Audit Committee.
- Management override of financial controls. The Committee reviews all significant accounting estimates that form part of the financial statements and consider any material judgements applied by management during the completion of the financial statements.

These issues were discussed with Octopus and the Auditor at the conclusion of the audit of the financial statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 October 2015.

Mark Hawkesworth
Audit Committee Chairman
3 February 2016

Directors' Remuneration Report

INTRODUCTION

This report is submitted in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the year ended 31 October 2015. The reporting requirements entail two sections be included, a Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, James Cowper Kreston, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 50 to 52.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board considered the Director's remuneration during the merger discussions and it was agreed to increase the remuneration to reflect the enlarged Company. Following the Board evaluation it was agreed that the remuneration of the Chairman of the Audit Committee should be increased by £2,000 per annum, to £22,000 per annum, with effect from 1 November 2015 to reflect the additional work involved in this role. The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the Boards of directors of other VCTs. The Company does not have a Chief Executive Officer, Senior Management or any employees.

DIRECTORS' REMUNERATION POLICY REPORT

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for, at least, a period of three years. All Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent Annual General Meetings. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or the Company on three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board and, with effect from 1 November 2015, the Chairman of the Audit Committee, to be paid higher fees than the other Directors in recognition of their more onerous roles. The policy is to review these rates from time to time, although such review will not necessarily result in any changes. Due to the nature of the Company, there are no employees other than the Directors and therefore no such issues to consider when determining the Directors' remuneration.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £100,000 in aggregate; any amendment to this is by way of an ordinary resolution subject to the approval of shareholders in a general meeting.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Board is also entitled to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however no other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

In accordance with the reporting requirements of the Large and Medium-sized Companies and Groups

(Accounts and Reports) (Amendment) Regulations 2013, as a result of the change to the Remuneration Policy set out above an Ordinary resolution for its approval, to remain in force for a three year period, will be put to the members at the AGM and will become effective from that date. Subject to its approval at the AGM the Remuneration Policy will be presented to shareholders for approval again in 2019.

ANNUAL REMUNERATION REPORT

The Board reviewed the remuneration of the Directors during the merger discussions and due to the aggregate annual savings on directors' fees, thought it appropriate for the fees to be raised to new levels of £25,000 for the Chairman and £20,000 for the other Directors to reflect the increased size of the Company following the merger and the increased number of Directors.

This Remuneration Report is subject to approval by a simple majority of shareholders at the AGM in March 2016, as in previous years.

STATEMENT OF VOTING AT THE ANNUAL GENERAL MEETING

The 2014 Director's Remuneration Report was presented to the AGM in March 2015 and received shareholder approval following a vote on a show of hands. Of the 1,340,920 votes received, those for the resolution totalled 89.5%, 2.8% of votes were at the discretion of the Chairman and 7.8% of the votes cast were against with 9,999 votes withheld. The proxy forms returned to the Registrars contained no explanation for the five votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out on page 41.

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Directors' Report.

The performance graph on page 13 also shows the performance of the NAV and Total Value of the Company. Further details of the Company's performance are shown in the graphs on pages 19 and 20 in the Investment Manager's Review.

DIRECTORS' EMOLUMENTS (AUDITED)

The amount of each Director's fees for the year were:

	Year ended 31 October 2015 £'000	Year ended 31 October 2014 £'000
John Hustler (Chairman)	**25**	20
Matt Cooper	**19**	8
Mark Hawkesworth (Appointed 27/11/2014)	**19**	–
Jane O'Riordan (Appointed 27/11/2014)	**19**	–
Mark Faulkner (Resigned 27/11/2014)	**–**	15
Total	**82**	43

The above are time apportioned for the different remuneration levels before and after the merger.

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chairman of the Company and, with effect from 1 November 2015, the Chairman of the Audit Committee, receive additional remuneration over the basic Director's fee in recognition of the additional responsibilities and time commitment, and additionally, to be fair and comparable to similar VCTs.

RELATIVE IMPORTANCE OF SPEND ON PAY

The actual expenditure in the current year is as follows:

	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
Total Dividends paid	**5,306**	1,466
Total Buybacks	**5,729**	729
Total Directors Fees	**82**	43
Total Expenses	**5,704**	850

There were no other significant payments during the year relevant to understanding the relative importance of spend on pay.

STATEMENT OF DIRECTORS' SHAREHOLDINGS

There are no guidelines or requirements for Directors to own shares in the Company. The interests of the Directors of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

	Year to 31 October 2015	Year to 31 October 2014
John Hustler (Chairman)	**68,811**	18,166
Matt Cooper	**395,612**	57,888
Mark Hawkesworth (Appointed 27/11/2014)	**54,259**	n/a
Jane O'Riordan (Appointed 27/11/2014)	**14,489**	n/a
Mark Faulkner (resigned 27/11/2014)	**n/a**	15,000

There have been the following changes in the Directors' share interests between 31 October 2015 and the date of this report:

	Shares Purchased
Matt Cooper	148,343
Mark Hawkesworth	9,888
Jane O'Riordan	29,667

All of the Directors' shares were held beneficially except for Jane O'Riordan who holds 38,816 Ordinary shares in a nominee account.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

By Order of the Board

John Hustler
Chairman
3 February 2016

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. 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 laws). 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 and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

To the best of my knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standard and applicable laws), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Investment Manager's and Directors' reports include fair reviews 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.

On behalf of the Board

John Hustler
Chairman
3 February 2016

Report of the Independent Auditor to the Members of Octopus Titan VCT plc (formerly Octopus Titan VCT 2 plc)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS TITAN VCT PLC (FORMERLY OCTOPUS TITAN VCT 2 PLC)

We have audited the financial statements of Octopus Titan VCT plc (formerly Octopus Titan VCT 2 plc) for the year ended 31 October 2015 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

AUDITOR COMMENTARY

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £2.1m, which is 1% of the value of the Company's investment portfolio. For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £48,000.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

VALUATION OF UNQUOTED INVESTMENTS

Investments are the largest asset in the financial statements, and they are designated as being at fair value through profit or loss in accordance with Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts. Measurement of the value of an unquoted investment includes significant assumptions and judgements. We therefore identified the valuation of unquoted investments as a risk that has the greatest effect on the overall audit strategy.

Our audit work included, but was not restricted to, obtaining an understanding of how the valuations were performed, consideration of whether they were made in accordance with published guidance, discussions with Octopus, and reviewing and challenging the basis and reasonableness of the assumptions made by Octopus in conjunction with available supporting information. The Company's accounting policy on the valuation of unquoted investments is included in Note 1, and its disclosures about unquoted investments held at the year end are included in Note 10 and Note 12.

REVENUE RECOGNITION

Investment income is the Company's main source of revenue and is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice.

Our audit work included, but was not restricted to, a detailed review of those sources of income recorded in the financial statements and further consideration of other potential sources of income. The Company's accounting policy on income is included in Note 1 and its disclosures about income are included in Note 2.

MANAGEMENT OVERRIDE OF FINANCIAL CONTROLS

The Company operates a system of financial controls to mitigate its vulnerability to fraud and its financial statements to material error and is reliant upon the efficacy of these controls to ensure that its financial statements present a true and fair view.

The financial statements contain a number of significant accounting estimates that require an element of judgement on behalf of management and that are, therefore, potentially open to manipulation.

Our audit work included, but was not restricted to, a review of all significant management estimates and detailed consideration of all material judgements applied during the completion of the financial statements. We also reviewed material journal entries processed by management during the period. The Company's principal accounting policies are included in Note 1.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2015 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OTHER REPORTING RESPONSIBILITIES

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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 information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the section of the Statement of Corporate Governance describing the work of the Audit Committee does not appropriately address matters communicated to us by the audit committee.

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 24, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the 2014 UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board of directors' remuneration.

Robert Holland BSc FCA
Senior Statutory Auditor
for and on behalf of James Cowper Kreston, Reading
Statutory Auditor, Chartered Accountants

Income Statement

		Year to 31 October 2015			Year to 31 October 2014		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	–	9	9	–	8	8
Gain on disposal of current asset investments		–	178	178	–	–	–
Fixed asset investment holding gains	10	–	23,154	23,154	–	5,417	5,417
Current asset investment holding gains		–	194	194	–	–	–
Investment income	2	734	–	734	62	–	62
Investment management fees	3	(913)	(2,738)	(3,651)	(105)	(314)	(419)
Performance fee	3	–	(3,369)	(3,369)	–	(903)	(903)
Other expenses	4	(2,053)	–	(2,053)	(431)	–	(431)
Profit/(Loss) before tax		(2,232)	17,428	15,196	(474)	4,208	3,734
Taxation	6	–	–	–	–	–	–
Profit/(Loss) after tax		(2,232)	17,428	15,196	(474)	4,208	3,734
Earnings per share – basic and diluted	8	(1.1)p	8.8p	7.7p	(1.6)p	14.5p	12.9p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

The Company has no other comprehensive income for the period.

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

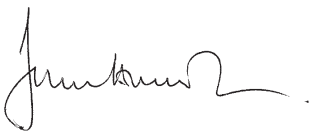
Balance Sheet

		As at 31 October 2015		As at 31 October 2014	
	Notes	£'000	£'000	£'000	£'000
Fixed asset investments*	10		**211,581**		27,452
Current assets:					
Debtors	11	**1,790**		240	
Money market funds*	12	**9,462**		5,701	
OEICs*	12	**6,899**		–	
Cash at bank**		**10,630**		443	
		28,781		6,384	
Creditors: amounts falling due within one year	13	**(11,901)**		(960)	
Net current assets			**16,880**		5,424
Net assets			**228,461**		32,876
Called up equity share capital	14		**22,246**		3,244
Share premium	15		**–**		9,284
Special distributable reserve	15		**182,331**		15,173
Capital redemption reserve	15		**325**		181
Capital reserve – losses on disposals	15		**(4,279)**		(358)
Capital reserve – holding gains	15		**31,221**		6,503
Revenue reserve	15		**(3,383)**		(1,151)
Total equity shareholders' funds			**228,461**		32,876
Net asset value per share	9		**102.7p**		101.4p

*Held at fair value through profit or loss

**Includes cash held but not yet allotted

The statements were approved by the Directors and authorised for issue on 3 February 2016 and are signed on their behalf by:



John Hustler
Chairman

Company No: 6397765

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

Statement of changes in Equity

	Year ended 31 October 2015 £'000	Year ended 31 October 2014 £'000
Shareholders' funds at start of year	**32,876**	20,924
Profit after tax	**15,196**	3,734
Issue of equity (net of expenses)	**53,897**	10,413
Merger share issues	**137,417**	–
Titan's 1, 3, 4 and 5 fee write offs	**110**	–
Purchase of own shares	**(5,729)**	(729)
Dividends paid	**(5,306)**	(1,466)
Shareholders' funds at end of year	**228,461**	32,876

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

Cash Flow Statement

	Notes	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
Reconciliation of profit to cash flows from operating activities			
Profit before tax		15,196	3,734
(Increase)/Decrease in debtors		(1,550)	1,596
Debtors obtained from the merger		6,123	–
Increase in creditors		10,941	353
Creditors obtained from the merger		(14,223)	–
Gains on disposal of fixed assets		(9)	(8)
Gains on valuation of fixed asset investments		(23,154)	(5,417)
(Outflow)/Inflow from operating activities (a)		(6,676)	258
Cash flows from investing activities			
Purchase of fixed asset investments	10	(161,125)	(6,433)
Non cash merger additions		125,998	–
Sale of fixed asset investments	10	159	376
Outflow from investing activities (b)		(34,968)	(6,057)
Cash flows from financing activities			
Dividends paid	7	(5,306)	(1,466)
Purchase of own shares	14	(5,729)	(729)
Net proceeds from share issues		191,424	10,413
Merger share issues		(137,417)	–
Inflow from financing activities (c)		42,972	8,218
Cash and cash equivalents acquired in merger			
Cash acquired in merger		8,237	–
OEICs acquired in merger		11,282	–
Acquired from merger (d)		19,519	–
Increase in cash and cash equivalents (a+b+c+d)		20,847	2,419
Opening cash and cash equivalents		6,144	3,725
Closing cash and cash equivalents		26,991	6,144

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

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

Merger

On 27 November 2014 the Company acquired the assets of Octopus Titan VCT's 1, 3, 4 and 5 for consideration of shares in the merged fund. The merger ratios were independently ratified by BDO LLP at the time of the merger in order to confirm the net assets of each Titan fund prior to merging with Titan 2, to ensure the valuations of investors' shareholdings were the same in Titan's 1, 3, 4 and 5 as in the merged fund.

Therefore a financial comparison to last year's accounts is not relevant or appropriate.

Preface

As a result of the recent changes to UK accounting standards from old UK GAAP to FRS102 (outlined below); applicable for companies erstwhile preparing statements under UK GAAP and applicable to financial years beginning on or after 1 January 2015; the Company has chosen to adopt these changes early and therefore has produced these financial statements under FRS 102.

There are no measurement changes which materially impact the accounts and the changes are predominantly presentational. The primary statements, notes to the accounts and accounting policies are therefore in line with the new accounting policy, which is outlined below. The main presentational changes are updates to the fixed asset investments' fair value hierarchy and presentational changes to the primary statements and associated reconciliations.

A review of possible required changes to comparative figures has taken place and it has been deemed that no such restatements are necessary.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2014).'

The principal accounting policies have remained materially unchanged from those set out in the Company's 2014 Annual Report and financial statements; however there have been slight revisions as result of the adoption of FRS 102. A summary of the principal accounting policies is set out in the notes.

The Company presents its income statement in a tri-columnar format to give shareholders additional detail of the performance of the Company, split between items of a revenue or capital nature.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the manifestation of the Company's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by the Company are disclosed in the notes below. Whilst not all of the significant accounting policies require subjective or complex judgements, the Company considers that the following accounting policies should be considered critical.

The Company has designated all fixed asset investments as being held at fair value through profit or loss; therefore all gains and losses arising from investments held are taken to the income statement in the period in which they occur. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss. Current asset investments compromising money market funds are held at fair value through profit or loss.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Quoted investments are valued in accordance with the bid-price on the relevant date, unquoted investments are valued in accordance with current IPEVC valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of subsidiary companies and liquidity or marketability of the investments held.

Although the Company believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

Revenue and capital

The revenue column of the income statement includes all income and revenue expenses of the Company. The capital column includes gains and losses on the disposal of investments and gains and losses arising from changes in the fair value of investments at the period end.

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. This comprises term deposits of less than one year (other than cash), government securities, investment grade bonds and investments in money market funds, as well as OEICs.

Financing strategy and capital structure

Capital management is monitored and controlled by forecasting income and expenditure over both the short and medium terms to enable investments to be made at the same time as controlling short term liquidity. The investments being managed include equity and fixed-interest investments, and short term liquidity comprises cash and cash equivalents including debtors and creditors.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Company does not have any externally imposed capital requirements.

The value of the managed capital is indicated in note 15. The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued Ordinary share capital of the Company in accordance with Special Resolution 10 in order to maintain sufficient liquidity in the VCT.

Financial instruments

The Company's principal financial assets are its investments and the policies in relation to those assets are set out in note 10. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Judgments in applying accounting policies and key sources of estimation uncertainty

This is addressed in note 10.

2. INVESTMENT INCOME

Accounting Policy

Investment income includes interest earned on bank balances and money market funds and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate; provided there is no reasonable doubt that payment will be received in due course.

Disclosure

	Year ended 31 October 2015 £'000	Year ended 31 October 2014 £'000
Money market funds & bank balances	92	26
Dividends received	76	–
Loan note interest receivable	566	36
Total income	**734**	62

3. INVESTMENT MANAGEMENT FEES

Accounting Policy

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from the Company's investment portfolio.

Disclosure

	Year to 31 October 2015			Year to 31 October 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	913	2,738	3,651	105	314	419
Performance fee	–	3,369	3,369	–	903	903
	913	6,107	7,020	105	1,217	1,322

The performance fee has been wholly attributed to capital. For more details please refer to Note 19.

Octopus provides investment management and accounting and administration services to the Company under a management agreement. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 19 to the financial statements.

4. OTHER EXPENSES

Accounting Policy

Other expenses are accounted for on an accruals basis and are charged wholly to revenue.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
Ongoing advisor charges	630	102
Accounting and administration services	551	63
Merger costs	288	–
Registrar's fees	184	56
Listing fees	88	47
Directors' remuneration*	84	43
Printing fees	35	35
Monitoring fees**	28	–
Legal fees	16	9
Tax compliance fees	16	1
Audit fees	12	6
Other expenses	121	69
Total	2,053	431

*Includes employers' NI

**Monitoring fees in 2014 are included within 'other' expenses

Other expenses include Company Secretarial fees, FCA fees, AIC fees, broker advisory fees, other accountancy fees and general expenses.

Total annual running costs are capped at 3.2% of net assets. For the year to 31 October 2015 the running costs were 2.8% of net assets (2014: 2.7%). This is calculated excluding irrecoverable VAT, IFA commission and non-recurring expenses.

5. DIRECTORS' REMUNERATION

	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
John Hustler (Chairman)	**25**	20
Mark Faulkner	**–**	15
Matt Cooper	**20**	8
Mark Hawkesworth	**20**	–
Jane O'Riordan	**20**	–
Total directors' remuneration	**85**	43

The above amounts reflect the annual emoluments and are not pro-rated where directors have left or joined in the financial year. Mark Faulkner resigned as part of the merger, and Jane O'Riordan (previously on the board of Titan 5) and Mark Hawkesworth (previously on the board of Titan 3) were appointed to the Board.

None of the Directors received any other remuneration from the Company during the year. The Company has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the year was four (2014: three).

6. TAX ON ORDINARY ACTIVITIES

Accounting Policy

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Disclosure

The corporation tax charge for the period was £nil (2014: £nil). The current tax charge for the period differs from the standard rate of corporation tax in the UK of 20% (2014: 22.0%). The differences are reconciled below.

	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
Profit before tax	**15,196**	3,734
Non taxable capital gains	**(23,535)**	(4,208)
Profits chargeable to corporation tax	**(8,339)**	(474)
Current tax at 20.42% (2014: 21.83%)	**(1,668)**	(103)
Unrelieved tax losses	**1,668**	103
Total current tax charge	**–**	–

Unrelieved tax losses of £13,944,000 (2014: £2,982,000) have been carried forward at 31 October 2015 and are available for offset against future taxable income, subject to agreement with HMRC. The Company has not recognised the deferred tax asset of £2,789,000 (2014: £596,000) in respect of these excess management charges because there has been no taxable income.

Approved VCTs are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

7. DIVIDENDS

Accounting Policy

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make the payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend (ex-div date).

Disclosure

	Year to 31 October 2015 £'000	Year to 31 October 2014 £'000
Recognised as distributions in the financial statements for the period		
Previous year's final dividend	–	629
Previous year's interim dividend	811	–
Current year's interim dividend	4,495	837
	5,306	1,466
Paid and proposed in respect of the period		
Interim dividend paid – 2.0p per share (2014: 2.5p per share)	4,495	837
Interim dividend proposed – 2.5p per share (2015: nil)	–	811
Final dividend proposed – 2.0p per share (2014: nil)	4,449	–
	8,944	1,648

The figures above include dividends elected to be reinvested through DRIS.

The final dividend of 2.0p for the year ending 31 October 2015 will be paid on 29 April 2016 to shareholders on the register on 15 April 2016, subject to approval at the AGM.

Additionally, a conditional special dividend of 5.0p per share will be paid on 29 April 2016 to shareholders on the register on 15 April 2016.

8. EARNINGS PER SHARE

The total earnings per share is based on the profit after tax of £15,196,000 (2014: £3,734,000) and 197,925,300 (2014: 29,106,402) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The revenue loss per share is based on revenue loss of £2,232,000 (2014: £474,000) and 197,925,300 (2014: 29,106,402) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The capital earnings per share is based on a capital profit of £17,428,000 (2014: £4,208,000) and 197,925,300 (2014: 29,106,402) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

9. NET ASSET VALUE PER SHARE

The calculation of NAV per share as at 31 October 2015 is based on net assets of £228,461,000 (2014: £32,876,000) and 222,460,762 (2014: 32,437,373) Ordinary shares in issue at that date.

10. FIXED ASSET INVESTMENTS

Accounting Policy

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being at fair value through profit or loss ("FVTPL") on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by using measures of value such as price of recent transaction, earnings multiples, discounted cash flows and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement and allocated to the capital reserve – holding gains / (losses). Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

Investments deemed to be associates due to the shareholding and level of influence exerted over the investee company are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by the SORP (para 32).

In preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Fair value hierarchy

Paragraph 34.22 of FRS 102 regarding financial instruments that are measured in the balance sheet at fair value, requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level a: quoted prices in active markets for an identical asset. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the current bid price. These instruments are included in level a and comprise money market funds classified as held at fair value through profit or loss. See note 12.

Level b: where quoted prices are not available, the price of a recent transaction for an identical asset, providing there has been no significant change in economic circumstances or a significant lapse in time since the transaction took place. The Company holds no such investments in the current or prior year.

Level c (i): the fair value of financial instruments that are not traded in an active market (for example investments in unquoted companies) is determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level c (i). The Company holds no such investments in the current or prior year.

Level c (ii): the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level c (ii).

There have been no transfers between these classifications in the period (2014: none). The change in fair value for the current and previous year is recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the period to 30 September 2015 are summarised below and in Note 12.

Disclosure

	Level a: AIM-quoted investments £'000	Level c (ii): Unquoted investments £'000	Total £'000
Valuation and net book amount:			
Book cost	1,250	18,752	20,002
Cumulative revaluation	(9)	7,459	7,450
Valuation at 1 November 2014	**1,241**	**26,211**	**27,452**
Movement in the period:			
Purchases at cost	–	35,127	35,127
Merger additions	2,863	123,135	125,998
Disposal proceeds	–	(159)	(159)
Profit on realisation of investments	–	9	9
Revaluation in period	(74)	23,228	23,154
Valuation at 31 October 2015	**4,030**	**207,551**	**211,581**
Book cost at 31 October 2015:	4,497	176,056	180,553
Revaluation to 31 October 2015:	(467)	31,495	31,028
Valuation at 31 October 2015	**4,030**	**207,551**	**211,581**

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument due to the legal binding stated within the investment agreement and therefore they are combined in the table shown above.

Level c (ii) valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Investment Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16.

At 31 October 2015 there was one commitment of £140,000 in respect of investments not yet completed and at 31 October 2014 there were none.

There were no material investments disposed of in the year.

11. DEBTORS

	31 October 2015 £'000	31 October 2014 £'000
Prepayments and accrued income	**813**	21
Disposal proceeds	**831**	195
Other debtors	**146**	24
Total	**1,790**	240

Other debtors comprise one investment not yet completed at year end and immaterial trade debtors.

12. CURRENT ASSET INVESTMENTS

Accounting Policy

Current asset investments comprise money market funds which are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve – holding gains/(losses).

The current asset investments are readily convertible into cash at the option of the Company. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Current asset investments at 31 October 2015 comprised money market funds.

Disclosure

	31 October 2015 £'000	31 October 2014 £'000
Money Market funds	**9,462**	5,701
OEICs	**6,899**	–
Total	**16,361**	5,701

All current asset investments held at the period end sit within the level 'a' hierarchy for the purposes of FRS 102, as set out in note 10.

At 31 October 2015 and 31 October 2014 there were no commitments in respect of current asset investments approved by the Manager but not yet completed.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2015 £'000	31 October 2014 £'000
Trade creditors	**4,210**	–
Accruals	**852**	960
Unallotted cash	**6,839**	–
Total	**11,901**	960

Included within trade creditors (2014: within accruals) is an amount of £2,841,000 (2014: £903,000) relating to a performance fee payable to the investment manager. Within accruals there is an amount of £528,000 accrued in respect of the Titan 5 shares which were not through the hurdles at the time of the merger. For more details please refer to Note 19.

14. SHARE CAPITAL

	31 October 2015 £'000	31 October 2014 £'000
Allotted and fully paid up:		
222,460,762 (2014: 32,437,373) Ordinary shares of 10p	**22,246**	3,244

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 7. The Company is not subject to any externally imposed capital requirements.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of the Company as at the date of the AGM for the period to the next AGM in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the Company.

Capital management is monitored and controlled using the internal control procedures set out on page 41 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

During the year 55,651,648 shares were issued at an average price of 103.2p per share (2014: 11,285,106 shares were issued at a price of 92.2p).

The Company repurchased 6,225,734 Ordinary shares for cancellation at a weighted average price of 92.00p (2014: 832,464 shares).

The total nominal value of the shares repurchased during the financial year was £622,573 (2014: £83,246) representing 2.8% (2014: 2.2%) of the issued share capital at the year end.

15. RESERVES

	Share Capital £'000	Share premium £'000	Special distributable reserve* £'000	Capital reserve – realised gains/ (losses)* £'000	Capital reserve – unrealised gains/ (losses) £'000	Capital redemption reserve £'000	Revenue reserve* £'000	Total £'000
As at 1 November 2014	3,244	9,284	15,173	(358)	6,503	181	(1,151)	**32,876**
Share issue (includes DRIS)	5,565	48,332	–	–	–	–	–	**53,897**
Share issue on merger	14,060	123,357	–	–	–	–	–	**137,417**
Merger fees write offs	–	110	–	–	–	–	–	**110**
Repurchase of own shares	(623)	–	(5,729)	–	–	623	–	**(5,729)**
Profit after tax	–	–	–	–	–	–	(2,232)	**(2,232)**
Share premium cancellation	–	(181,083)	181,562	–	–	(479)	–	**–**
Management fees allocated as capital expenditure	–	–	–	(2,738)	–	–	–	**(2,738)**
Current year gains on disposal of OEICs and fixed asset investments	–	–	–	187	–	–	–	**187**
Prior period holding gains/(losses) relating to current year disposals	–	–	–	(1,370)	1,370	–	–	**–**
Current period gains on fair value of investments	–	–	–	–	23,348	–	–	**23,348**
Performance fee	–	–	(3,369)	–	–	–	–	**(3,369)**
Dividends paid (includes DRIS)	–	–	(5,306)	–	–	–	–	**(5,306)**
Reserves as at 31 October 2015	**22,246**	**–**	**182,331**	**(4,279)**	**31,221**	**325**	**(3,383)**	**228,461**

*Reserve considered when calculating potential distribution by way of a dividend.

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the income statement. Unrealised gains/losses are then transferred to the 'capital reserve – unrealised gains/(losses)'. When an investment is sold, any balance held on the 'capital reserve – unrealised gains/(losses)' is transferred to the 'capital reserve – realised gains/(losses)' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	£'000
As at 1 November 2014	13,664
Movement in year	161,005
As at 31 October 2015	**174,669**

This is the minimum value of reserves available for potential distribution, which will be impacted by the future convertibility, into cash, of gains and losses included in the Capital Unrealised Reserve.

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount to net asset value at which the Company's Ordinary shares trade. In the event that the revenue reserve and capital reserve realised gains/(losses) do not have sufficient funds to pay dividends, these will be paid from the special distributable reserve.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 October 2015.

	31 October 2015 £'000	31 October 2014 £'000
Financial assets held at fair value through profit or loss		
Investments	**211,581**	27,452
Current asset investments	**16,361**	5,701
Total	**227,942**	33,153
Financial assets at present value of cash receivable		
Cash at bank	**10,630**	443
Disposal proceeds	**831**	195
Debtors	**146**	24
Accrued income	**813**	21
Total	**12,420**	683
Financial liabilities at amortised cost		
Accruals and other creditors	**11,901**	960
Total	**11,901**	960

Fixed asset investments (see Note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

In carrying on its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing the Company are market risk, interest rate risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 18. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 38 to 42, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on page 22.

98.1% (2014: 79.7%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 5% overall increase in the valuation of the unquoted investments at 31 October 2015 would have increased net assets for the year by £10,378,000 (2014: £1,311,000) and an equivalent change in the opposite direction would have reduced net assets for the year by the same amount.

4.1% (2014: 17.3%) by value of the Company's net assets comprises of money market funds held at fair value. A 5% overall increase in the valuation of the money market funds at 31 October 2015 would have increased net assets for the year by £473,000 (2014: £285,000) and an equivalent change in the opposite direction would have reduced net assets for the year by the same amount.

The Investment Manager considers that the majority of the investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 5% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

Interest rate risk

Some of the Company's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

	As at 31 October 2015			As at 31 October 2014		
	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Fixed-rate investments in unquoted companies	8,203	6.9%	1.5	760	9.0%	1.5

Due to the relatively short period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in the base rate as at the reporting date would not have had a significant effect on the Company's net assets for the year.

Floating rate

The Company's floating rate investments comprise cash held on interest-bearing deposit accounts and, where appropriate, within interest bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.5% at 31 October 2015. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 October 2015 £'000	31 October 2014 £'000
Cash on deposit and money market funds	20,092	6,144
Total	20,092	6,144

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £201,000 (2014: £61,000).

Credit risk

There were no significant concentrations of credit risk to counterparties at 31 October 2015. By cost, no individual investment exceeded 13.8% (2014: 14.8%) of the Company's net assets at 31 October 2015.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 October 2015 the Company's financial assets exposed to credit risk comprised the following:

	31 October 2015 £'000	31 October 2014 £'000
Cash on deposit & money market funds	20,092	6,144
Fixed rate investments in unquoted companies	8,203	760
Total	28,295	6,904

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by the UK Government and major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

The investments in money market funds and OEICS are uncertified.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

The Company's interest-bearing deposit and current accounts are maintained with HSBC Bank plc. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

Liquidity risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 October 2015 these investments were valued at £20,092,000 (2014: £6,144,000).

17. POST BALANCE SHEET EVENTS

The following events occurred between the balance sheet date and the signing of these financial statements:

- The £140,000 investment into Streetbees which had been paid across to the lawyers before year end, completed on 2 November 2015.
- Seven follow-on investments were made totalling £6.3 million.
- Two new investments of £1.1 million were made into Segura Systems and Wave Optics.
- On 9 November 2015 the Company was repaid its £6 million stake in Terido LLP.
- On 16 December 2015, 29,223,993 shares were allotted at a price of 108.7 pence per share.
- On 28 January 2016, 4,189,536 shares were allotted at a price of 108.7 pense per share.
- The Company's entire stake in Swiftkey was sold, generating a significant gain on the investment.
- Directly as a result of this sale, a conditional special dividend of 5p per share was announced to be paid on 29 April 2016 to shareholders on the register on 15 April 2016.

18. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual IFA commission of 0.5% of the initial gross net asset value. IFA commission of £630,000 was paid in cash during the year (2014: £103,000) and there was £nil (2014: £24,000) outstanding at the year end.

There were no other contingencies, guarantees or financial commitments as at 31 October 2015.

19. TRANSACTIONS WITH MANAGER

The Company has employed Octopus Investments Limited throughout the year as the Investment Manager.

The Company paid Octopus £3,651,000 (2014: £419,000) in the year as a management fee. The management fee is payable quarterly in advance and is based on 2.0% of the net asset value calculated at quarterly intervals from 31 October.

Octopus also provides accounting and administrative services to the Company, payable quarterly in advance for a fee of 0.3% of the net asset value calculated at quarterly intervals from 31 October. During the year £551,000 (2014: £63,000) was paid to Octopus for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum from 28 November 2014 (£5,000 per annum for the period 1 November 2014 – 27 November 2014).

In addition, Octopus is entitled to performance related incentive fees. The incentive fees are designed to ensure that there are significant tax-free dividend payments made to Shareholders as well as strong performance in terms of capital and income growth, before any performance related fee payment is made.

At the time of the merger, all the Titan funds – except for Titan 5 – had met their performance fee hurdles. The Board has now agreed the remaining hurdles to be achieved in respect of the previous Titan 5 shares, which are a total value (defined as NAV plus cumulative dividends paid) of 169.3p and further dividends paid of 3.3p per share, above which performance fees will be payable to Octopus on all gains above a total value of 147.2p (equivalent to 100p in previous Titan 5 share price terms). On the remainder of the fund, a Performance Fee of 20% of all future gains above a NAV plus cumulative dividends paid of 148.9p, subject to a High Water Mark, will be payable to Octopus.

Included within creditors is £2,841,000 (2014: £903,000) relating to the performance fee payable to the Investment Manager, and in accrued expenses is £528,000 accrued in respect of the shares in Titan 5 which had not met the hurdles at 31 October 2015 respectively. The Board has decided to recognise the accrual for the performance fee to reflect the cost of the fee in the period in which the fees were earned.

If, on a subsequent financial year end, the Performance Value of the Company falls short of the Performance Value on the previous financial year end, no incentive fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best Performance Value of the Company, the Investment Manager will be entitled to 20% of such excess in aggregate.

20. RELATED PARTY TRANSACTIONS

The Company owns Zenith Holding Company Limited, which owns a share in Zenith LP, a fund managed by Octopus.

Several members of Octopus' investment team hold non executive directorships as part of their monitoring roles in Titan's investee companies, but they have no controlling interests in those companies.

Mr Cooper, a Non-Executive Director of Titan, is also Chairman of Octopus.

The Directors received the following dividends from the Company:

	31 October 2015	31 October 2014
John Hustler (Chairman)	**£1,830**	£802
Mark Faulkner (Resigned 27/11/2014)	**n/a**	£750
Matt Cooper	**£9,359**	£2,623
Jane O'Riordan (Appointed 27/11/2014)	**£290**	n/a
Mark Hawkesworth (Appointed 27/11/2014)	**£1,248**	n/a

21. VOTING RIGHTS AND EQUITY MANAGEMENT

The following table shows the % voting rights held by Titan and the % equity managed by Octopus Investments for each of the top 10 investments held in the Company.

Investments	% equity held by Titan	% equity managed by Octopus
Zenith Holding Company Limited	100.00%	100.00%
TouchType Limited	18.21%	23.33%
Secret Escapes Limited	7.91%*	26.89%
Vision Direct Group Limited	14.58%	17.16%
Amplience Limited	29.89%	49.95%
Uniplaces Limited	30.36%	35.14%
Leanworks Limited	14.99%	20.35%
Sourceable Limited	21.26%	31.02%
Aframe Media Group Limited	31.02%	45.44%
Terido LLP	n/a**	n/a**

*This is 11.16% when the Zenith Holding Company stake in Secret Escapes is included

**Titan has a £6 million capital stake in Terido LLP

Zenith is a subsidiary of the Company, but owing to the exemption permitted under FRS 102 to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), the Company has not consolidated the assets and liabilities of Zenith Holding Company. Details of the country of incorporation and latest financial information can be found in the Investment Manager's Review.

22. ACQUISITION OF THE NET ASSETS AND LIABILITIES OF OCTOPUS TITAN VCT 1 PLC

With effect from 27 November 2014, the Company acquired the assets and liabilities of Octopus Titan VCT 1 plc ("Titan 1") in exchange for new shares in the Company. On 28 November 2014, Titan 1 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Titan 1 received 0.999988 shares in the Company for every one Titan 1 Share held, resulting in 32,616,742 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Titan 1's shares at close of business on 27 November 2014.

The assets and liabilities of Titan 1 acquired by the Company were as follows:

	27 November 2014 £000
Fixed asset investments	27,578
Cash at bank and cash equivalents	2,279
Debtors	3,264
Creditors	(1,243)
Total consideration	**31,878**

An interim dividend of 2.5p per share in respect of the period 1 May 2014 to 31 October 2014 was paid on 21 November 2014 to shareholders on the register of Titan 1 on 7 November 2014.

23. ACQUISITION OF THE NET ASSETS AND LIABILITIES OF OCTOPUS TITAN VCT 3 PLC

With effect from 27 November 2014, the Company acquired the assets and liabilities of Octopus Titan VCT 3 plc ("Titan 3") in exchange for new shares in the Company. On 28 November 2014, Titan 3 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Titan 3 received 1.012044 shares in the Company for every one Titan 3 Share held, resulting in 36,557,870 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Titan 3's shares at close of business on 27 November 2014.

The assets and liabilities of Titan 3 acquired by the Company were as follows:

	27 November 2014 £000
Fixed asset investments	32,388
Cash at bank and cash equivalents	2,809
Debtors	2,332
Creditors	(1,798)
Total consideration	**35,731**

An interim dividend of 2.5p per share in respect of the period 1 May 2014 to 31 October 2014 was paid on 21 November 2014 to shareholders on the register of Titan 3 on 7 November 2014.

24. ACQUISITION OF THE NET ASSETS AND LIABILITIES OF OCTOPUS TITAN VCT 4 PLC

With effect from 27 November 2014, the Company acquired the assets and liabilities of Octopus Titan VCT 4 plc ("Titan 4") in exchange for new shares in the Company. On 28 November 2014, Titan 4 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Titan 4 received 1.043675 shares in the Company for every one Titan 4 Share held, resulting in 42,125,192 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Titan 4's shares at close of business on 27 November 2014.

The assets and liabilities of Titan 4 acquired by the Company were as follows:

	27 November 2014 £000
Fixed asset investments	43,697
Cash at bank and cash equivalents	4,494
Debtors	340
Creditors	(7,359)
Total consideration	**41,172**

An interim dividend of 2.0p per share in respect of the period 1 May 2014 to 31 October 2014 was paid on 21 November 2014 to shareholders on the register of Titan 4 on 7 November 2014.

25. ACQUISITION OF THE NET ASSETS AND LIABILITIES OF OCTOPUS TITAN VCT 5 PLC

With effect from 27 November 2014, the Company acquired the assets and liabilities of Octopus Titan VCT 5 plc ("Titan 5") in exchange for new shares in the Company. On 28 November 2014, Titan 5 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Titan 5 received 0.904922 shares in the Company for every one Titan 5 Share held, resulting in 29,297,671 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Titan 5's shares at close of business on 27 November 2014.

The assets and liabilities of Titan 5 acquired by the Company were as follows:

	27 November 2014 £000
Fixed asset investments	22,335
Cash at bank and cash equivalents	9,927
Debtors	187
Creditors	(3,814)
Total consideration	**28,635**

An interim dividend of 2.0p per share in respect of the period 1 May 2014 to 31 October 2014 was paid on 21 November 2014 to shareholders on the register of Titan 5 on 7 November 2014.

Directors and Advisers

BOARD OF DIRECTORS
John Hustler (Chairman)
Mark Hawkesworth
Jane O'Riordan
Matt Cooper

Company Number
Registered in England & Wales
No. 06397765

SECRETARY AND REGISTERED OFFICE
Nicola Board ACIS
33 Holborn
London
EC1N 2HT

INVESTMENT AND ADMINISTRATION MANAGER
Octopus Investments Limited
33 Holborn
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EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

CORPORATE BROKER
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EC4M 9AF
020 7886 2500

INDEPENDENT AUDITOR AND TAXATION ADVISER
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VCT STATUS ADVISER
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BANKERS
HSBC Bank plc
31 Holborn
London
EC1N 2HR

REGISTRARS
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0371 664 0300
(Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.)
www.capitaregistrars.com
www.capitashareportal.com

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Octopus Titan VCT plc will be held at 33 Holborn, London, EC1N 2HT on Friday, 18 March 2016 at 11.30 a.m. for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 31 October 2015 and the Directors' and Auditor's Reports.
2. To approve a final dividend of 2.0 pence per Ordinary share
3. To approve the Directors' Remuneration Policy
4. To approve the Directors' Remuneration Report.
5. To re-elect John Hustler as a Director.
6. To re-elect Matt Cooper as a Director.
7. To re-appoint James Cowper Kreston as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 8 as Ordinary Resolutions and Resolutions 9 and 10 as Special Resolutions:

8. **AUTHORITY TO ALLOT RELEVANT SECURITIES**
THAT the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £2,558,742 (representing approximately 10% of the ordinary share capital in issue as at the date of this notice) such authority to expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously revoked, varied or renewed by the Company in a general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority). The authority being sought under this Resolution is in addition to that obtained at the General Meeting of the Company held on 2 October 2015.

9. **EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES**
TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 8 as if s561 (1) of the said Act did not apply to any such allotments and so that:

(a) reference to allotment in this Resolution shall be construed in accordance with s560(2) of the said Act; and

(b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution. The authority being sought under this Resolution is in addition to that obtained at the General Meeting of the Company held on 2 October 2015.

10. AUTHORITY TO MAKE MARKET PURCHASES

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 10p each in the Company ('Ordinary shares') provided that:

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 12,793,715 Ordinary shares, representing approximately 5% of the present issued ordinary share capital of the Company as at the date of this notice;

(b) the minimum price which may be paid for an Ordinary share shall be 10p;

(c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to 105% of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased;

(d) the authority conferred comes to an end at the conclusion of the next Annual General Meeting of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the later; and

(e) the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

By Order of the Board

33 Holborn
London
EC1N 2HT

Nicola Board

Nicola Board (ACIS)
Company Secretary
3 February 2016

NOTES:

(a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

(b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.

(c) As an alternative to returning a hard-copy proxy form by post, you can appoint a proxy by sending it by fax to Octopus Investments Limited on 020 7657 3338. For the proxy appointment to be valid, your appointment must be received by Octopus Investments Limited in such time as it can be transmitted to the registrars of the Company so as to be received no later than 48 hours before the time appointed for the meeting or any adjourned meeting, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. Capita Asset Services will not be liable for any proxy forms rendered illegible by means of fax transmission.

(d) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

(e) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

(f) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

(g) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

(i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

(ii) To include in the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

(i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(ii) it is defamatory of any person; or

(iii) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(h) A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts.

(i) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the Annual General Meeting, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

INTENTIONALLY BLANK

Proxy Form

Octopus Titan VCT plc
Annual General Meeting – Friday, 18 March 2016 at 11.30 a.m.

I/We ______________________________
(BLOCK CAPITALS PLEASE)

of ______________________________

being a member of Octopus Titan VCT plc, hereby appoint the Chairman of the meeting or,

Name of Proxy ____________________ Number of Shares ____________

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 18 March 2016, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 October 2015, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting.

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made. ☐

For the appointment of more than one proxy, please refer to the explanatory Note 4 below.

Resolution Number	For	Against	Withheld
Ordinary Business			
1. To receive, consider and adopt the financial statements for the year ended 31 October 2015	☐	☐	☐
2. To approve a final dividend of 2.0p per Ordinary share	☐	☐	☐
3. To approve the Directors' Remuneration Policy	☐	☐	☐
4. To approve the Directors' Remuneration Report	☐	☐	☐
5. To re-elect John Hustler as a Director	☐	☐	☐
6. To re-elect Matt Cooper as a Director	☐	☐	☐
7. To re-appoint James Cowper Kreston as auditor and authorise the Directors to agree their remuneration	☐	☐	☐
Special Business			
8. To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	☐	☐	☐
9. To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	☐	☐	☐
10. To authorise the Directors to make market purchases of its own shares (Special Resolution)	☐	☐	☐

Signed: ____________________ Dated: ____________

If you are unable to attend the AGM and wish to pass on any comments to the Board, please use the box below (NB: Please provide a telephone contact number):

NOTES

1. To be valid, the proxy form must be received by the Registrars of the Company at, **Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**, no later than 48 hours before the commencement of the meeting. If delivering by courier please use the full address of Capita set out in the Notice.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement. (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
4. To appoint more than one proxy, you may photocopy this form. Please indicate next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6pm on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on **0371 664 0324** (calls are charged at the standard geographic rate and will vary by provider, calls from outside the United Kingdom will be charged at the applicable international rate, lines are open 9.00am – 5.30pm Monday – Friday) to request a change of address form.
9. You may submit your proxy electronically using the Shareportal Service at **www.capitashareportal.com**. If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Asset Services, between 9.00am and 5.30pm (GMT) Monday to Friday (except UK public holidays) on telephone number **0371 664 0324** or, if telephoning from outside the UK, on **+44 20 3170 0187**. Calls to Capita Asset Services' helpline (**0371 664 0324**) are charged at the standard geographic rate and will vary by provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.
10. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED

OR RETURN THE FORM TO:

CAPITA ASSET SERVICES, PXS, THE REGISTRY,
34 BECKENHAM ROAD, BECKENHAM, KENT BR3 4TU