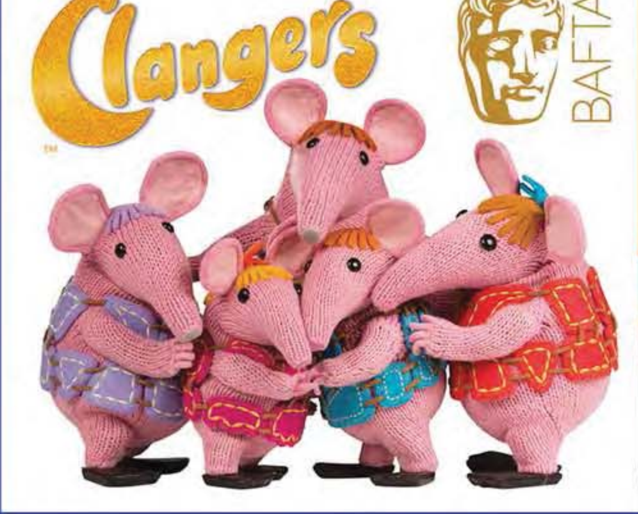
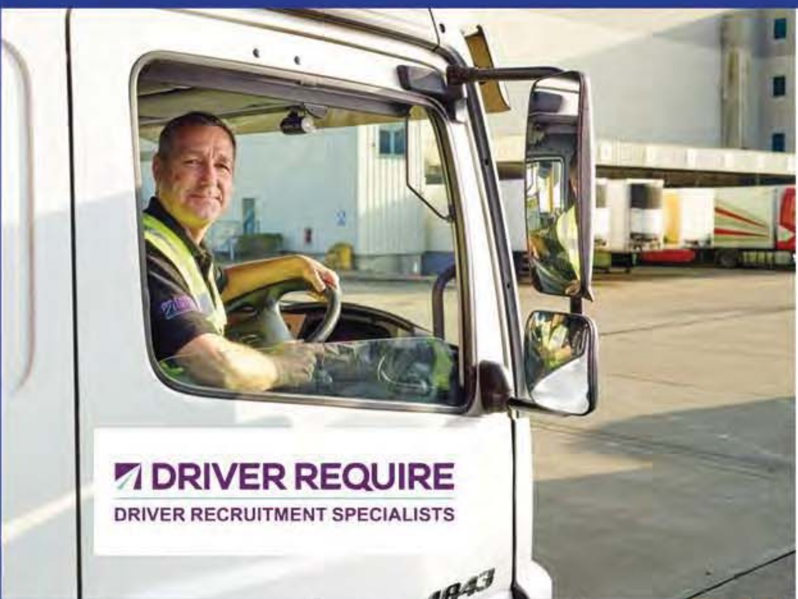


INTERNET FUSION

ONLINE RETAIL SINCE 1999

Chrysalis VCT plc

Reports & Accounts for the year ended 31 October 2015



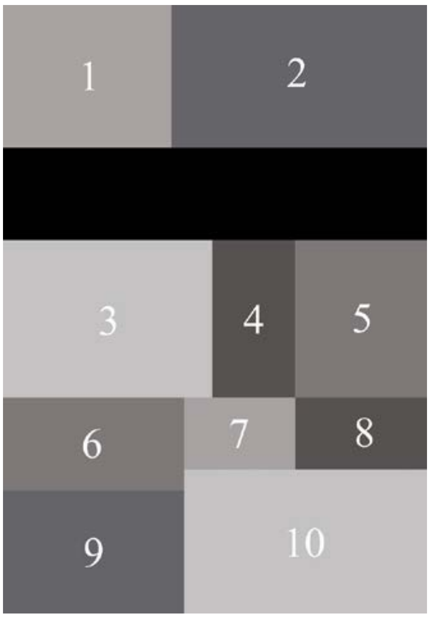
N+1 SINGER

Nplus1 Singer Capital Markets Limited is Corporate Broker to the Company.

Shareholders, or intermediaries, wishing to sell or purchase Chrysalis VCT plc shares will need to appoint a broker. To obtain the latest price, please contact Nplus1 Singer Capital Markets Limited:

Sam Greatrex 0207 496 3032

Nplus1 Singer Capital Markets Limited
One Bartholomew Lane | London | EC2N 2AX



Front cover pictures – a selection of Chrysalis VCT investments

1. BAFTA award winning Clangers, one of Coolabi's intellectual properties
2. Internet Fusion, online retailer of leisure products
3. Driver Require, specialist driver recruitment
4. Digital publications from Green Star Media
5. Life's Kitchen, provides venue, event management, and catering services at prestigious venues in London and the Home Counties
6. Precision Dental Laboratories, one of Europe's leading dental laboratories
7. Appold Street branch of K10 City Sushi the Japanese restaurant business
8. A dip-brazed aircraft wing de-icing unit produced by Electrobase
9. External view of Locale's Fulham restaurant
10. A selection of magazines published by MyTimeMedia

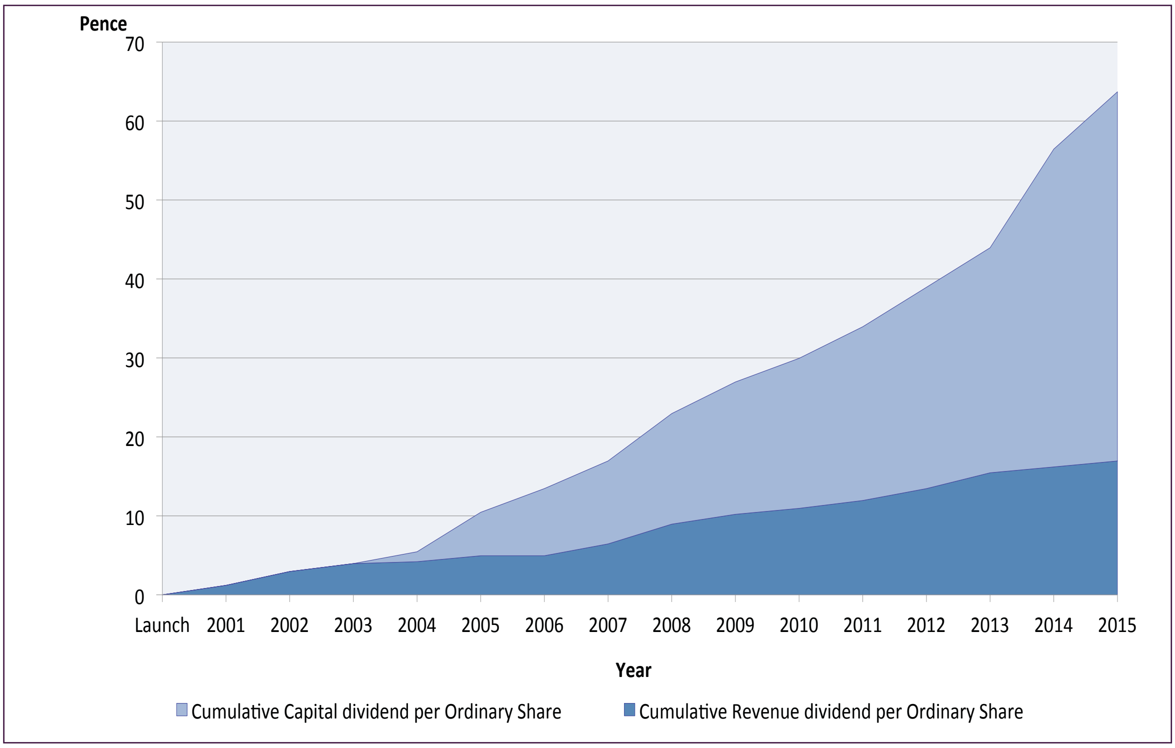
CONTENTS

FINANCIAL SUMMARY

	31 Oct 2015 pence	31 Oct 2014 pence
Net asset value per share ("NAV")	81.30	81.90
Cumulative dividends paid per share since launch *	60.45	53.20
Total Return	141.75	135.10
(Net asset value per share plus cumulative dividends)		
Dividends in respect of financial year		
Interim dividend per share (paid)	1.75	1.75
Special dividend per share (paid)	2.25	7.50
Final proposed dividend per share	3.25	3.25
	7.25	12.50

* Excludes final proposed dividend

Dividend history



Ordinary Share dividends paid and proposed since the Company's launch. A full dividend history for the Company can be found at www.downing.co.uk.

Key dates

24 February 2016	Annual General Meeting ("AGM")
26 February 2016	Final dividend (payable to Shareholders on the register at 29 January 2016)
June 2016	Announcement of half-yearly report to 30 April 2016

INVESTMENT OBJECTIVES

The Company's principal investment objectives are to:

- achieve long term capital growth and generate income for its Shareholders principally from private equity and AIM investments; and
- maintain its Venture Capital Trust status.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on page 13.

DIRECTORS

Peter Harkness (Chairman) is a media entrepreneur who has created or led a series of successful companies, in partnership with private equity investors, over three decades. He is Chairman of Volanti Holdings, the parent company of the global travel media specialists, Ink Publishing, and a non-executive director of the AIM-quoted business data provider, Progressive Digital Media PLC. He is also Chairman of the specialist publishing and e-commerce business MyTime Media Holdings Limited, which is an investment of Chrysalis VCT plc. He is Vice-Chairman of The Cheltenham Trust, a charity which manages cultural and leisure assets in Cheltenham. He has been a Director of Chrysalis VCT plc since April 2005 and Chairman since September 2008.

Julie Baddeley is Chairman of Harvey Nash Group plc and of Sustain, a privately owned carbon reduction company and a non-executive director of AIM-quoted Ebiquity plc. She has been a director of Greggs plc, the BOC Group, Camelot Group plc, Spice plc, the Yorkshire Building Society and executive director of The Woolwich plc where she was responsible for e-commerce and information technology. Earlier in her career she was partner in charge of a substantial part of Accenture's change management practice in Europe and was managing director of Sema Group plc's consulting group in the UK. She has been a Director of Chrysalis VCT plc since October 2000.

Martin Knight is Chairman of two quoted investment businesses, LMS Capital Plc and Imperial Innovations Group plc, the AIM-quoted technology transfer company. He began his career with Morgan Grenfell & Co Ltd, becoming a director in 1982. He has advised and acted for a number of major public and private companies on project and corporate finance transactions and on financial and investment strategies. He is a Fellow of Imperial College, of which he was a Governor from 1992 to 2010. He is also Chairman of Toumaz Limited, the quoted consumer electronics and healthcare business, and Cambridge Mechatronics Limited which is an investment of Chrysalis VCT plc. He is a Trustee of the Royal Institution and the Haberdashers' Aske's Hatcham Federation of schools. He has been a Director of Chrysalis VCT plc since October 2008.

All Directors of the Company are non-executive.

CHAIRMAN'S STATEMENT

- **8.1% increase in net asset value over last year**
- **Total return on 80p investment now at 141.75p**

I am pleased to present the annual results for Chrysalis VCT plc for the year ended 31 October 2015. It has been another strong year for your Company, with performance that has allowed tax-free dividends totalling 7.25p per share to be paid to Shareholders while maintaining the net asset value per share ("NAV") at a steady level.

The overall performance has been driven by generally improving valuations across the majority of the portfolio companies, along with the receipt of further deferred consideration from the disposal of Wessex Advance Switching Products Limited ("WASP") that took place in 2014.

Portfolio

At the year end, the Company held a portfolio of 27 venture capital investments, valued at £16.8 million. There was a fair level of new investment activity during the year with two new companies joining the portfolio and five follow-on investments also being completed at a total of cost of £2.5 million.

There were a number of loan stock redemptions which generated proceeds of £955,000, as well as the deferred consideration from WASP mentioned above which added a further £438,000 to the total.

As usual, the Board has reviewed the investment valuations at the year end and made a number of adjustments. 15 investments increased in value, five investments fell in value and seven were unchanged. The largest movers have been Coolabi Group, the IPR brand management company behind children's TV programme "The Clangers", Zappar (Holding) Limited, a mobile app business, and Internet Fusion Limited, the online retailer, which have increased by £404,000, £590,000 and £372,000 respectively. On the negative side, we have had to make a full provision of £500,000 against VEEMEE Limited, another mobile software business, which has failed to make satisfactory progress. Total unrealised movements for the year on the venture capital portfolio resulted in a net gain of £1.5 million, equivalent to approximately 5.0p per share.

The Investment Management Report on pages 5 and 6 gives a detailed overview of the portfolio activity during the year and of the main valuation movements.

Cash and fixed income securities

The Company held £7.4 million in cash and fixed income securities at the year-end; split between cash of £5.2 million and fixed income securities of £2.2 million.

Net asset value, results and dividends

The Company's NAV fell marginally from 81.9p to 81.3p over the year as a result of a slight excess of dividends paid over net earnings. Adding back the dividends of 7.25p paid, the total return for the year was equivalent to 8.1% based on the opening NAV.

The return on activities after taxation for the year was £2 million (2014: £3.2 million), comprising a revenue return of £296,000 and a capital return of £1.7 million.

The Company paid a final 2014 dividend of 3.25p per share on 6 March 2015. An interim 2015 dividend of 1.75p per share was combined with a special dividend of 2.25p per share making a total of 4.00p per share paid on 8 May 2015.

Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final 2015 dividend of 3.25p per share on 26 February 2016 to Shareholders on the register at 29 January 2016.

Share buybacks

The Board regularly reviews the Company's share buyback policy and continues to maintain a strategy of considering ad hoc share buybacks when shares are offered via its broker, Nplus1 Singer Capital Markets.

The Directors remain of the view that, in general, the Company's resources are best utilised in paying tax free dividends to Shareholders, which benefits the full Shareholder base.

There were no share buybacks undertaken during the year.

We recommend that any Shareholders wishing to either acquire more shares, or to sell existing holdings, contact the Company's broker, Nplus1 Singer Capital Markets, who are often aware of other parties looking to buy or sell.

Management Structure and Board

Shareholders will be aware that Chrysalis VCT plc is unusual in that it is a self-managed Venture Capital Trust ("VCT"), whose day to day operations are run by our wholly-owned management subsidiary, Chrysalis Management VCT Limited, headed by Chris Kay.

The Board remains satisfied that this structure is appropriate for Chrysalis VCT plc and that the management company, run by Chris Kay and his team, can continue to deliver the strong results that we have seen in recent years into the future. I would like to thank Chris Kay and his team for their continuing good management of the portfolio during the year.

Chrysalis VCT plc is also somewhat unusual in having a Board of just three non-executives; comprising Julie Baddeley, Martin Knight and myself. We believe that this structure continues to operate effectively and economically and adds value for Shareholders. I would like to take this opportunity to thank Julie and Martin for their ongoing valuable contributions through what has been another successful year.

New VCT Rules

Shareholders may be aware of some significant changes to the VCT rules that have been introduced as a result of the Summer Budget. These changes have been introduced by the UK Government, but were inspired by the EU.

The rules introduce new restrictions on the type of investments which can be made by VCTs, specifically prohibiting VCT funds from being used to finance management buy-outs or for the acquisition of existing businesses. The rules also impose a maximum lifetime amount a company can receive from VCTs, as well as imposing a maximum age for companies which receive VCT funding of seven years (or ten years in the case of "knowledge-intensive" companies).

It is frustrating to see these new inhibitions as the VCT sector, in my opinion and the opinion of many others, has been a significant driver of growth in the UK SME sector. I believe that the new regulations will inhibit investment activity, rather than encouraging it.

The new restrictions, which apply to non-qualifying holdings as well as VCT qualifying holdings, took effect for investments made on or after 18 November 2015. The potential penalty for breach of these regulations is withdrawal of VCT status.

It seems clear that the new rules will have a significant impact on many VCTs and your Board has reviewed the potential impact on Chrysalis VCT plc. We have concluded that, while it is clear that some types of investment that would otherwise have been considered cannot now be pursued, the fact that the Company already has in excess of 70% of its funds invested in VCT qualifying investments means that there is no immediate pressure.

The Board believes that Chrysalis VCT plc has time to assess the exact manner in which the new rules will be applied by HMRC and time to generate suitable dealflow which falls within the new parameters. The new rules should not present a major worry for Shareholders, but further developments will naturally be closely monitored and I will keep Shareholders updated on the effects of this new legislation in future reports.

Annual General Meeting

The forthcoming AGM will be held at Ergon House, Horseferry Road, London SW1P 2AL at 2:30 pm on 24 February 2016. Notice of the meeting is at the end of this document.

One item of special business is proposed at the AGM in respect of the authority to buy back shares.

Outlook

The new VCT rules will, no doubt, present some challenges, but the Board believes that Chrysalis VCT plc is likely to be better placed than many VCTs in being able to adapt to these changes and in also having sufficient time to be able to do so.

The Board remains satisfied with the Company's investment portfolio and believes that it includes a number of investments which have the potential to deliver further successful outcomes for Shareholders in due course.

I believe that the Company is well positioned to continue to produce solid results for investors into the future, and I look forward to meeting some Shareholders at the AGM in February and reporting further developments in the Half Yearly Report which will be published in June 2016.

Peter Harkness
Chairman

22 December 2015

INVESTMENT MANAGEMENT REPORT

This year has been another successful one for Chrysalis VCT plc with a total return of £2 million being achieved. This means that Shareholders have benefited from profits of over £24 million in the 11.5 years since we took over the management role.

Last year's return was dominated by exits. This year the majority of the return has come from increased valuations as most of the portfolio has seen improved trading. Since over the previous two years some £16 million had been realised from our investee companies, it was always likely that with a less mature portfolio there would be fewer exits this year.

We did however receive a further £438,000 from the previous year's sale of Wessex Advanced Switching Products ("WASP") as the first of the deferred payment conditions were met. This takes the overall gain from WASP to £9.3 million and we are hopeful of further deferred payments over the next two years.

During the year we also received nearly £1 million of loan repayments from seven different portfolio companies which helps to highlight their cash generating abilities. In particular we were pleased to get the final £235,000 payment out of our original £686,000 loan to Triaster Limited. Chrysalis VCT plc had first provided a loan to this software developer in 2001 but for many years it struggled to generate cash and we provided support via further loans, interest deferral and loan repayment extensions. Over the last few years however trading has improved and Triaster Limited has been able to repay the loan in full including interest and we are hopeful of one day achieving a good profit on our equity stake. This once again demonstrates the advantage of taking a long-term view and also shows the fallacy of the new EU inspired VCT rules which assume that only companies under 7 years old require support.

Generally the portfolio has performed well this year hence the overall increase in valuations. There have inevitably been some disappointments though. As was mentioned in the half year statement one of our early stage businesses, VEEMEE Limited, has unfortunately gone into administration necessitating a full provision of £500,000, however its "sister" company, Zappar (Holding) Limited, has gone from strength to strength and a recent successful external fund raising valued Chrysalis VCT plc's stake at £775,000, which represents an increase of £590,000 up on the year, from a nominal original cost.

There was also a reduction in valuation at MyTIME Media Limited ("MTM") of £299,000 following changes in the business, although it is still valued at over £500,000 above cost. Also during the year MTM demerged its e-commerce activities into a separate company called Hoop Limited. As part of the transaction Chrysalis VCT plc provided £150,000 of working capital to Hoop. We are hopeful that the increased clarity and focus the separation has achieved will enable both sets of management to drive their businesses forward.

We remain pleased with the progress being made by our biggest individual investment, Coolabi Group Limited and during the year we made a further £1 million investment. The first series of its production of "The Clangers" having been aired on CBeebies has proved so popular that the BBC has already commissioned a second series and the show has recently won the BAFTA for children's animation. Another Coolabi production, "ScreamStreet" is also currently being shown on CBBC. As mentioned last year we are effectively mezzanine providers to Coolabi with a very high yielding loan stock so as more and more valuable content and intellectual property is produced by the company so our return becomes more secure.

Back in March 2001 Chrysalis VCT plc invested £250,000 in an early stage market research company called IX Group Limited. For many years trading was not successful and we had a full provision against the investment. However the management incentive plan introduced in 2012 appears to have transformed the business and profits have steadily increased so that we are now able to release the provision and value our stake above cost at £329,000.

The valuation of our investment in Internet Fusion Limited ("IF") has also risen due to its increased profits. It appears that one of the criteria for success in e-commerce is to have a wide range of stock and therefore we have recently provided a further £400,000 to fund its expansion.

As well as the investments in Coolabi, Hoop and IF we have also provided £350,000 of additional funding to K10 (London) Limited which has helped it to establish a "Beer and Buns" bar offering, utilising some spare space at one of its established restaurants and also enabling it to open its third sushi restaurant in The City of London which is already proving successful. We also participated in the latest funding round at Cambridge Mechatronics Limited where we are hopeful of a break-through deal being announced in the near future.

There was only one other addition to the portfolio during the year and that was funding the MBO of Driver Require Group Limited which is a specialist commercial vehicle driver recruitment agency. We invested £520,000 in a mixture of loan and equity and since the investment in January the business has been consistently ahead of budget. Therefore although the recruitment industry is highly competitive we are pleased with its initial trading.

That is likely however to be the last MBO that we will be able to finance. As I alluded to earlier, the government has, this autumn, dramatically changed the rules concerning what VCTs can or cannot invest in.

The Chairman covers the changes in his statement but a high proportion of our historic successful investments would not have been permissible under these new rules which seems to me to demonstrate that the rule setters have a fundamental lack of understanding about how long it takes early-stage companies to develop and how most companies grow.

Fortunately Chrysalis VCT plc is fairly fully invested and over recent years has had a policy of returning profits via dividends. Therefore we are not under pressure to make new investments and so hopefully the new rules will not have as dramatic an impact on us as on some other VCTs. In addition there will, of course, be some good opportunities that do qualify and we will continue to look for them but the competition for these deals is likely to be more intense. Therefore I anticipate fewer new deals in the future.

In the meantime we will continue our work with the portfolio,which is in good shape.

Chrysalis VCT Management Limited

22 December 2015

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 October 2015:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments				
Coolabi Group Limited	2,956	3,484	404	14.4%
Locale Enterprises Limited	2,523	2,387	51	9.9%
Internet Fusion Limited	1,000	1,562	372	6.4%
Precision Dental Laboratories Group Limited	1,310	1,490	13	6.2%
MyTime Media Holdings Limited	751	1,294	(299)	5.3%
K10 (London) Limited	950	1,081	123	4.5%
Electrobase RP (Holdings) Limited	1,001	1,000	(1)	4.1%
Zappar (Holding) Limited	25	775	590	3.2%
Green Star Media Limited	650	652	2	2.7%
Driver Require Group Limited	520	520	-	2.1%
	11,686	14,245	1,255	58.8%
Other venture capital investments				
Cambridge Mechatronics Limited	336	470	133	1.9%
Ensign Communication (Holdings) Limited	292	434	99	1.8%
Life's Kitchen Limited	200	386	111	1.6%
Livvakt Limited	550	329	-	1.4%
IX Group Limited	250	329	329	1.4%
Triaster Limited	71	320	153	1.3%
Hoop Holdings Limited	150	150	-	0.6%
Cashfac plc	-	88	13	0.4%
The Mission Marketing Group plc *	150	57	6	0.2%
The Kellan Group plc *	320	6	2	-
Progility plc *	100	2	(6)	-
VEEMEE Limited	500	-	(500)	-
Art VPS Limited	358	-	-	-
G-Crypt Limited	305	-	-	-
Newquay Helicopters (2013) Limited	64	-	(64)	-
Planet Sport (Holdings) Limited	322	-	-	-
Rhino Sport & Leisure Limited	304	-	-	-
	4,272	2,571	276	10.6%
Fixed income securities				
Lloyds Banking Group 7%	724	741	(13)	3.0%
Intermediate Capital Group plc 7%	745	728	20	3.0%
Provident Financial 7%	741	718	(5)	3.0%
	2,210	2,187	2	9.0%
	18,168	19,003	1,533	78.4%
Cash at bank and in hand		5,223		21.6%
Total investments		24,226		100.0%

All investments are unquoted unless otherwise stated.

* Quoted on AIM

REVIEW OF INVESTMENTS (continued)

Investment movements for the year ended 31 October 2015

Additions

	£'000
New venture capital investments	
Driver Require Group Limited	520
Hoop Holdings Limited	150
	670
Follow-on venture capital investments	
Cambridge Mechatronics Limited	36
Coolabi Group Limited	1,000
Internet Fusion Limited	400
K10 (London) Limited	350
Zappar (Holding) Limited	25
Other sundry investments	2
	1,813
Total investments	**2,483**

Disposals

	Cost £'000	Value at 01/11/14* £'000	Proceeds £'000	Gain vs cost £'000	Realised gain £'000
Venture capital investments					
Unquoted					
Internet Fusion Limited	100	111	111	11	-
Life's Kitchen Limited	45	45	45	-	-
Locale Enterprises Limited	90	90	90	-	-
MyTime Media Holdings Limited	-	169	169	169	-
Newquay Helicopters (2013) Limited	105	105	105	-	-
Precision Dental Laboratories Group Limited	200	200	200	-	-
Triaster Limited	235	235	235	-	-
Dissolution/liquidation and retention					
Retentions					
Wessex Advanced Switching Productions Limited	-	-	438	438	438
Total	775	955	1,393	618	438

* Adjusted for purchases in the year where applicable

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest investments are as follows:

Coolabi Group Limited
www.coolabi.com

Cost at 31/10/15:		£2,956,000	Valuation at 31/10/15:	£3,484,000
Cost at 31/10/14:		£1,956,000	Valuation at 31/10/14:	£2,079,000
Investment comprises:				
Equity shares:		£296,000	Valuation method:	Earnings multiple
6% loan note:		£2,660,000		
Audited accounts:	31/03/15	31/03/14	Dividend income:	£Nil
Turnover:	£10.8m	£2.6m	Loan note income:	£152,000
Profit/(loss) before tax:	£0.7m	(£3.1m)	Proportion of capital held:	2.6%
Net assets:	£2.6m	£1.7m	Diluted equity:	2.6%

Coolabi is a leading, independent, international media group and rights owner specialising in the creation, development and brand management of children's and family intellectual property rights.

Locale Enterprises Limited
www.localerestaurants.com

Cost at 31/10/15:		£2,523,000	Valuation at 31/10/15:	£2,387,000
Cost at 31/10/14:		£2,613,000	Valuation at 31/10/14:	£2,427,000
Investment comprises:				
Equity shares:		£1,400,000	Valuation method:	Earnings multiple
5.85% loan note:		£750,000		
6.50% loan note:		£373,000		
Audited accounts:	31/05/14	25/05/13	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£71,000
Profit before tax:	Not published		Proportion of capital held:	49.3%
Net assets:	£2.8m	£2.4m	Diluted equity:	49.3%

Locale Enterprises Limited operates three Italian restaurants which are located in Blackheath, Fulham and County Hall, and one craft beer pub in East Dulwich.

Internet Fusion Limited
www.internetfusion.co.uk

Cost at 31/10/15:		£1,000,000	Valuation at 31/10/15:	£1,562,000
Cost at 31/10/14:		£700,000	Valuation at 31/10/14:	£900,000
Investment comprises:				
Equity shares:		£125,000	Valuation method:	Earnings multiple
3% loan note:		£400,000		
6% loan note:		£475,000		
Audited accounts:	30/11/14	30/11/13	Dividend income:	£Nil
Turnover:	£7.4m	£6.3m	Loan note income:	£43,000
Profit before tax:	£0.4m	£0.1m	Proportion of capital held:	22.5%
Net assets:	£0.6m	£0.5m	Diluted equity:	22.5%

Internet Fusion Limited is an e-commerce business supplying a wide range of leisure products through a number of online stores including blackleaf.com, nightgear.co.uk, extremepie.com, fitnessfootwear.com and webtogs.com

Precision Dental Laboratories Group Limited
www.precisiondentalstudio.co.uk

Cost at 31/10/15:		£1,310,000	Valuation at 31/10/15:	£1,490,000
Cost at 31/10/14:		£1,510,000	Valuation at 31/10/14:	£1,677,000
Investment comprises:				
Equity shares:		£1,110,000	Valuation method:	Earnings multiple
5.0% loan note:		£200,000		
Audited accounts:	30/09/14	30/09/13	Dividend income:	£Nil
Turnover:	£2.6m	£2.7m	Loan note income:	£16,000
Profit before tax:	-	£0.3m	Proportion of capital held:	36.9%
Net assets:	£1.3m	£1.3m	Diluted equity:	36.9%

Precision Dental is one of the UK's leading dental laboratory groups, manufacturing a full range of dental products.

MyTime Media Holdings Limited
www.mytimemedia.co.uk

Cost at 31/10/15:		£751,000	Valuation at 31/10/15:	£1,294,000
Cost at 31/10/14:		£750,000	Valuation at 31/10/14:	£1,761,000
Investment comprises:				
Equity shares:		£76,000	Valuation method:	Earnings multiple
10.0% Loan note:		£675,000		
Audited accounts:	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	£9.4m	£10.6m	Loan note income:	£67,000
Profit/(loss) before tax:	£0.1m	(£0.1m)	Proportion of capital held:	30.1%
Net assets:	£0.1m	£0.1m	Diluted equity:	30.1%

MyTime Media publishes a range of niche hobby magazines, both in paper and digital formats. The company's e-commerce business was demerged on 30 June 2015 and is now in Hoop Holdings Limited where Chrysalis holds 30% of the equity.

K10 (London) Limited
www.k10.com

Cost at 31/10/15:		£950,000	Valuation at 31/10/15:	£1,081,000
Cost at 31/10/14:		£600,000	Valuation at 31/10/14:	£609,000
Investment comprises:				
Equity shares:		£100,000	Valuation method:	Earnings multiple
6.0% loan note:		£850,000		
Audited accounts:	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£43,000
Profit before tax:	Not published		Proportion of capital held:	5.0%
Net assets:	£0.9m	£0.9m	Diluted equity:	5.0%

K10 is a high quality, great value 'kaiten' (conveyor belt) restaurant serving delicious, homemade modern Japanese food. It operates three restaurants in the City of London

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Electrobase RP (Holdings) Limited
www.electrobaserp.com

Cost at 31/10/15:		£1,001,000	Valuation at 31/10/15:	£1,000,000
Cost at 31/10/14:		£1,000,000	Valuation at 31/10/14:	£1,000,000
Investment comprises:				
Equity shares:		£101,000	Valuation method:	Earnings multiple
8.0% Loan note:		£900,000		
Audited accounts:	30/09/14	30/09/13	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£71,000
Profit before tax:	Not published		Proportion of capital held:	28.7%
Net assets:	£0.3m	£0.8m	Diluted equity:	28.7%

ERP Newco was formed to acquire Electrobase RP Limited, a precision engineering business based in Dartford, Kent. The company supplies a range of high precision assemblies to a wide range of customers including those in the automotive and aerospace industries.

Zappar (Holding) Limited
www.zappar.com

Cost at 31/10/15:		£25,000	Valuation at 31/10/15:	£775,000
Cost at 31/10/14:		£-	Valuation at 31/10/14:	£160,000
Investment comprises:				
Equity shares:		£-	Valuation method:	Price of recent investment
4.0% Loan note:		£25,000		
Audited accounts:	31/03/14	31/03/13	Dividend income:	£Nil
Turnover:	£0.7m	£0.6m	Loan note income:	£24,000
Loss before tax:	(£0.1m)	-	Proportion of capital held:	9.3%
Net assets:	-	£0.1m	Diluted equity:	9.1%

Zappar was a spin out in 2011 from another Chrysalis investment, VEEMEE. It is involved in the development and application of augmented reality solutions for a wide range of UK and international clients.

Green Star Media Limited
www.greenstarmedia.net

Cost at 31/10/15:		£650,000	Valuation at 31/10/15:	£652,000
Cost at 31/10/14:		£650,000	Valuation at 31/10/14:	£650,000
Investment comprises:				
Equity shares:		£150,000	Valuation method:	Earnings multiple
6.0% Loan note:		£500,000		
Abbreviated accounts:	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	£1.6m	£1.5m	Loan note income:	£30,000
Loss before tax:	(£0.3m)	(£0.1m)	Proportion of capital held:	10.0%
Net assets:	-	£0.2m	Diluted equity:	9.0%

Green Star Media is a direct to customer digital media company providing expert training plans, advice and insight to amateur and professional sports coaches, athletes and physiotherapists worldwide.

Driver Require Group Limited
www.driverrequire.co.uk

Cost at 31/10/15:	£520,000	Valuation at 31/10/15:	£520,000
Cost at 31/10/14:	Not held	Valuation at 31/10/14:	Not held
Investment comprises:			
Equity shares:	£52,000	Valuation method:	Cost
6.0% Loan note:	£468,000		
Audited accounts:	None published yet	Dividend income:	£Nil
Turnover:	Not available	Loan note income:	£22,000
Profit before tax:	Not available	Proportion of capital held:	33.3%
Net assets:	Not available	Diluted equity:	33.1%

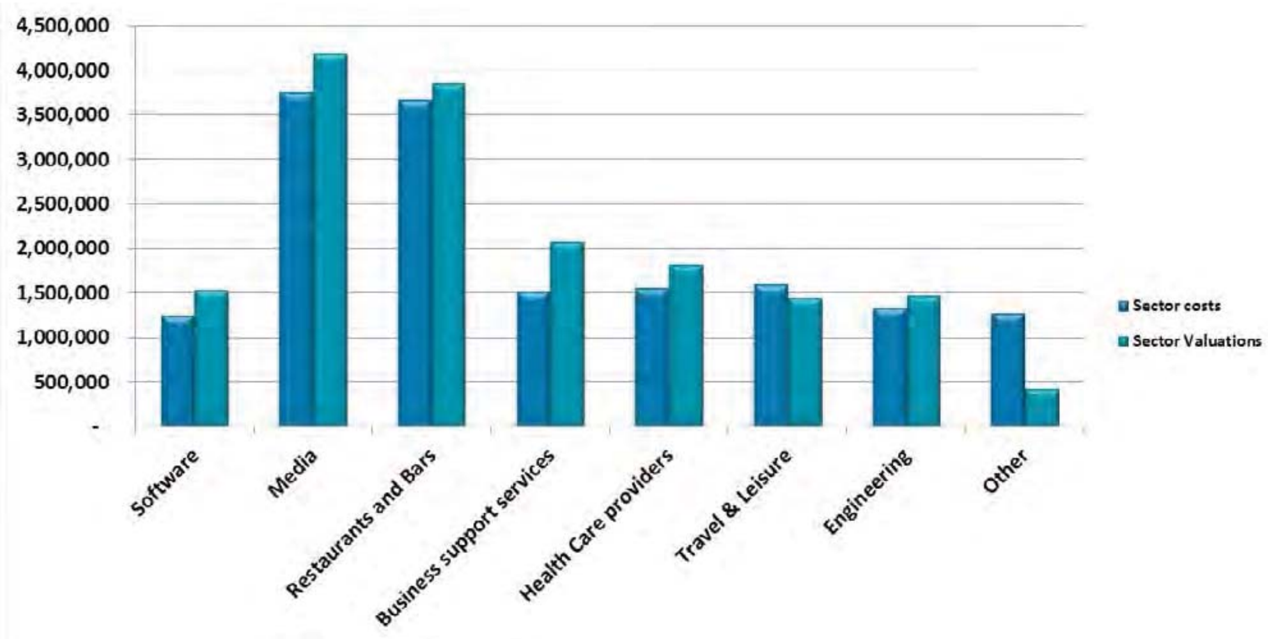
Driver Require is a specialist commercial vehicle driver recruitment agency with a strong customer base and offices throughout England.

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

REVIEW OF INVESTMENTS (continued)

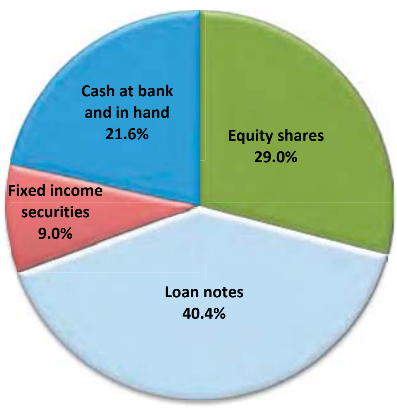
Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 October 2015) is as follows:



Analysis of investments by nature of instrument

The following chart summarises the Company's investment portfolio by the nature of instrument held (by value at 31 October 2015) as follows:



Portfolio balance

At 31 October 2015, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of investment (by HMRC valuation rules)	**Actual**	**Target**
		Minimum
VCT qualifying investments	73.5%	70.0%
Non-qualifying investments		Maximum
(including cash at bank)	26.5%	30.0%
Total	100.0%	100.0%

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 October 2015. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal objectives and strategy

The Company is a Venture Capital Trust ("VCT") whose principal investment objectives are to:

- achieve long term capital growth and generate tax-free income for its Shareholders principally from private equity and AIM investments; and
- comply with the VCT regulations to enable Shareholders to retain the initial income tax relief and ongoing tax reliefs.

As a Venture Capital Trust, Shareholders are required to hold their shares for a minimum period of five years in order to retain income tax relief.

Business review and developments

Over the year to 31 October 2015, net gains arising on disposals in the portfolio totalled £438,000 (2014: £5.7 million). The investment portfolio rose in value by £1.5 million (2014: loss £2.1 million).

Revenue income over expenditure for the year, including capital expenses, resulted in a net return of £23,000 (2014: loss £446,000).

The total return for the year was £2.0 million (2014: £3.2 million). Net assets at the year-end were £24.3 million (2014: £24.5 million). Dividends paid during the year totalled £2.2 million (2014: £3.7 million), including a special dividend of £673,000 (2014: £2,244,000).

The Company's business and developments during the year are reviewed further within the Chairman's Statement, Investment Management Report and the Review of Investments on pages 3 to 12.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its investment policy (as shown on page 2). The Board believes the Company's key performance indicators, for comparison purposes against similar VCTs, are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see page 1). The NAV increased by 8.1% over the year after adding back dividends. The Company was able to pay dividends of 7.25p per share against the basic target of 5.0p per share. The Board has concluded that this was a more than satisfactory performance.

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

Principal risks and uncertainties

The principal financial risks faced by the Company, which include investment risk, interest rate risk, credit risk and liquidity risks, are summarised within note 17 of the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks.

A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing rules of the Financial Conduct Authority and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

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

Viability statement

In accordance with C.2.1 and C.2.2 of the 2014 revision of the UK Corporate Governance Code, 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 has conducted this review for a period of three years from the balance sheet date as developments are considered to be reasonably foreseeable over this period.

The three year review considers the principal risks facing the Company which are summarised within note 17 as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. The three year review makes assumptions about the normal level of capital recycling likely to occur, expenses, and whether additional financing facilities will be required.

The Directors believe that the Company is well placed to manage its business risks successfully, having taken into account the Company's current economic outlook. Based on the results, the Board believes that, taking into account the Company's current position, and subject to the principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least three years from the balance sheet date.

Business model

The Company operates as a Venture Capital Trust to ensure that its Shareholders can benefit from tax reliefs available.

Chrysalis VCT Management Limited, the Company's wholly owned subsidiary, provides investment management services to the Company. Consolidated Group Financial Statements have not been prepared as the subsidiary undertaking is not considered to be material. The Financial Statements therefore present only the results of Chrysalis VCT plc.

The business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set within its investment policy, as shown below.

Investment policy

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

1. Venture capital investments;
2. Fixed income securities; and
3. Venture capital trust regulations.

Venture capital investments

The Company seeks to hold a portfolio of venture capital investments, predominantly comprising unquoted companies, but also including a proportion of investments in companies trading on AIM.

The Company will hold over 70% of its investments in a portfolio of VCT-qualifying companies each of which, in the opinion of the Directors, have, or are expected to have:

- a strong management team and board;
- good opportunities for growth in value; and
- realistic prospects of achieving a stock market flotation or being sold within three to five years.

Fixed income securities

The Company seeks to hold a portfolio consisting of bonds issued by major companies and institutions with a minimum credit rating of A minus (Standard & Poor's rated) or A3 (Moody's rated) at the time of investment.

Venture capital trust regulations

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

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

Compliance with the main VCT regulations as at 31 October 2015 and for the year then ended is summarised in the Director's Report on page 17.

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow not more than 15% of the aggregate of:

- the nominal capital of the Company being issued and paid up; and
- the amounts standing to credit of the reserves of the Company;

as shown within the latest audited balance sheet of the Company but after:

- making such adjustments as appropriate to take account of share buybacks or other variation of issued share capital;
- excluding amounts set aside for future taxation; and
- deducting therefrom (1) amounts equal to any distribution by the Company out of profits earned prior to the date of the latest audited balance sheet, (2) goodwill and other intangible assets, and (3) any debit balances on the profit and loss account.

Borrowings (continued)

At 31 October 2015, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £3.7 million (2014: £3.7 million). There are no plans to utilise this ability at the current time.

Environmental and social and human rights policy

The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Managers take environmental, social and human rights factors into consideration when making investment decisions.

Directors and senior management

The Company does not have any employees, including senior management, other than the Board of three non-executive Directors. The Board comprises two male Directors and one female Director.

Whilst the Board have delegated the day to day operation of the Company to its advisers (including its wholly owned subsidiary), details of which are contained within the Directors' Report, they retain the responsibility of planning, directing and controlling the activities of the Company.

Future prospects

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

By order of the Board

GWhitehouse

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

22 December 2015

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 31 October 2015.

Share capital

As disclosed on page 22, the Board has authority to make market purchases of the Company's own shares.

There were no changes to the Company's share capital during the year.

The total number of Ordinary Shares of 1p each in issue at 31 October 2015 was 29,917,025, with each share having one vote. There are no other share classes in issue.

The Company did not repurchase any shares during the year.

Results and dividends

	£'000	Per share
Return for the year	1,994	6.7p
Dividends paid in the year		
6 March 2015: 2014 Final	972	3.25p
8 May 2015: 2015 Interim	524	1.75p
8 May 2015: 2015 Special	673	2.25p
	2,169	7.25p

Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 3.25p per share on 26 February 2016 to Shareholders on the register at 29 January 2016.

Directors

The Directors of the Company during the year were as follows:

Peter Harkness
Julie Baddeley
Martin Knight

Julie Baddeley and Peter Harkness are due to retire as a result of holding a place on the Board for over nine years and, being eligible, offer themselves for re-election. The Board believes that all the non-executive Directors continue to provide a valuable contribution to the Company and remain committed to their roles. They also have considerable experience in other areas, as shown in their biographies on page 2, and therefore the Board strongly recommends that Shareholders support the resolutions to re-elect both Julie Baddeley and Peter Harkness at the forthcoming AGM.

Julie Baddeley and Peter Harkness each entered into an agreement for services dated 30 January 2006, terminable on 12 months' notice by either side. Martin Knight entered into an agreement for services dated 20 October 2008 which is also terminable on 12 months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires and their powers are bound by the Company's Articles of Association. Appointments of new Directors to the Board are considered by all existing Directors as and when required.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its Directors, and has also agreed to indemnify Directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current Directors.

Investment management fees

Chrysalis VCT Management Limited, the Company's wholly owned subsidiary, has an agreement to provide investment management services to the Company for a fee of 1.65% of net assets per annum, reducing to 1.35% when net assets exceed £34 million. The agreement may be terminated by either side serving on the other not less than 12 months' notice of termination.

The Board is satisfied with the performance of the Company under the current management arrangement and believes that it is in the Shareholders' best interest to continue as a self-managed VCT.

Performance incentive fees

The Board has an incentive scheme under which additional fees are paid to Chrysalis VCT Management Limited based on achieving exits from investments. The exit fees are calculated as the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 or 2.5% of the gain in respect of investments made prior to 30 April 2004. Incentive fees arising in the year, on the exits shown on page 35, amounted to £35,000 (2014: £366,000).

Administration management fees

Downing LLP provides administration services to the Company for a fee of £55,000 per annum. The agreement may be terminated by either the Board or Downing serving on the other not less than six months' notice of termination.

VCT compliance

The Company has appointed Philip Hare & Associates LLP to advise it on compliance with VCT requirements, reporting directly to the Board. Philip Hare & Associates LLP works closely with Chrysalis VCT Management Services Ltd and the Administration Manager ("the Managers") undertaking reviews of the VCT compliance status of new investment opportunities, providing regular compliance updates on the Company's existing portfolio of investments and providing advice on VCT compliance issues as and when they arise.

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 14.

Compliance with the main VCT regulations as at 31 October 2015 and for the year then ended is summarised as follows:

1. 70% of its investments in qualifying companies;	73.5%
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares";	46.1%
3. At least 10% of each investment in a qualifying company is held in "eligible shares";	Complied
4. No investment constitutes more than 15% of the Company's portfolio;	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	93.0%
6. For the year ended 31 October 2015, no more than 15% of the income from shares and securities is retained (after taking into account paid and proposed revenue dividends in respect of the year under review).	Complied

Substantial interests

As at 31 October 2015, and the date of this report, the Company was not aware of any beneficial interests exceeding 3% of the issued Ordinary Share capital.

Auditor

A resolution to reappoint BDO LLP as the Company's Auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The forthcoming AGM will be held at Ergon House, Horseferry Road, London SW1P 2AL at 2:30pm on 24 February 2016. The Notice of the AGM is at the end of this document.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report, comprising the Chairman's Statement, the Strategic Report, the Investment Management Report, the Review of Investments and the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company, together with the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.chrysalisvct.co.uk (maintained by Chrysalis VCT Management Limited) and on www.downing.co.uk (maintained by the Administration Manager).

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code, September 2014 (www.frc.org.uk), is shown on pages 22 to 25.

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Other matters

Information in respect of financial instruments, and future developments which are normally disclosed within the Directors' Report has been disclosed within the Strategic Report on pages 13 to 15 and Note 17 on pages 42 to 47.

Statement as to disclosure of information to the Auditor

The Directors in office at the date of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

22 December 2015

DIRECTORS' REMUNERATION REPORT

Annual statement from the Chairman of the Remuneration Committee: Julie Baddeley

The Committee, comprising Peter Harkness, Martin Knight and me, has reviewed the fee structure which has been in place since 1 April 2012 and agreed that the remuneration levels should remain unchanged for the forthcoming year.

Remuneration report

Below is the Directors' policy on remuneration which is effective for the three years commencing 1 November 2014.

The Company's policy on Directors' remuneration is to seek to remunerate Board members at a level appropriate for the time commitment required and degree of responsibility involved for a self-managed Venture Capital Trust, where all investment decisions are made by the Board and where the non-executive Directors are more closely involved with the investee companies than other similar VCTs.

Non-executive Directors are not entitled to any performance related pay or incentive.

Directors' remuneration is also subject to the Company's Articles of Association which provide that:

(i) The Directors shall be paid out of the funds of the Company, by way of fees for their services, an aggregate sum not exceeding £90,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.

(ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending Meetings of the Board or of Committees of the Board or General Meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

A remuneration payment or payment for loss of office can only be made to a current or former director that is within the scope of the approved policy (subject to the Articles), unless approved by a separate Shareholder resolution.

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

Agreement for services

Julie Baddeley and Peter Harkness each entered into an agreement for services dated 30 January 2006, terminable on 12 months' notice by either side. Martin Knight entered into an agreement for services dated 20 October 2008 which is also terminable on 12 months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Annual Report on remuneration (audited)

The remuneration for the Directors of the Company for the year under review were:

	2015	2014
	£	£
Peter Harkness	45,000	45,000
Julie Baddeley	22,500	22,500
Martin Knight	22,500	22,500
	90,000	90,000

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

Martin Knight is also appointed as a director of the subsidiary, Chrysalis VCT Management Limited. He receives no remuneration for this appointment.

Statement of implementation of remuneration policy in the current financial year

The remuneration levels for the forthcoming year, which are based on fixed fee agreements, are expected to remain unchanged, and at the following levels:

	£
Peter Harkness	45,000
Julie Baddeley	22,500
Martin Knight	22,500
	90,000

Any further changes to the remuneration policy between the date of this report and April 2017 would be subject to approval by Shareholders at an Annual General Meeting.

Directors' share interests (audited)

The beneficial interests of the Directors, in the issued Ordinary Shares of 1p each in the Company at each year-end and the date of this report were as follows:

	2015	2014
Peter Harkness	200,918	188,418
Julie Baddeley	121,671	121,671
Martin Knight	309,632	245,232

Statement of voting at AGM

At the AGM on 25 February 2015, the votes in respect of the resolution to approve the Directors' Remuneration Report were as follows:

For	1,382,483
Discretionary	31,464
Against	122,098
Withheld	19,707

Relative importance of spend on pay

The difference in actual spend between 31 October 2015 and 31 October 2014 on remuneration for all Directors in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the tabular graph below:

The Company has appointed a Corporate Broker which has ignited a small secondary market for the Company's shares, resulting in the level of share buybacks being undertaken by the Company being reduced to nil for the year under review.

Performance graph

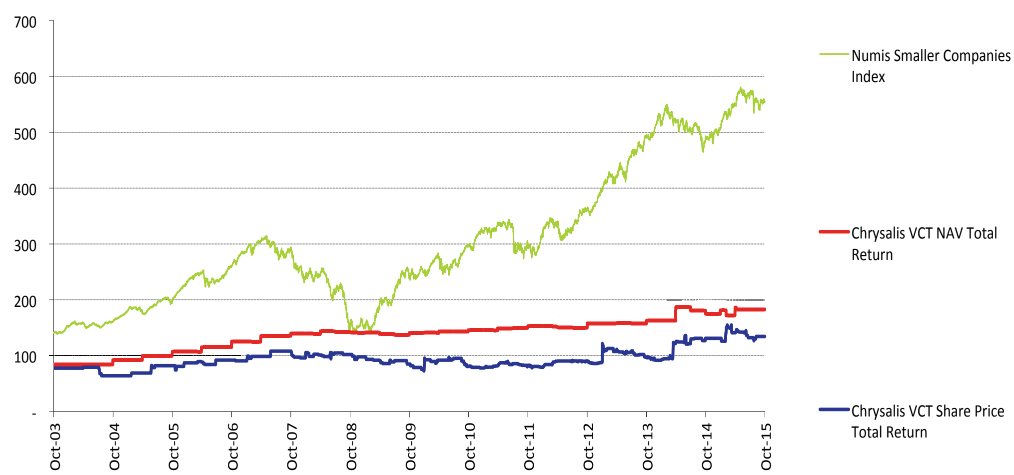
The graph below charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and total return of the Company's Share Price ("Share Price Total Return") over the past ten years, compared to Numis Smaller Companies Index (Total Return, excluding investment companies), each of which has been rebased to 100 pence.

The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company's long term value than the Company's share price, due to the long term nature of an investment in Venture Capital Trust shares. The Numis Smaller Companies Index is considered to be the most appropriate broad equity market against which Investors can measure the relative performance of the Company, as it focuses on smaller companies and is more relevant than most other publicly available indices.

By order of the Board

Julie Baddeley
Chair of Remuneration Committee
Ergon House
Horseferry Road
London SW1P 2AL

22 December 2015



CORPORATE GOVERNANCE STATEMENT

The Directors support the relevant principles of the UK Corporate Governance Code maintained by the Financial Reporting Council, being the principles of good governance and the code of best practice.

The Board

The Company has a diverse Board comprising three non-executive Directors, all of whom are considered to be independent. The Chairman is Peter Harkness and the senior independent director is Martin Knight. Biographical details of all Board members (including significant commitments of the Chairman) are shown on page 2.

In accordance with the Articles of Association, Directors are subject to re-election at the first AGM after their appointment and at least every three years thereafter. Julie Baddeley retired and was re-elected at the AGM in 2014. Both Julie Baddeley and Peter Harkness are retiring at the forthcoming AGM as a result of being a Director of the Company for more than nine years, and are both offering themselves for re-election.

Full Board meetings take place at least quarterly and additional meetings are held as required to address specific issues including considering recommendations from Chrysalis VCT Management Ltd regarding the existing portfolio, making all decisions concerning the acquisition or disposal of investments, and it reviews periodically the terms of engagement of all third party advisers (including the Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

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

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

Share capital

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM held on 25 February 2015. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 16.

Committees to the Board

As the Company has a small Board of non-executive Directors, all the Directors sit on all committees. The Chairman of the Audit Committee is Martin Knight, and the Chairman of the Nomination and Remuneration Committees is Julie Baddeley. All committees have defined terms of reference and duties, which are available from www.downing.co.uk.

Formal Board and Committee meetings

The following table sets out the Directors' attendance at the formal Board and Committee meetings held during the year.

	Board meetings attended	Audit Committee meetings attended	Nomination Committee Meetings attended	Remuneration Committee Meetings attended
Peter Harkness	4	2	1	1
Julie Baddeley	4	2	1	1
Martin Knight	3	2	1	1

The Board also meets as and when required during the year to discuss other matters arising.

Audit Committee

The Audit Committee is responsible for:

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

Financial Reporting

The Committee is responsible for reviewing, and agreeing, the half-yearly and annual accounts (including those figures presented within) before they are presented to the Board for final approval.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Manager, for presentation within the half-yearly and annual accounts.

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

Audit Committee (continued)

Internal audit and control

The Committee has considered the need for an internal audit function and has concluded that this would not be appropriate for a company of this size and structure. The Committee seeks to satisfy themselves that there is a proper system and allocation of responsibilities for the day-to-day monitoring of financial controls by receiving representations and information either upon request or voluntarily from the Managers. This is covered more fully under Risk Management and Internal Control.

Whistleblowing procedures

As the Company has no staff, other than Directors, there are no procedures in place in respect of C.3.5 of the UK Corporate Governance Code, relating to whistleblowing. The Audit Committee understands that Chrysalis VCT Management Limited and the Administration Manager have whistleblowing procedures in place.

External auditor

The Committee reviews and agrees the audit strategy paper presented by the Auditor in advance of the audit, which sets out the key risk areas to be covered during the audit and confirms their status on independence. The Committee confirmed that the two main areas of risk for the year under review were the carrying value of investments and revenue recognition. These were addressed by detailed discussions with the auditors when they presented their report to the Committee on completion of the main audit.

The Committee has assessed the effectiveness of the audit by discussion with the Investment Manager, Chrysalis VCT Management Limited, and the Administration Manager, Downing LLP, and satisfied itself that an effective audit has taken place.

The Committee has concluded that BDO LLP, with audit engagement partner rotation, remains a suitable candidate to act as auditor to the Company and has therefore recommended they be re-appointed at the forthcoming AGM.

Non audit services

The Company's Auditor also provides corporation tax compliance services and may perform ad-hoc work at the request of the Board. The Committee recognises the requirement for the tax computation to be prepared annually, therefore does not require the annual appointment to be referred to the Committee. The Committee will approve the provision of the ad-hoc work and maximum expected fee before being undertaken, to ensure that auditor objectivity and independence is safeguarded. With the exception of the provision of tax compliance services the Auditor did not provide any other non-audit services. The fees paid to the Auditor for the year are disclosed in Note 4 of the Financial Statements.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee has not recommended any changes to the composition of the existing Board.

Performance evaluation

During the year, Julie Baddeley co-ordinated a performance evaluation of the Directors (including the Chairman and its Committees) as required by the UK Corporate Governance Code. The evaluation reviewed feedback from the previous year's evaluation and concluded that the Board has operated efficiently and effectively during the year, in particular increasing time spent considering strategy for the fund and also studying the implications of the changes to the VCT rules and their possible impact.

Remuneration Committee

The Remuneration Committee meets as required, to discuss the existing levels of remuneration for the non-executive Directors, and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels or fee structure.

Diversity policy

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

Anti-bribery policy

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

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested. As disclosed in the Directors' Report, there were no Shareholders with a substantial interest in the Company at the year-end or at the date of this report.

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

Separate resolutions are proposed at the AGM on each substantially separate issue. Downing LLP collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM.

In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting

The statement of Directors' responsibilities for preparing the accounts is set out in the Directors' Report on page 18, and a statement by the Auditor about their reporting responsibilities is set out in the Auditor's Report on pages 26 and 28.

Risk management and internal control

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

The Board reviews a Risk Register on an annual basis. The main aspects of internal control in relation to financial reporting by the Board were as follows:

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

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the Financial Reporting Process) to the following advisers (including its subsidiary):

Investment Management	Chrysalis VCT Management Limited
Administration Management	Downing LLP

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 3 to 4, the Investment Management Report on pages 5 to 6 and the Strategic Report on page 13. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 31; the Cash Flow Statement on page 32 and the Strategic Report on pages 14 to 15. In addition, note 17 of the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources at the year-end to meet its foreseeable expenses and liabilites, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

Compliance statement

The Listing Rules require the Board to report on compliance with the fifty-five UK Corporate Governance Code provisions throughout the accounting period. The preamble to the Combined Code does, however, acknowledge that some provisions may have less relevance for investment companies. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 October 2015 with the provisions set out in the UK Corporate Governance Code.

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)

b) The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts. (B.2.3) The Directors do have agreements for services in place. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company.

By order of the Board

GWhitehouse

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

22 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRYSALIS VCT PLC

Our opinion on the financial statements

In our opinion the Chrysalis VCT plc financial statements for the year ended 31 October 2015, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice):

- 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.

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.

What our opinion covers

Our audit opinion covers the:

- Income Statement;
- Reconciliation of Movement in Shareholders' Funds;
- Balance Sheet;
- Cash Flow Statement; and
- Related notes

Respective responsibilities of Directors and Auditor

As explained more fully in the report of the Directors, 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 FRC's Ethical Standards for Auditors.

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

Our approach

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administration Manager and, the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response.

Risk area	Audit response
Valuation of investments: Valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the company.	The valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The investments are held in a diverse range of entities and are valued using various valuation models as appropriate in each circumstance. For a sample of investments held, our audit procedures included: • considering the appropriateness of the valuation methodology ensuring that it is in accordance with the International Private Equity and Venture Capital Valuation Guidelines; • reviewing and challenging the assumptions inherent in the valuation models by comparison to appropriate benchmark data; • carefully examining the Investment Manager's assessment of maintainable earnings with reference to the investee's historic performance and current prospects; • assessing the appropriateness of discount rates and marketability discounts where applied in the model with reference to market data for comparable assets; and • assessing the impact of estimation uncertainty concerning these assumptions and the completeness of associated disclosures in the financial statements.

Our approach (continued)

Risk area	Audit response
Valuation of investments (continued):	Where such investments were held in loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans. Where appropriate we developed our own point estimate using alternative assumptions that could reasonably be applied. We considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.
Revenue recognition: Revenue consists of loan stock interest, dividends receivable from investee companies and interest earned on cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.	• We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid; • We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest; • We also reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement; and • We also tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies.

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	• The value of net assets • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	350,000
Specific materiality – classes of transactions and balances which impact on net realised returns	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• Level of gross expenditure	50,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £17,500, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and 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 set out on pages 22 to 25 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

Under the ISAs (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
- is otherwise misleading.

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 25, in relation to going concern and set out on page 13 in relation to longer-term viability; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

BDO LLP

Stuart Collins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
22 December 2015

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

INCOME STATEMENT
for the year ended 31 October 2015

	Note	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Income	2	733	-	733	651	-	651
Gains on investments	9	-	1,971	1,971	-	3,694	3,694
		733	1,971	2,704	651	3,694	4,345
Investment management fees	3	(103)	(309)	(412)	(109)	(328)	(437)
Performance incentive fees	3	-	(35)	(35)	-	(366)	(366)
Other expenses	4	(261)	(2)	(263)	(266)	(28)	(294)
Return on ordinary activities before tax		369	1,625	1,994	276	2,972	3,248
Tax on ordinary activities	6	(73)	73	-	(59)	59	-
Return attributable to equity Shareholders	8	296	1,698	1,994	217	3,031	3,248
Basic and diluted return per share	8	1.0p	5.7p	6.7p	0.7p	10.2p	10.9p

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement as shown above.

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

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 October 2015

	Note	2015 £'000	2014 £'000
Opening Shareholders' funds		24,487	24,979
Total recognised gains for the year		1,994	3,248
Dividends paid	**7**	(2,169)	(3,740)
Closing Shareholders' funds		24,312	24,487

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

BALANCE SHEET
at 31 October 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
Fixed assets					
Investments	**9**		19,003		15,942
Current assets					
Debtors	**10**	153		3,876	
Cash at bank and in hand		5,223		4,938	
		5,376		8,814	
Creditors: amounts falling due within one year	**11**	(67)		(269)	
Net current assets			5,309		8,545
Net assets			24,312		24,487
Capital and reserves					
Called up share capital	**12**		299		299
Capital redemption reserve	**13**		89		89
Share premium	**13**		1,478		1,478
Merger reserve	**13**		1,357		1,458
Special reserve	**13**		1,926		2,823
Capital reserve – realised	**13**		15,022		16,095
Capital reserve – unrealised	**13**		3,439		1,689
Revenue reserve	**13**		702		556
Total equity Shareholders' funds	**14**		24,312		24,487
Net asset value per share	**14**		81.3p		81.9p

The financial statements on pages 29 to 48 were approved and authorised for issue by the Board of Directors on 22 December 2015 and were signed on its behalf by:

Peter Harkness
Chairman

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

CASH FLOW STATEMENT
for the year ended 31 October 2015

	Note	2015 £'000	2014 £'000
Net cash outflow from operating activities	**15**	(146)	(300)
Capital expenditure			
Payments to acquire investments		(2,483)	(7,162)
Receipts from sale of investments		5,083	9,695
Net cash inflow from capital expenditure		2,600	2,533
Equity dividends paid	**7**	(2,169)	(3,740)
Net cash inflow/(outflow) before management of liquid resources and financing		285	(1,507)
Increase/(decrease) in cash	**16**	285	(1,507)

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

NOTES TO THE ACCOUNTS
for the year ended 31 October 2015

1. Accounting policies

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

The financial statements are prepared under the historical cost convention except for certain financial instruments measured at fair value and on the basis that it is not required to prepare consolidated accounts as explained in note 9. The Company's accounts therefore present information about it as an individual undertaking rather than as a group undertaking.

The Company implements new Financial Reporting Standards issued by the Accounting Standards Board when required.

Presentation of Income Statement
In order to better reflect the activities of a Venture Capital Trust and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

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

Fixed income investments and investments quoted on AIM are measured using bid prices in accordance with the IPEV.

For unquoted investments, fair value is established using the IPEV. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

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

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

Where an investee company has gone into receivership, liquidation, or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised. Permanent impairments in the value of investments are deemed to be realised losses and held within the Capital Reserve - Realised.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

1. Accounting policies (continued)

Fixed asset investments (continued)
It is not the Company's policy to exercise controlling influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with FRS9 and the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

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

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection.

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

- Expenses which are incidental to the acquisition of an investment are deducted as a capital item.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted the policy of allocating investment management fees, 75% to capital and 25% to revenue as permitted by the SORP. The allocation is in line with the Board's expectation of long term returns from the Company's investments in the form of capital gains and income respectively.
- Performance incentive fees arising from the disposal of investments are deducted as a capital item.

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

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

Deferred taxation is not discounted and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

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

2. Income

	2015 £'000	2014 £'000
Income from investments		
Loan stock interest	540	456
Dividend income	3	3
Fixed income security interest	147	135
	690	594
Other income		
Deposit interest	43	57
	733	651

3. Investment management fees

	2015 £'000	2014 £'000
Basic fees	412	437
Performance incentive fees	35	366
	447	803

Performance incentive fees, as shown above, are payable quarterly to Chrysalis VCT Management Limited based on cash realisations from all investments excluding quoted loan notes, redemptions of loan notes in the normal course of business and other treasury functions. The performance incentive fee is the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 or 2.5% of the gain on investments made prior to 30 April 2004.

4. Other expenses

	2015 £'000	2014 £'000
Directors' fees	90	90
Administration services	55	55
Auditor's remuneration for statutory audit	24	28
Auditor's remuneration for non-audit services (corporation tax services)	3	2
Legal and professional fees	8	28
Other running costs	83	91
	263	294

5. Directors' fees

Details of remuneration (excluding VAT and employers' NIC) are given in the Directors' Remuneration Report on page 20.

The Company had no employees (other than the Directors) during the year. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director except as reported on page 20.

6. Taxation on ordinary activities

		2015 £'000	2014 £'000
(a)	**Tax charge for year**		
	Current year:		
	UK Corporation tax (charged to the Revenue Account)	73	59
	Tax credited to Capital Account	(73)	(59)
	Charge for year	-	-
(b)	**Factors affecting tax charge for year**		
	Return on ordinary activities before tax	1,994	3,248
	Tax at effective rate of 20.0% (2014: 21.1%)	399	685
	Effects of:		
	Gains on investments	(394)	(779)
	Expenses disallowed for tax purposes	1	7
	UK dividend income	(1)	(1)
	Excess management fees (utilised)/carried forward	(5)	88
		-	-

(c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £535,000 (2014: £560,000). The associated deferred tax asset at a rate of 20%, of £107,000, has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future.

Due to the Company's status as a Venture Capital Trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7. Dividends

				2015			2014
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2015 Interim:	1.75p	-	524	524	-	-	-
2015 Special:	2.25p	-	673	673	-	-	-
2014 Final:	3.25p	150	822	972	-	-	-
2014 Interim:	1.75p	-	-	-	76	448	524
2014 Special:	7.50p	-	-	-	-	2,244	2,244
2013 Final:	3.25p	-	-	-	224	748	972
		150	2,019	2,169	300	3,440	3,740
Dividends proposed							
2015 Final:	3.25p	224	748	972	-	-	-
2014 Final:	3.25p	-	-	-	149	823	972
		224	748	972	149	823	972

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 October 2015

8. Basic and diluted return per share

	2015	2014
Return per share based on:		
Net revenue return for the financial year (£'000)	296	217
Net capital gain for the financial year (£'000)	1,698	3,031
Total return for the financial year (£'000)	1,994	3,248
Weighted average number of shares in issue	29,917,025	29,917,025

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

9. Investments

	Unquoted £'000	Quoted on AIM £'000	Fixed income securities £'000	Total £'000
Retained investments at 1 November 2014				
Opening cost	13,679	570	2,210	16,459
Unrealised gains/(losses)	1,766	(52)	(25)	1,689
Realised losses arising on impairment	(1,752)	(454)	-	(2,206)
Opening fair value at 1 November 2014	13,693	64	2,185	15,942
Movement in year				
Purchased at cost	2,483	-	-	2,483
Disposal proceeds	(1,393)	-	-	(1,393)
Realised gains on sales in the income statement	438	-	-	438
Unrealised gains in the income statement	1,529	2	2	1,533
Closing fair value at 31 October 2015	16,750	66	2,187	19,003
Retained investments at 31 October 2015				
Closing cost	15,388	570	2,210	18,168
Unrealised gains/(losses)	3,510	(50)	(23)	3,437
Realised losses arising on impairment	(2,148)	(454)	-	(2,602)
Closing fair value	16,750	66	2,187	19,003

Costs of acquisition of investments acquired during the year amounted to £Nil (2014: £4,000) and costs of investments disposed of during the year were minimal (2014: minimal). A schedule disclosing the additions and disposals during the year is disclosed on page 8.

The valuation basis for the unquoted investments has remained unchanged during the year.

9. Investments (continued)

The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1	Reflects financial instruments quoted in an active market (fixed interest investments, and investments quoted on AIM);
Level 2	Reflects financial instruments that have prices that are either observable directly or indirectly; and
Level 3	Reflects financial instruments that are not based on observable market data (investments in unquoted shares and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2015 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2014 £'000
Fixed interest securities	2,187	-	-	2,187	2,185	-	-	2,185
AIM-quoted shares	66	-	-	66	64	-	-	64
Loan notes	-	-	9,785	9,785	-	-	8,097	8,097
Unquoted shares	-	-	6,965	6,965	-	-	5,596	5,596
	2,253	-	16,750	19,003	2,249	-	13,693	15,942

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

	Unquoted shares £'000	Loan notes £'000	Total £'000
Balance at 31 October 2014	5,596	8,097	13,693
Movements in the income statement:			
Unrealised gains in the income statement	1,268	261	1,529
Realised gains in the income statement	438	-	438
	1,706	261	1,967
Purchased at cost	205	2,278	2,483
Disposal proceeds	(542)	(851)	(1,393)
Balance at 31 October 2015	6,965	9,785	16,750

FRS29 requires disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments. The Board and Chrysalis VCT Management Limited believe that the valuations as at 31 October 2015 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Consequently the variation in the spread of reasonable, possible, alternative valuations is likely to be in the range set out in note 17.

9. Investments (continued)

Subsidiary company
The Company also holds 100% of the issued share capital of Chrysalis VCT Management Limited at a cost of £1.

Results of the subsidiary undertaking for the year ended 31 October 2015 are as follows:

	Country of registration	Nature of Business	Turnover £'000	Retained profit/(loss) £'000	Net assets £'000
Chrysalis VCT Management Limited	England and Wales	Investment Manager	447	(1)	1

Consolidated group financial statements have not been prepared as the subsidiary undertaking is not considered to be material for the purpose of giving a true and fair view. The Financial Statements therefore present only the results of Chrysalis VCT plc, which the Directors also consider is the most useful presentation for Shareholders.

10. Debtors

	2015 £'000	2014 £'000
Deferred consideration	-	3,690
Prepayments and accrued income	153	186
	153	3,876

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Other taxes and social security	2	2
Other creditors	12	5
Accruals and deferred income	53	262
	67	269

12. Share capital

	2015 £'000	2014 £'000
Issued, allotted, called up and fully paid:		
29,917,025 (2014: 29,917,025) Ordinary Shares of 1p each	299	299

Management of capital

The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on page 14, in pursuit of its principal investment objectives as stated on page 13. The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 22.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

13. Reserves

	Capital redemption reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Revenue reserve £'000
At 1 November 2014	89	1,478	1,458	2,823	16,095	1,689	556
Expenses capitalised	-	-	-	-	(346)	-	-
Tax on capital expenses	-	-	-	-	73	-	-
Gains on investments	-	-	-	-	438	1,533	-
Realisation of revaluation from previous years	-	-	-	-	283	(283)	-
Realisation of impaired valuations	-	-	-	-	(500)	500	
Realisation of fair value assets previously acquired	-	-	(101)	-	101	-	-
Transfer between reserves	-	-	-	(897)	897	-	-
Dividends paid	-	-	-	-	(2,019)	-	(150)
Retained net revenue	-	-	-	-	-	-	296
At 31 October 2015	89	1,478	1,357	1,926	15,022	3,439	702

The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends, and also allows the Company to write back realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	2015 £'000	2014 £'000
Special reserve	1,926	2,823
Capital reserve - realised	15,022	16,095
Revenue reserve	702	556
Merger reserve – distributable element	275	275
Unrealised losses (excluding unrealised unquoted gains)	(283)	(269)
	17,642	19,480

14. Basic and diluted net asset value per Ordinary Share

	Shares in issue		2015 Net asset value		2014 Net asset value	
	2015	2014	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	29,917,025	29,917,025	81.3	24,312	81.9p	24,487

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

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

	2015 £'000	2014 £'000
Return on ordinary activities before taxation	1,994	3,248
Gains on investments	(1,971)	(3,694)
Decrease/(increase) in debtors	33	(23)
(Decrease)/increase in creditors	(202)	169
Net cash outflow from operating activities	(146)	(300)

16. Reconciliation of net cash flow to movement in net funds

	Net funds at 1 November 2014 £'000	Cash inflow £'000	Net funds at 31 October 2015 £'000
Cash at bank and in hand	4,938	285	5,223

17. Financial instruments

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

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

17. Financial instruments (continued)

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

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

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

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

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

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

- Investment price risk; and
- Interest rate risk.

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review in order to ascertain the appropriate risk allocation.

Investment price risk
Market price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

17. Financial instruments (continued)

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted investments (AIM-quoted but excluding listed fixed interest investments) is summarised below. A 50% movement in the valuation of these assets would have the following effect on the Company:

Sensitivity			**2015** 50% mvmt			**2014** 50% mvmt
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share Pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share Pence**
AIM stocks	66	33	0.1	64	32	0.1

Unquoted investments

As many of the Company's unquoted investments are valued using earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity and preference shares held in the unquoted portfolio by up to 10%. Due to the nature of the security held, the relatively low residual term and no significant changes in risk premium, the loan notes in the investee companies would not be immediately impacted. The impact of a 10% movement in valuation on the unquoted shares' portfolio would have the following effect on the Company:

Sensitivity			**2015** 10% mvmt			**2014** 10% mvmt
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share Pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share Pence**
Unquoted shares	6,965	696	2.3	5,596	560	1.9

Fixed interest investments

The Company also has exposure to variations in the price of its non-qualifying investments. The securities are held by the Company until maturity. Due to the nature of the fixed interest security and the nature of the market movement thereon, a 2.5% movement is regarded as an appropriate sensitivity, the impact of which is as follows:

Sensitivity			**2015** 2.5% mvmt			**2014** 2.5% mvmt
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share Pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share Pence**
Fixed interest securities	2,187	55	0.2	2,185	55	0.2

17. Financial instruments (continued)

Interest rate risk

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

Interest rate risk profile of financial assets and financial liabilities

There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank.
- "No interest rate" assets do not attract interest and comprise equity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Weighted average interest rate	Weighted average period until maturity	2015 £'000	2014 £'000
Fixed rate	6.4%	1,085 days	11,972	10,282
Floating rate	0.7%		5,223	4,938
No interest rate			7,117	9,267
			24,312	24,487

The Company monitors the level of income received from fixed and floating interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

The Bank of England base rate stood at 0.5% per annum throughout the year. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and total return of the Company.

Credit risk

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

17. Financial instruments (continued)

Credit risk (continued)
The Company's financial assets that are exposed to credit risk are summarised as follows:

	2015 £'000	2014 £'000
Fair value through profit or loss assets		
Investments in fixed income securities	2,187	2,185
Investments in loan stocks	9,785	8,097
Loans and receivables		
Cash and cash equivalents	5,223	4,938
Trades awaiting settlement	-	3,690
Interest and other receivables	134	163
	17,329	19,073

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. In addition the credit risk is partially mitigated by registering floating charges over the assets of certain investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

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

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

Liquidity risk
Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company usually has a relatively low level of creditors (2015: £67,000, 2014: £269,000) and has no borrowings. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by Chrysalis VCT Management Limited in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

17. Financial instruments (continued)

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 October 2015 as analysed by expected maturity date is as follows:

As at 31 October 2015	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	1,213	777	-	6,719	-	8,709
Past due loan stock	329	-	-	-	747	1,076
	1,542	777	-	6,719	747	9,785

Of the loan stock classified as "past due" above, £329,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is thus in arrears. As at the balance sheet date, the extent to which the interest giving rise to the classification of the loan notes as past due falls from less than a year to between three and five years. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

Of the loan stock classified as "past due" above, £747,000 relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date giving rise to the classification of the loan notes as past due falls from less than a year to between three and five years past due. Notwithstanding that the principal has passed its maturity date, the Directors do not consider that the loan note itself has been impaired.

As at 31 October 2014	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	550	1,194	700	4,111	-	6,555
Past due loan stock	188	517	187	-	650	1,542
	738	1,711	887	4,111	650	8,097

Financial liabilities
The Company has no financial liabilities or guarantees other than the creditors disclosed within the Balance Sheet (2014: none).

Currency exposure
As at 31 October 2015, the Company had no foreign currency exposures (2014: none).

Borrowing facilities
The Company had no committed borrowing facilities as at 31 October 2015 (2014: none).

18. Contingencies, guarantees and financial commitments

At the year-end the Company had a potential contingent asset in respect of the sale of Wessex Advanced Switching Products Limited which is only payable and recognisable when certain conditions have been met (2014: £1,320,000). As at the balance sheet date the maximum amount receivable by the Company was £880,000.

The Company had no guarantees at the year end (2014: none) or financial commitments (2014: none).

19. Related party transactions

Chrysalis VCT Management Limited, a wholly owned subsidiary, provides investment management services to the Company for a fee of 1.65% of net assets per annum. During the year, £412,000 (2014: £437,000) was paid to Chrysalis VCT Management Limited in respect of these fees. No amounts were outstanding at the year-end (2014: none).

A performance incentive fee is payable to Chrysalis VCT Management Limited based on realisations from all investments excluding quoted loan notes, redemptions of loan notes in the normal course of business and other treasury functions. The performance incentive fee is the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 reduced to 2.5% of investments made prior to 30 April 2004. During the year performance incentive fees of £35,000 (2014: £366,000) were due to Chrysalis VCT Management Limited. At the year-end, £9,000 was outstanding and payable (2014: £218,000).

Peter Harkness holds positions of significant influence in MyTime Media Holdings Limited and Hoop Holdings Limited, both investments held by the Company, and therefore abstains from discussions surrounding the valuation or investment decisions regarding the investments. Details of the investments, including cost and valuation are shown on page 7.

Martin Knight holds a position of significant influence within Cambridge Mechatronics Limited, an investment held by the Company, and therefore abstains from discussions surrounding the valuation or investment decisions regarding the company. Details of the investment, including cost and valuation are shown on page 7.

20. Controlling party

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

SHAREHOLDER INFORMATION

Share price
The Company's share price can be found in various financial websites with the TIDM/EPIC code "CYS". A link to the share price is also available on Chrysalis' website (www.chrysalisvct.co.uk) and on Downing's website (www.downing.co.uk).

Dividends
Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address, can complete a mandate form for this purpose (form can be downloaded from www.capitaassetservices.com). Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 9:00am to 5:30pm), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Selling shares
Shareholders are advised to seek advice from their tax adviser, before selling shares, particularly if they deferred the payment of capital gains tax in respect of shares acquired prior to 6 April 2004. Shareholders wishing to sell their shares, or purchase further holdings in the Company, will require a broker in order to do so. Sam Greatrex, at Nplus1 Singer Capital Markets Ltd, on 0207 496 3032 will be able to provide details of the latest share price for selling and purchasing shares (further details shown on the inside cover of these accounts).

Share scam warning
We have become aware that a significant number of Shareholders of VCTs have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website. If you have any concerns, please contact Downing on 020 7416 7780.

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

Other information for Shareholders
Up to date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at www.downing.co.uk. Financial information is also available on Chrysalis' website (www.chrysalisvct.co.uk) under "Shareholder Info".

If you have any queries regarding your shareholding in Chrysalis VCT plc, please contact the registrar on the above number or visit Capita's website at www.capitaassetservices.com and click on "Share Portal".

COMPANY INFORMATION

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Martin Knight
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NOTICE OF THE ANNUAL GENERAL MEETING OF CHRYSALIS VCT PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chrysalis VCT plc will be held at Ergon House, Horseferry Road, London SW1P 2AL at 2:30pm on 24 February 2016 for the transaction of the following business:

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

1. To receive and adopt the Directors' Report and Accounts of the Company for the year ended 31 October 2015, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report in respect of the year ended 31 October 2015.

3. To approve the payment of a final dividend of 3.25p per Ordinary Share.

4. To reappoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.

5. To re-elect as Director, Julie Baddeley, who retires and, being eligible, offers herself for re-election.

6. To re-elect as Director, Peter Harkness, who retires and, being eligible, offers himself for re-election.

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

7. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:

   (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 4,457,637 representing approximately 14.9% of the issued Ordinary Share capital of the Company;

   (ii) the minimum price which may be paid for an Ordinary Share is 1p, exclusive of all expenses;

   (iii) the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

   (iv) the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract;

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

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary

22 December 2015

Registered Office:
Ergon House
Horseferry Road
London SW1P 2AL

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

Notes

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

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

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 2:30pm on 22 February 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 2:30pm on 22 February 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9:00am on 22 December 2015, the Company's issued share capital comprised 29,917,025 Ordinary Shares and the total number of voting rights in the Company was 29,917,025. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY
CHRYSALIS VCT PLC

For use at the Annual General Meeting of the above-named Company to be held at Ergon House, Horseferry Road, London SW1P 2AL at 2:30pm on 24 February 2016.

I/We* ……………………………………………………………………………………………………….(BLOCK CAPITALS please)

of ………

being the holder(s) of Ordinary Shares of 1p each in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or ………

of ………

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at Ergon House, Horseferry Road, London SW1P 2AL on 24 February 2016 or at any adjournment thereof.

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

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

ORDINARY BUSINESS	**FOR**	**AGAINST**	**WITHHELD**
1. To receive and adopt the Directors' Report and Accounts.			
2. To approve the Directors' Remuneration Report.			
3. To approve the payment of a final dividend of 3.25p per share.			
4. To reappoint BDO LLP as the Auditor and authorise the Directors to determine their remuneration.			
5. To re-elect Julie Baddeley as a Director.			
6. To re-elect Peter Harkness as a Director.			
SPECIAL BUSINESS			
7. To authorise the Company to make market purchases of its shares.			

Dated this ………………………..day of …………………………………………………………………………………2016

Signature(s) ………

*Delete as appropriate

PLEASE RETURN TO DOWNING LLP IN THE PREPAID ENVELOPE PROVIDED

NOTES AND INSTRUCTIONS:

Note for Shareholders:

Resolution 2; "To approve the Directors Remuneration Report", seeks Shareholders approval of the Directors' Remuneration Report as set out on pages 20 to 21. Whilst the payment of remuneration to the Directors is not dependent on the passing of the resolution, your Board will take the vote into account when considering the future development and operation of the Company's remuneration policy and practice.

Resolution 7; "To authorise the Company to make market purchases of its shares", relates to the ability of the Company to undertake share buybacks. Therefore should the resolution not be passed, the Company will not be able to buy back shares for cancellation.

Instructions:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointer. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.