Chrysalis VCT plc

Reports & Accounts for the year ended 31 October 2013

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:

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Front cover pictures - a selection of Chrysalis VCT investments.

1. Appold Street branch of K10 City Sushi the Japanese restaurant business
2. A selection of e-commerce sites from specialist online retailer, Internet Fusion
3. A selection of magazines and e-commerce sites from MyTimeMedia Ltd
4. Acorn Meadows, one of the virtual worlds developed by games developer and publisher VEEMEE
5. Precision Dental Laboratories, one of Europe's leading dental laboratories
6. Poppy Cat one of North Promotions current intellectual property assets.
7. Fulham branch of Locale the Italian restaurant chain with five London sites
8. An aircraft seat control unit manufactured by Wessex Advanced Switching Products Ltd
9. Teleprompter produced by Autocue, market leaders in presentation systems
10. Owen Farrell for the Lions with a Rhino ball
11. Joe Rokokoko of the Barbarians in a Rhino shirt.

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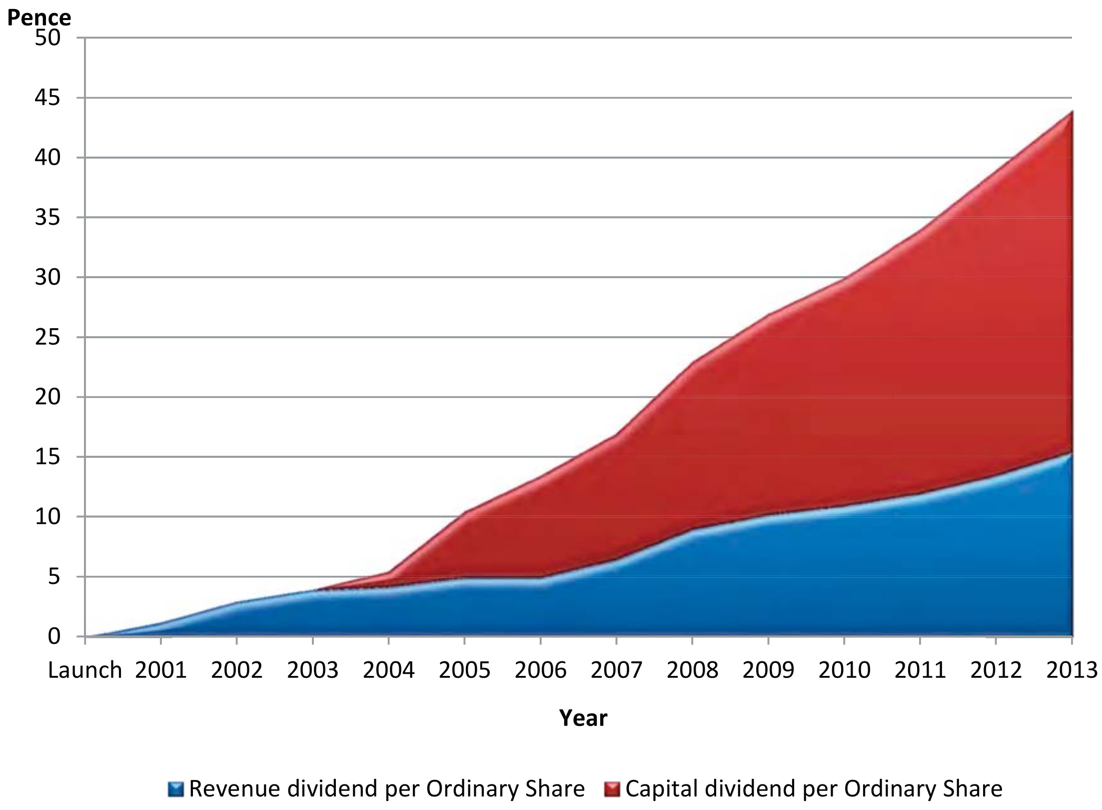
FINANCIAL SUMMARY

	31 Oct 2013 pence	31 Oct 2012 pence
Net asset value per share ("NAV")	83.50	84.50
Cumulative dividends paid per share since launch *	40.70	35.70
Total Return	124.20	120.20
(Net asset value per share plus cumulative dividends)		
Dividends in respect of financial year		
Interim dividend per share	1.75	1.75
Final proposed dividend per share	3.25	3.25
	5.00	5.00

* Excludes final proposed dividend

Ordinary Share dividend history



The above chart includes all 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

9 April 2014	Annual General Meeting ("AGM")
30 April 2014	Final dividend (payable to Shareholders on the register at 26 March 2014)
June 2014	Announcement of half-yearly report to 30 April 2014

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 VCT status.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on page 15.

DIRECTORS

Peter Harkness (Chairman) is a media entrepreneur who has significant experience working closely with institutional investors for over 28 years. He is chairman of the specialist publishing and e-commerce business MyTime Media Holdings Limited, which is an investment of Chrysalis VCT plc. He is chairman of the scientific publisher, Texere Publishing, and is a non-executive director of the AIM-listed global data provider, Progressive Intelligence PLC. He is Vice-Chairman of the Trust which manages York's museums and City Art Gallery. 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 is a non-executive director of Greggs plc. She has been a director of the BOC Group, Camelot Group plc, Spice plc, the Yorkshire Building Society and executive director of the Woolwich 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 a Director of Toumaz Limited, the quoted consumer electronics and healthcare business, and Cambridge Mechatronics Limited. 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

- **Dividend level retained at 5.0p for 2013**
- **Return for the year tops £1 million for the fourth year running**
- **4.7% increase in net asset value over last year**
- **Total return on 80p investment now at 124.2p**

Your Fund has continued its solid performance record during 2013 and I am delighted to announce that the Board is proposing a final dividend of 3.25p which takes the payment for the full year to 5p. Total dividends paid since launch now top 44p.

Although this dividend exceeds the returns made during the financial year, the Directors are confident that your portfolio is strong and we are aware of events post year-end which we believe fully justifies this level of dividend.

Portfolio

At the year end, the Fund held a portfolio of 26 investments, which value the venture capital portion of the portfolio at £16.2 million. A detailed analysis of Fund activities appears elsewhere in this report, from which shareholders will see that the bulk of investment activity during the year centred on follow-on investments and exits.

We are proud of our record of continuing support for portfolio businesses and made three follow-on investments during the period under review. In our experience the small UK companies continue to find there is a shortage of development funding from the banking sector and follow-on investments have therefore outnumbered new opportunities.

Much of the year's activity for our investment managers has focussed on exits. The two exits we achieved during the year illustrate opposite ends of the spectrum of venture capital investment. The partial sale of Newquay Helicopters follows a considerable period of close involvement with the business by ourselves and our co-investors. In the end this diligent approach paid off, producing a respectable result. In contrast our investment in KnowledgePool was briefer – but more profitable and resulted in an excellent return.

Not every investment can be a KnowledgePool and this year has been a good example of how persistent and skilful portfolio management can produce the right outcome from a less-promising scenario. As ever, the Board is grateful to the key executives of our investment management company, Managing Director Chris Kay and Investment Director Robert Wilson, for their skill and efforts during the year.

Although we did not secure any new investments during the year, there were deals in the pipeline and after the year end we made a significant investment in the company behind the return of children's TV favourite, The Clangers, to the BBC schedules.

Chris Kay provides further commentary in this and other portfolio companies in his Investment Manager report.

Cash

We held cash of £6.4 million, at the year-end. Since bank interest rates remain at long-term lows we have reviewed our cash management policy and since the year end, £2.3 million is being held in three corporate bonds, each of which has been selected for decent yield and high quality.

Dividends total £1.5m for 2013

Our total dividend pay-out for the year, if shareholders approve our proposal at the AGM, will be £1.5 million.

Share Realisation and Reinvestment Programme

Shareholders will recall that in January 2013, the Company launched a Share Realisation and Reinvestment Programme ("SRRP") offering Shareholders the option to sell their shares back to the Company via a tender offer and reinvest the proceeds in new shares. This gave Shareholders the opportunity to gain income tax relief on their new investment, while remaining invested in our Fund.

With many of the Company's Shareholders having originally invested many years ago, the opportunity for further income tax relief was well received, with approximately 26% of shares participating. 8,266,579 shares were purchased for cancellation at a price of 84.5p per share and 8,018,308 new shares were allotted in respect of the tender proceeds at a price of approximately 87.1p per share.

Fundraising activities

The Company launched a top-up offer in conjunction with the SRRP. I am pleased to report that £326,000 was raised under the offer, with 374,275 shares being issued at 87.1p per share.

Management of the Fund
Shareholders will be aware that our Fund Management operating costs are low compared with the VCT industry in general, at 1.6% of net assets due essentially to the self-managed structure we created in 2005. The Board keeps this policy under review, but we remain convinced that it not only represents exceptional value, but also gives shareholders access to a steady supply of good quality small company investments which have been the hallmark of our Fund.

Our wholly-owned Fund Management subsidiary does not seek profits for itself and has no interests other than managing your investments efficiently and cost-effectively. It may not be the norm in the VCT sector, but it works for us – and delivers the result we want. During the year, one of my fellow directors, Martin Knight, joined the Board of the subsidiary in a non-executive capacity only.

Fixed income securities
At the year end the Fund also held a portfolio of fixed income securities, which were valued at £432,000 comprised mainly of one gilt-edged security.

Net asset value, results and dividend

NAV up by 4.0p

Shareholders will be pleased that the Fund's net asset value ("NAV") per share at 31 October 2013 was 83.5p, an increase of 4.0p or 4.7% over the year (after adjusting for dividends paid during the year).

The return on activities after taxation for the year was £1.1 million (2012: £1.0 million), comprising a revenue return of £519,000 and a capital return of £588,000.

The Company paid an interim dividend of 1.75p per share on 31 July 2013. Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 3.25p per share on 30 April 2014 to Shareholders on the register at 28 March 2014.

Share buybacks
The Fund maintains a policy of making ad hoc share purchases; however, during the year, all share buybacks occurred via the SRRP facility previously discussed.

If shares are offered to the Fund via its broker, Nplus1 Singer Capital Markets, a decision on whether to buy, and at what price, is taken on a case-by-case basis.

In the past share purchases by third parties in the market were negligible but, as the attractions of our dividend policy and the strength of the portfolio has become more widely known, more and more shares are being taken up by secondary investors. During the year to 31 October 2013, 2.2 million shares changed hands through the secondary market. We welcome these new shareholders.

Due to the "close period" rules, which apply to Chrysalis as a listed investment trust, there are limited occasions on which the Fund can enter the market and buy shares. The Directors feel that, in general, our resources are better applied to the dividend payments, from which all Shareholders benefit directly, than to share buy-backs. We will continue to consider ad hoc purchases when shares are offered, but we are pleased that the market is also providing liquidity for those who wish to sell.

Directors
During the year the Fund has again had the benefit of wise and committed Directors and I have greatly appreciated the support and counsel of my colleagues Julie Baddeley and Martin Knight.

Annual General Meeting
The forthcoming AGM will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:00am on 9 April 2014. Notice of the meeting is at the end of this document.

CHAIRMAN’S STATEMENT (continued)

Conclusion

Much has been said recently about economic recovery in the UK and I felt it was a good time to take stock of our activities since 2008.

At that time I promised that our focus would be on providing support to investee companies, where required, and making sensible new investments where possible but particularly to conserve sufficient resources to take advantage of opportunities that would arise when economic conditions started to improve.

I hope shareholders would agree that these accounts show that Chrysalis VCT plc has delivered on that promise. I am proud that your Fund, through the skill and efforts of the Board and of our investment team, enters 2014 in precisely the condition we had planned.

Despite the troubled economic times, we have also achieved a 67% growth in annual dividends.

Thank you to all shareholders for your continued support.

Peter Harkness
Chairman

14 February 2014

INVESTMENT MANAGEMENT REPORT

It is pleasing to be able to report that for the fourth consecutive year, total overall return for Shareholders was in excess of £1 million.

As with any reasonably sized portfolio of unquoted investments overall return will largely be influenced by valuation movements which is not an exact science and can require some subjective judgements.

However during this year there have been a significant number of disposals generating over £4.5 million of cash (nearly 25% of the unquoted portfolio) which has confirmed the accuracy of the valuation policy.

The largest disposal was the sale of KnowledgePool (KP) to Capita in May 2013 which produced proceeds of £1.8 million with potentially another £100,000 to follow. Chrysalis had only invested in KP in February 2011 when £1 million was invested, so a capital return of at least 70% was achieved in just over two years. Interestingly in more normal times KP would almost certainly have been able to get £1 million of bank finance but in 2011 found it impossible. Therefore we were able to negotiate an equity and debt package which has produced a highly satisfactory return.

Although the banks are now stating they are keen to support SMEs, in our experience this is still not the case. Accordingly similar deals to KP are still around although clearly it is important to avoid a "disguised rescue".

The second largest disposal was the sale of Escape Studios Limited. As we reported last year Escape sold one of its operating divisions during 2012 which enabled it to repay our loan in July 2013. The repayment included a redemption premium which effectively reduced the holding cost of our equity position to zero. The company was then sold to Pearson in October 2013. Assuming all the retentions are released Chrysalis will have made a capital gain of £816,000 in just over four years from a £750,000 investment which also provided £45,000 of income annually.

Escape's two stage sale process is currently not untypical even for relatively small companies. Another portfolio company, Autocue, this year sold off a non-core operating division in order to make the remaining part of the company more attractive to potential purchasers.

The message appears to be that purchasers are out there but they only want to acquire "clean" situations. This, of course, means additional work for the management of the investee companies who are usually fully occupied with the day to day running of the business.

This is where our investment policy of providing experienced non-executive directors to the investee companies has proven advantageous by giving investee company boards experienced resources to carry out these strategic policies.

The third major disposal has also been far from simple. Newquay Helicopters (formerly British International Holdings) has effectively been profitably liquidating itself over the past 18 months, selling off its various assets. Chrysalis has already received just over £1 million which is just £20,000 less than its original investment and all being well should receive a further £432,000 over the next 12 months. Once again Chrysalis has also received a healthy yield throughout the seven years of the investment.

These three exits have all demonstrated the effect of structuring the investment correctly. All three companies at various times experienced trading difficulties but the debt/equity mix means that Chrysalis enjoyed the benefit of downside protection and decent ongoing yield even when things were not going to plan but importantly meant that there was also some equity upside.

Of course if the investments had been 100% in equity the upside would have been greater but providing all equity finance to the type of companies that VCT's are eligible to invest in is a very high risk business. Our philosophy remains that our shareholders would much prefer to enjoy a decent steady return with reduced risk as far as that is possible in a VCT.

A final example of this was the investment in Real Time Logistics Ltd. £325,000 was invested in 2006 but unfortunately the company had many years of struggle and had to be rescued several times by its majority shareholders. If the original investment had all been equity it would have been completely diluted and become virtually worthless. As it was with a structured investment we have been able to negotiate over time an exit which finally completed this year producing a small capital profit even though the company is a long away from its original business plan.

In addition to these exits, Life's Kitchen, Precision Dental and Triaster have all redeemed loan-notes over the year.

Chrysalis ended the year with £6.4 million of cash.

One major new investment of £956,000 was made just after the year-end into North Promotions Ltd. This investment will help finance the return of "The Clangers" to the BBC which is scheduled to be in early in 2016.

Other investments during the year include a further £138,000 investment in Rhino to help finance its acquisition of its New Zealand competitor and £250,000 to K10 to help finance its third sushi restaurant in The City of London.

The major challenge for this year, therefore, is to make more new investments although in the short term the cash balance may grow substantially as two more of the portfolio are currently "under offer" (confidentiality agreements mean we cannot say more). We have learnt over the years that good offers for individual small companies do not come very frequently and therefore each one has to be taken very seriously.

Chrysalis VCT Management Limited

14 February 2014

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 October 2013:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments				
Wessex Advanced Switching Products Limited	704	4,115	1,552	17.9%
Precision Dental Laboratories Limited	1,710	2,185	542	9.5%
Locale Enterprises Limited	1,338	1,801	(276)	7.8%
MyTime Media Holdings Limited	750	1,598	116	6.9%
Triaster Ltd	417	1,134	411	4.9%
Internet Fusion Limited	700	880	180	3.8%
VEEMEE Limited	500	824	(195)	3.6%
Autocue Group Limited	500	811	79	3.5%
Ensign Communication Holdings Limited	292	438	(858)	1.9%
London Italian Restaurants Limited	1,000	437	(109)	1.9%
	7,911	14,223	1,442	61.7%
Other venture capital investments				
Newquay Helicopters (2013) Limited (formerly British International Holdings Limited)	295	432	(600)	1.9%
K10 (London) Limited	350	410	60	1.8%
Livvakt Limited	550	329	(82)	1.4%
Rhino Sport & Leisure Limited	304	273	(14)	1.2%
Life's Kitchen Limited	255	255	(3)	1.1%
Cashfac plc	-	107	5	0.5%
Best of the Best plc *	81	64	38	0.3%
The Mission Marketing Group plc *	150	34	(1)	0.1%
Zappar Limited	-	31	(94)	0.1%
Progility plc * (formerly ILX Group plc)	100	10	(6)	-
The Kellan Group plc *	320	3	(6)	-
Art VPS Limited	358	-	-	-
G-Crypt Limited	305	-	-	-
IX Group Limited	250	-	-	-
Kids Safetynet Limited	637	-	-	-
Planet Sport Holdings Limited	263	-	-	-
	4,218	1,948	(703)	8.4%
Fixed income securities				
United Kingdom 2.25% Gilt 07/03/2014	415	423	(8)	1.9%
S&W Investment Funds Cash Fund	9	9	-	-
	424	432	(8)	1.9%
	12,553	16,603	731	72.0%
Cash at bank and in hand		6,445		28.0%
Total investments		23,048		100.0%

All investments are unquoted unless otherwise stated.

* Quoted on AIM

REVIEW OF INVESTMENTS (continued)

Investment movements for the year ended 31 October 2013

Additions

	£'000
Follow-on investments	
K10 (London) Limited	250
Newquay Helicopters (2013) Limited	126
Rhino Sport & Leisure Limited	138
Total investments	**514**

Disposals

	Cost £'000	Value at 01/11/12* £'000	Proceeds £'000	Profit vs cost £'000	Realised gain/ (loss) £'000
Venture capital disposals					
Full and partial disposals					
Escape Studios Limited	750	1,605	1,566	816	(39)
KnowledgePool Group Limited	1,000	1,614	1,799	799	185
Real Time Logistic Solutions Limited	55	-	68	13	68
Newquay Helicopters (2013) Limited	739	1,013	1,013	274	-
Loan note redemptions and conversions					
Precision Dental Laboratories Limited	200	200	200	-	-
Life's Kitchen Limited	45	45	45	-	-
Triaster Ltd	286	286	286	-	-
Liquidation					
Aerialcell Limited	350	25	-	(350)	(25)
	3,425	4,788	4,977	1,552	189
Fixed income securities					
S&W Investment Funds Cash Fund	1	1	1	-	-
United Kingdom 1% Gilt 07/09/2017	1,235	1,240	1,242	7	2
	1,236	1,241	1,243	7	2
Total	4,661	6,029	6,220	1,559	191

* Adjusted for purchases in the year where applicable

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest investments are as follows:

Wessex Advanced Switching Products Limited
www.waspswitches.co.uk

Cost at 31/10/13:		£704,000	Valuation at 31/10/13:	£4,115,000
Cost at 31/10/12:		£704,000	Valuation at 31/10/12:	£2,563,000
Investment comprises:				
Equity shares:		£704,000	Valuation method:	Earnings multiple
Audited accounts:	31/12/12	31/12/11	Dividend income:	£178,000
Turnover:	£9.9m	£8.1m		
Profit before tax:	£1.0m	£0.4m	Proportion of capital held:	29.7%
Net assets:	£3.4m	£3.3m	Diluted equity:	29.7%

Wessex Advanced Switching Products manufactures a range of rotary switches for military communications systems, membrane switches and touch screens for electronic control panels. It also designs and manufactures a range of passenger control units for the aerospace industry.

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

Cost at 31/10/13:		£1,710,000	Valuation at 31/10/13:	£2,185,000
Cost at 31/10/12:		£1,910,000	Valuation at 31/10/12:	£1,843,000
Investment comprises:				
Equity shares:		£1,110,000	Valuation method:	Earnings multiple
5% loan note:		£600,000		
Abbreviated audited accounts:	30/09/12	30/09/11	Dividend income:	£Nill
Turnover:	Not published		Loan note income:	£36,000
Profit before tax:	Not published		Proportion of capital held:	36.9%
Net assets:	£1.1m	£0.9m	Diluted equity:	36.9%

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

Locale Enterprises Limited
www.localerestaurants.com

Cost at 31/10/13:		£1,338,000	Valuation at 31/10/13:	£1,801,000
Cost at 31/10/12:		£1,338,000	Valuation at 31/10/12:	£2,077,000
Investment comprises:				
Equity shares:		£100,000	Valuation method:	Earnings multiple
5.85% loan note:		£750,000		
6.50% loan note:		£488,000		
Abbreviated audited accounts:	26/05/12	28/05/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£75,000
Profit before tax:	Not published		Proportion of capital held:	22.9%
Net assets:	£0.4m	£0.5m	Diluted equity:	22.9%

Locale Enterprises Limited operates four Italian restaurants which are located in affluent areas of South London, one being located at County Hall, central London.

REVIEW OF INVESTMENTS (continued)

MyTime Media Holdings Limited
www.mytimemedia.co.uk

Cost at 31/10/13:		£750,000	Valuation at 31/10/13:	£1,598,000
Cost at 31/10/12:		£750,000	Valuation at 31/10/12:	£1,482,000
Investment comprises:				
Equity shares:		£75,000	Valuation method:	Earnings multiple
10.0% loan note:		£675,000		
Audited accounts:	31/12/12	31/12/11	Dividend income:	£Nil
Turnover:	£8.5m	£6.7m	Loan note income:	£67,000
Loss before tax:	(£0.1m)	(£0.1m)	Proportion of capital held:	30.0%
Net assets:	£0.2m	£0.3m	Diluted equity:	30.0%

The company publishes a range of niche hobby magazines, both in paper and digital formats. It also has an e-commerce business which provides a wide range of hobby products.

Triaster Ltd
www.triaster.co.uk

Cost at 31/10/13:		£417,000	Valuation at 31/10/13:	£1,134,000
Cost at 31/10/12:		£703,000	Valuation at 31/10/12:	£1,009,000
Investment comprises:				
Equity shares:		£71,000	Valuation method:	Earnings multiple
6.0% Loan note:		£346,000		
Abbreviated audited accounts:	31/03/13	31/03/12	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£26,000
Profit before tax:	Not published		Proportion of capital held:	31.3%
Net liabilities:	(£0.1m)	(£0.5m)	Diluted equity:	31.3%

Triaster is a developer of easy to use process-mapping software and has developed an add-on product to Microsoft Visio called Process Navigator.

Internet Fusion Limited
www.internetfusion.co.uk

Cost at 31/10/13:		£700,000	Valuation at 31/10/13:	£880,000
Cost at 31/10/12:		£700,000	Valuation at 31/10/12:	£700,000
Investment comprises:				
Equity shares:		£150,000	Valuation method:	Earnings multiple
6.0% loan note:		£550,000		
Abbreviated audited accounts:	30/11/12	30/11/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£34,000
Profit before tax:	Not published		Proportion of capital held:	22.5%
Net assets:	£0.4m	£0.4m	Diluted equity:	22.5%

Internet Fusion is an e-commerce business supplying a wide range of leisure products through over 10 online stores including blackleaf.com, nightgear.co.uk and extremepie.com.

REVIEW OF INVESTMENTS (continued)

VEEMEE Limited
www.veemee.com

Cost at 31/10/13:		£500,000	Valuation at 31/10/13:	£824,000
Cost at 31/10/12:		£500,000	Valuation at 31/10/12:	£1,019,000
Investment comprises:				
Equity shares:		£50,000	Valuation method:	Earnings multiple
6.0% Loan note:		£450,000		
Audited accounts:	31/03/13	31/03/12	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£27,000
Profit before tax:	Not published		Proportion of capital held:	25.0%
Net assets:	£0.7m	£0.4m	Diluted equity:	23.3%

VEEMEE is a games developer and publisher specialising in original IP and branded content for virtual worlds and handheld devices with a focus on the PlayStation platform.

Autocue Group Limited
www.autocue.com

Cost at 31/10/13:		£500,000	Valuation at 31/10/13:	£811,000
Cost at 31/10/12:		£500,000	Valuation at 31/10/12:	£731,000
Investment comprises:				
Equity shares:		£300,000	Valuation method:	Earnings multiple
10.0% Loan note:		£200,000		
Audited accounts:	31/05/12	31/05/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£20,000
Profit before tax:	Not published		Proportion of capital held:	10.8%
Net assets:	£0.5m	£0.6m	Diluted equity:	10.8%

Autocue has been the leading provider of teleprompters to the broadcast industry since their introduction in the 1950s. High-end broadcasters such as the BBC, NBC, MBC and CNN use Autocue for their broadcasting needs.

Ensign Communications Holdings Limited
www.ensign-net.co.uk

Cost at 31/10/13:		£292,000	Valuation at 31/10/13:	£438,000
Cost at 31/10/12:		£292,000	Valuation at 31/10/12:	£1,296,000
Investment comprises:				
Equity shares:		£292,000	Valuation method:	Earnings multiple
Abbreviated unaudited accounts:	31/12/12	31/12/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£Nil
Profit before tax:	Not published		Proportion of capital held:	41.3%
Net assets:	£0.5m	£0.5m	Diluted equity:	41.3%

Ensign provides Wi-Fi and mobile computing solutions to a wide range of companies. Services provided include enterprise wireless LAN design, installation and support.

London Italian Restaurants Limited
www.ferrarisrestaurants.co.uk

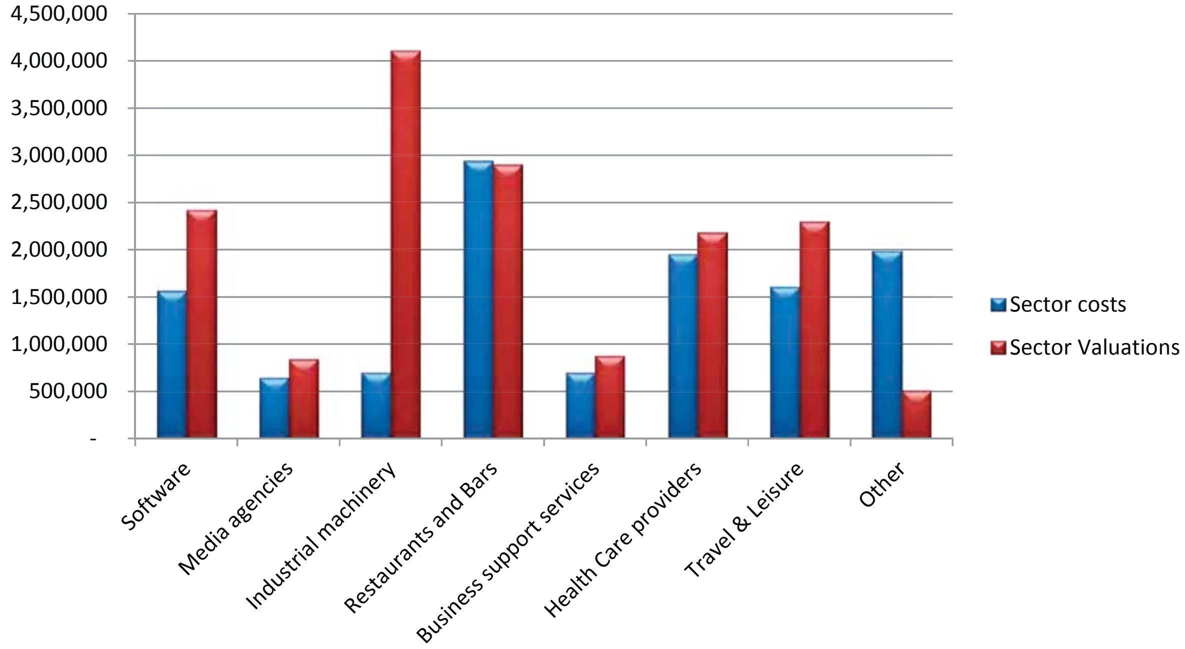
Cost at 31/10/13:		£1,000,000	Valuation at 31/10/13:	£437,000
Cost at 31/10/12:		£1,000,000	Valuation at 31/10/12:	£547,000
Investment comprises:				
Equity shares:		£125,000	Valuation method:	Earnings multiple
6.5% Loan note:		£875,000		
Abbreviated audited accounts:	31/05/12	31/05/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£57,000
Profit before tax:	Not published		Proportion of capital held:	25.0%
Net liabilities:	£0.1m	£0.2m	Diluted equity:	25.0%

A neighbourhood Italian restaurant operating under the Ferrari's brand.

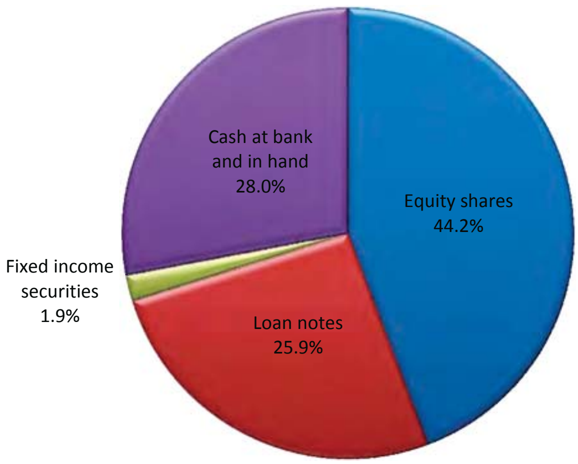
REVIEW OF INVESTMENTS (continued)

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

Analysis of investments by commercial sector
The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 October 2013) 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 2013) as follows:



Portfolio balance
At 31 October 2013, 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	83.3%	70.0%
Non-qualifying investments		Maximum
(including cash at bank)	16.7%	30.0%
Total	100.0%	100.0%

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 October 2013. 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 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, Investors are required to hold their shares for a minimum period of five years in order to retain income tax relief.

Business review and developments

The Company undertook a small top up share offer during the year, raising gross proceeds of £326,000, together with a Share Realisation and Reinvestment Programme in which 26% of Shareholders participated.

Over the year to 31 October 2013, the investments held rose in value by £731,000 (2012: £898,000). Net gains arising on disposals in the portfolio totalled £191,000 (2012: £16,000).

Income over expenditure for the year resulted in a net profit, after accounting for capital expenses, of £185,000 (2012: £98,000).

The total return for the year was £1.1 million (2012: £1.0 million). Net assets at the year-end were £25.0 million (2012: £25.2 million). Dividends paid during year totalled £1.5m (2012: £1.3m)

Following changes to the Companies Act, the Board will be seeking Shareholders approval of the Directors Remuneration Policy, as set out on page 21 within the remuneration policy report, at the forthcoming AGM. This is a new requirement which binds the Company to its stated remuneration policy for the three year period commencing 1 November 2014 with shareholders voting on the policy every three years, or sooner should the Company wish to alter the existing remuneration policy. Shareholders should note that the Remuneration Policy remains unchanged from previous year's accounts.

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.

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 15). 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). 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 interest rate, investment, credit and liquidity risks, are summarised within note 18 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 Managers, which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

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 'A' rated bonds issued by the UK Government, 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;

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; and

Compliance with the main VCT regulations as at 31 October 2013 and for the year then ended is summarised in the Director's Report on page 18.

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; or
- 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 2013, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £3.7 million (2012: £3.8 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 and social and human rights factors into consideration when making investment decisions.

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.

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 Manager's Report.

By order of the Board

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

14 February 2014

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 31 October 2013.

Share capital

As disclosed on page 23, the Board has authority to make market purchases of the Company's own shares.

On 4 April 2013, 11 April 2013, and 10 July 2013 the following transactions took place under the Share Realisation and Reinvestment Programme which was approved by Shareholders at a General Meeting on 14 March 2013:

- 8,266,579 Ordinary Shares were purchased for cancellation at a price of 84.5p per share; and
- 8,018,308 Ordinary Shares were allotted in respect of the shares tendered for cancellation at a price of approximately 87.1p per share.

In addition on 4 April 2013 and 11 April 2013, the Company allotted 374,275 Ordinary Shares at a price of approximately 87.1p per share, under the terms of the top-up offer document dated 31 January 2013. Gross proceeds received thereon were £326,000 with issue costs in respect of the offer amounting to £90,000.

The total number of Ordinary Shares of 1p each in issue at 31 October 2013 was 29,917,025, with each share having one vote. There are no other share classes in issue.

Results and dividends

	£'000	Per share
Return for the year	1,107	3.7p
Dividends paid in the year		
30 April 2013	973	3.25p
31 July 2013	524	1.75p
	1,497	5.00p

Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 3.25p per share on 30 April 2014 to Shareholders on the register at 28 March 2014.

Directors

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

Peter Harkness
Julie Baddeley
Martin Knight

Julie Baddeley is due to retire as a result of holding a place on the Board for over nine years and, being eligible, offers herself for re-election. Martin Knight is due to retire by rotation in accordance with the Articles of Association and, being eligible, offers himself 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 strongly recommend that Shareholders support the resolutions to re-elect both Julie Baddeley and Martin Knight 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 has 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 36, amounted to £98,000 (2012: £1,000).

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.

Fixed interest investment management

Smith & Williamson Investment Management Limited provided investment management services to the Company in respect of fixed income securities for a fee of 0.15% per annum (plus VAT) of the amount invested in fixed income securities.

VCT compliance

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, reporting directly to the Board. PwC work closely with Chrysalis VCT Management Services Ltd and 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 15.

Compliance with the main VCT regulations as at 31 October 2013 and for the year then ended is summarised as follows:

1. 70% of its investments in qualifying companies;	83.3%
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares";	52.6%
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;	94.6%
6. For the year ended 31 October 2013, 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).	Compliant

Substantial interests

As at 31 October 2013, and the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued Ordinary Share capital.

Auditor

During the year PKF (UK) LLP, the Company's former auditor, merged its business into BDO LLP. A resolution to appoint BDO LLP as the Company's Auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The forthcoming AGM will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:00am on 9 April 2014. The Notice of the AGM is at the end of this document.

Directors' responsibilities statement

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 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 Manager's 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). Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code, June 2010 (www.frc.org.uk), is shown on pages 23 to 26.

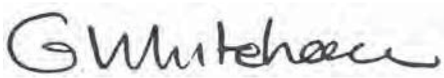
Other matters

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 14 to 16.

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



Grant Whitehouse
Secretary of Chrysalis VCT plc
Company number: 4095791
Registered Office:
10 Lower Grosvenor Place
London SW1W 0EN

14 February 2014

DIRECTORS' REMUNERATION REPORT

Annual statement from the Chairman of 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 policy report

Below is the Company's remuneration policy. Shareholders will be asked to vote on this policy, for the first time, at the AGM on 9 April 2014. In accordance with new regulations, Shareholders must vote on the remuneration policy, for the financial year commencing after the AGM, every three years or sooner if the Company wants to make changes to the policy. Therefore subject to Shareholder approval this policy will apply from 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 has 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

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

	2013	2012
	£	£
Peter Harkness	45,000	41,875
Julie Baddeley	22,500	20,937
Martin Knight	22,500	20,937
	90,000	83,749

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 was appointed as a director of the subsidiary, Chrysalis VCT Management Limited on 15 August 2013. He receives no remuneration for this appointment.

Annual report on remuneration (continued)

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 increases in remuneration over the next three years would be subject to approval by Shareholders at the Annual General Meeting.

Directors share interests

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:

	2013	**2012**
Peter Harkness	161,418	144,462
Julie Baddeley	108,171	91,517
Martin Knight	175,232	110,652

Relative importance of spend on pay

Below is a table disclosing the total distributions to Shareholders by way of dividends and share buybacks:

	2013	**2012**
Dividends paid: £'000	1,497	1,276
Dividends paid: pence per share	*5.00*	*4.25*
Share buybacks: £'000	-	208

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 significantly.

Date of last change to remuneration policy

A resolution to approve the Directors' Remuneration Report was put to Shareholders at the AGM on 14 March 2013. Votes cast are summarised as follows:

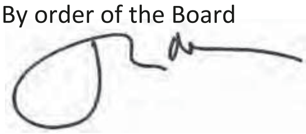
	%
For	80.5
Discretionary	1.4
Against	18.1
Withheld	-

Performance Graph

The following graph 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.

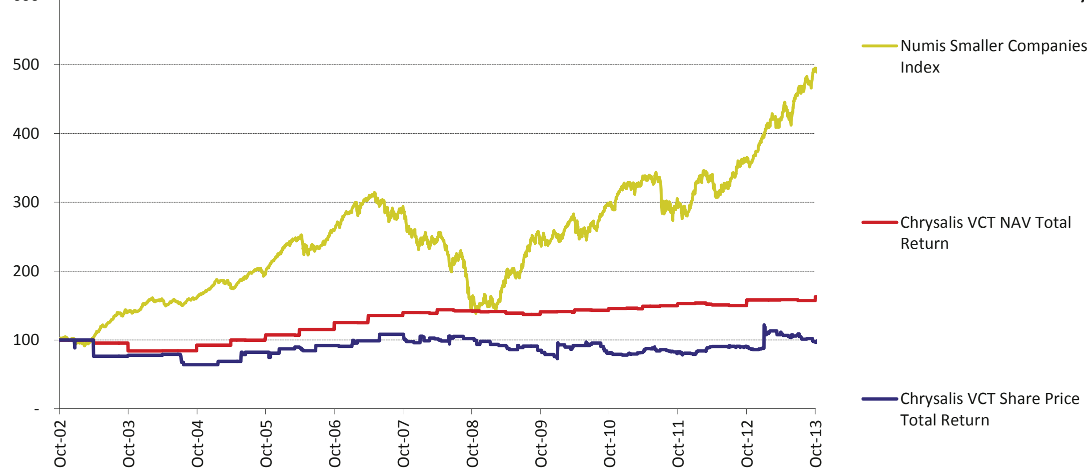
This Index is considered to be the most appropriate broad equity market against which investors can measure the relative performance of the Company.

By order of the Board



Julie Baddeley
Chair of Remuneration Committee
10 Lower Grosvenor Place
London SW1W 0EN

14 February 2014



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, two of whom (Peter Harkness and Martin Knight) are deemed 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 by rotation thereafter. Julie Baddeley retired, was re-elected at the AGM in 2012 and is retiring at the forthcoming AGM as a result of being a Director of the Company for more than nine years, and is offering herself for re-election. Martin Knight is due to retire by rotation at the forthcoming AGM, and being eligible, is offering himself 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 the Chrysalis VCT Management 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 14 March 2013. 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 17.

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 (6 held)	Committee meetings Audit (2 held)	Nom. (1 held)	Rem. (1 held)
Peter Harkness	6	2	1	1
Julie Baddeley	6	2	1	1
Martin Knight	6	2	1	1

Note:
Nom. refers to Nomination Committee; and
Rem. refers to Remuneration Committee.

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.

Audit Committee (continued)

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.

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 Manager. 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 confirms that the two main areas of risk for the year under review are the carrying value of investments and revenue recognition.

The Committee, after taking into consideration comments from the Investment Manager, Chrysalis VCT Management Limited, and the Administration Manager, Downing LLP, regarding the effectiveness of the audit process; immediately before the conclusion of the annual audit, will recommend to the Board either the re-appointment or removal of the auditors.

PKF (UK) LLP has been appointed as Auditor to the Company since 2001. In April 2013, the incumbent Auditor PKF (UK) LLP merged its business with BDO LLP. Following assurances received from the Managers at the completion of the audit for the year to 31 October 2013, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services

The Company's Auditor also prepares the corporation tax computations 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.

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 Company (including the Chairman and its Committees), as required by the UK Corporate Governance Code, whereby the members of the Board, together with the senior executives of Chrysalis VCT Management Ltd, completed a questionnaire compiled for the express purpose of the evaluation. The relevant points arising from the evaluation were reported to the Board, and the minor improvement points raised have been agreed to be implemented.

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 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 Directors' statement of responsibilities for preparing the accounts is set out in the Directors' Report on page 19, and a statement by the Auditor about their reporting responsibilities is set out in the Auditor's Report on page 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 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 Ltd
Administration Management	Downing LLP
Fixed Income Securities Management	Smith & Williamson Investment Management Limited

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 5, the Investment Management Report on pages 6 to 7 and the Strategic Report on page 14. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 32; the Cash Flow Statement on page 33 and the Strategic Report on page 15. In addition, note 18 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, 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.

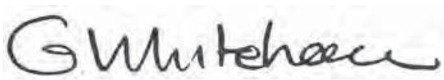
Compliance statement

The Listing Rules require the Board to report on compliance with the fifty-two 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 2013 with the provisions set out in the UK Corporate Governance Code issued in June 2010.

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



Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

14 February 2014

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

We have audited the financial statements of Chrysalis VCT plc (the "Company") for the year ended 31 October 2013 which comprise the income statement, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2013 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.

Our assessment of risks of material misstatement and our approach to these risks

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

- The carrying value of unquoted investments, which is a key accounting estimate which requires the exercise of considerable judgement and where there is inherent risk of Management override arising from the Investment Manager, who is remunerated based on the net asset value of the Company.

  We challenged the assumptions inherent in valuation of unquoted investments, including, where appropriate, revenue and earnings estimates, PE ratios, discount factors, cash flow projections and sensitivity analyses, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. We also considered wider economic and commercial factors that, in our judgement, could impact on the valuation of unquoted investments and we considered whether there was any permanent diminution in value in investments held that should be reported as realised losses. We noted that the assessment of the unquoted valuations and whether losses in value are permanent (and therefore realised) is highly subjective. However, our audit procedures included, amongst others, reviewing the recent published trading statements for the unquoted investments and, for a sample of investments, considering the period over which significant falls in value below cost arose, as well as the apparent reasons and whether they were likely to be permanent.

  We also considered the controls over the pricing of quoted investments and tested the pricing of quoted investments to independent sources.

- Revenue recognition, which consists of dividends receivable from investee companies and interest earned on loans to investee companies and other financial assets. Revenue recognition is considered to be a significant risk as it is the key driver of dividend returns to investors. In particular, as the Company invests in unquoted companies, dividends receivable can be difficult to predict.

  We considered the controls relating to revenue recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments. We also tested dividends receivable by reference to expectations set from independent published data on dividends declared by the investee companies held in the reporting period. We sample tested the categorisation of dividends received from investee companies between revenue and capital.

The Audit Committee's consideration of these judgements is set out on page 24.

Purpose of this report

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

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

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

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

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

We determined planning materiality for the financial statements as a whole to be £330,000. In determining this, we based our assessment on a level of 2% of gross investment assets which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of planning materiality, namely £247,500. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £330,000 for the financial statements as a whole.

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net revenue returns of the Company. We determined materiality for this area to be £13,000.

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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement, set out on pages 23 to 26, 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.

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

We have nothing to report in respect of these matters.

BDO LLP

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

14 February 2014

INCOME STATEMENT
for the year ended 31 October 2013

	Note	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Income	**2**	966	-	966	765	-	765
Gains on investments	**9**	-	922	922	-	914	914
		966	922	1,888	765	914	1,679
Investment management fees	**3**	(103)	(308)	(411)	(104)	(310)	(414)
Performance incentive fees	**3**	-	(98)	(98)	-	(1)	(1)
Other expenses	**4**	(252)	(20)	(272)	(219)	(33)	(252)
Return on ordinary activities before tax		611	496	1,107	442	570	1,012
Tax on ordinary activities	**6**	(92)	92	-	(59)	59	-
Return attributable to equity shareholders	**8**	519	588	1,107	383	629	1,012
Basic and diluted return per share	**8**	1.7p	2.0p	3.7p	1.3p	2.1p	3.4p

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 2013

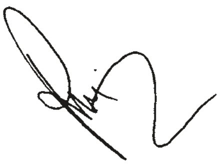
	Note	2013 £'000	2012 £'000
Opening Shareholders' funds		25,168	25,640
Issue of shares	**13**	326	-
Issue of shares under Share Realisation and Reinvestment Programme	**13**	6,985	-
Share issue costs	**13**	(90)	-
Purchase of own shares	**13**	-	(208)
Purchase of own shares under Share Realisation and Reinvestment Programme	**13**	(7,020)	-
Total recognised gains for the year		1,107	1,012
Dividends paid	**7**	(1,497)	(1,276)
Closing Shareholders' funds		24,979	25,168

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

BALANCE SHEET
at 31 October 2013

			2013		2012
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Investments	**9**		16,603		21,387
Current assets					
Debtors	**10**	2,031		190	
Current investments	**11**	-		2,000	
Cash at bank and in hand		6,445		1,690	
		8,476		3,880	
Creditors: amounts falling due within one year	**12**	(100)		(99)	
Net current assets			8,376		3,781
Net assets			24,979		25,168
Capital and reserves					
Called up share capital	**13**		299		298
Capital redemption reserve	**14**		89		89
Share premium	**14**		1,478		1,064
Merger reserve	**14**		1,981		2,104
Special reserve	**14**		2,320		3,653
Capital reserve – realised	**14**		11,051		10,138
Capital reserve – unrealised	**14**		7,122		7,104
Revenue reserve	**14**		639		718
Total equity shareholders' funds	**15**		24,979		25,168
Net asset value per share	**15**		83.5p		84.5p

The financial statements on pages 30 to 49 were approved and authorised for issue by the Board of Directors on 14 February 2014 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 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	**16**	260	55
Taxation		-	-
Capital expenditure			
Payments to acquire investments		(1,970)	(2,535)
Receipts from sale of investments		5,809	3,938
Net cash inflow from capital expenditure		3,839	1,403
Equity dividends paid		(1,497)	(1,276)
Net cash inflow before management of liquid resources and financing		2,602	182
Management of liquid resources			
Redemption of current investment		2,000	-
Net cash inflow from liquid resources		2,000	-
Financing			
Proceeds from shares issued		326	-
Proceeds from shares issued under Share Realisation and Reinvestment Programme		6,985	-
Share issue costs		(90)	-
Purchase of own shares		(48)	(172)
Purchase of own shares under Share Realisation and Reinvestment Programme		(7,020)	-
Net cash inflow/(outflow) from financing		153	(172)
Increase in cash	**17**	4,755	10

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

NOTES TO THE ACCOUNTS
for the year ended 31 October 2013

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 the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Current asset investments
Current asset investments comprise amounts held on a fixed term deposit at a banking institution and are valued at par.

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.

Share issue costs
Issue costs in relation to shares issued are deducted from the share premium account.

2. Income

	2013 £'000	2012 £'000
Income from investments		
Loan stock interest	719	478
Dividend income	181	148
Fixed income security interest	14	65
	914	691
Other income		
Deposit interest	52	74
	966	765

3. Investment management fees

	2013 £'000	2012 £'000
Basic fees	411	414
Performance incentive fees	98	1
	509	415

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

	2013 £'000	2012 £'000
Directors' fees	90	84
Administration services	41	66
Auditor's remuneration for statutory audit	22	21
Auditor's remuneration for non-audit services (corporation tax services)	2	3
Legal and professional fees	27	33
Provision against doubtful income	-	4
Other running costs	90	41
	272	252

5. Directors' fees

Details of remuneration (excluding VAT and employers' NIC) are given in the Directors' Remuneration Report on page 21.

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 21.

6. Taxation on ordinary activities

	2013 £'000	2012 £'000
(a) Tax charge for year		
Current year:		
UK Corporation tax (charged to the Revenue Account)	92	59
Tax credited to Capital Account	(92)	(59)
Charge for year	-	-
(b) Factors affecting tax charge for year		
Return on ordinary activities before tax	1,107	1,012
Tax at effective rate of 23.4% (2012: 20.0%)	259	202
Effects of:		
Gains on investments	(216)	(183)
Expenses disallowed for tax purposes	6	(2)
UK dividend income	(42)	(30)
Excess management fees (utilised)/carried forward	(7)	13
	-	-

(c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £145,000 (2012: £176,000). The associated deferred tax asset at a rate of 23%, of £33,000, 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

				2013			2012
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2013 Interim:	1.75p	374	150	524	-	-	-
2012 Final:	3.25p	224	749	973	-	-	-
2012 Interim:	1.75p	-	-	-	224	299	523
2011 Final:	2.50p	-	-	-	301	452	753
		598	899	1,497	525	751	1,276
Dividends proposed							
2013 Final:	3.25p	224	748	972	-	-	-
2012 Final:	3.25p	-	-	-	224	744	968
		224	748	972	224	744	968

8. Basic and diluted return per share

	2013	2012
Return per share based on:		
Net revenue return for the financial year (£'000)	519	383
Capital return per share based on:		
Net capital gain for the financial year (£'000)	588	629
Weighted average number of shares in issue	29,864,316	30,023,505

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 2012				
Opening cost	14,389	651	1,660	16,700
Unrealised gains/(losses)	7,158	(75)	21	7,104
Realised losses arising on impairment	(1,927)	(490)	-	(2,417)
Opening fair value at 1 November 2012	19,620	86	1,681	21,387
Movement in year				
Purchased at cost	514	-	-	514
Disposal proceeds	(4,977)	-	(1,243)	(6,220)
Realised gains on sales in the income statement	189	-	2	191
Unrealised gains/(losses) in the income statement	714	25	(8)	731
Closing fair value at 31 October 2013	16,060	111	432	16,603
Retained investments at 31 October 2013				
Closing cost	11,478	651	424	12,553
Unrealised gains/(losses)	7,190	(76)	8	7,122
Realised losses arising on impairment	(2,608)	(464)	-	(3,072)
Closing fair value	16,060	111	432	16,603

Costs of acquisition of investments acquired during the year amounted to £3,000 (2012: £3,000) and costs of investments disposed of during the year were £2,000 (2012: £2,000). A schedule disclosing the additions and disposals during the year is disclosed on page 9.

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	2013 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2012 £'000
Fixed interest securities	432	-	-	432	1,681	-	-	1,681
AIM-quoted shares	111	-	-	111	86	-	-	86
Loan notes	-	-	5,972	5,972	-	-	8,619	8,619
Unquoted shares	-	-	10,088	10,088	-	-	11,001	11,001
	543	-	16,060	16,603	1,767	-	19,620	21,387

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 2012	11,001	8,619	19,620
Movements in the income statement:			
Unrealised gains in the income statement	486	228	714
Realised gains/(losses) in the income statement	214	(25)	189
	700	203	903
Livvakt Limited conversion	219	(219)	-
Purchased at cost	15	499	514
Disposal proceeds	(1,847)	(3,130)	(4,977)
Balance at 31 October 2013	10,088	5,972	16,060

FRS 29 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 2013 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 18.

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 2013 are as follows:

	Country of registration	Nature of Business	Turnover £'000	Retained profit £'000	Net assets £'000
Chrysalis VCT Management Ltd	England and Wales	Investment Manager	489	-	-

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

	2013 £'000	2012 £'000
Trades awaiting settlement	412	-
Other debtors	1,456	2
Prepayments and accrued income	163	188
	2,031	190

Included within Trades awaiting settlement is £119,000 which is due after more than one year.

11. Current investments

	2013 £'000	2012 £'000
Fixed rate deposit account	-	2,000

12. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Other taxes and social security	2	2
Other creditors	5	53
Accruals and deferred income	93	44
	100	99

13. Share capital

	2013 £'000	2012 £'000
Issued, allotted, called up and fully paid:		
29,917,025 (2012: 29,791,021) Ordinary Shares of 1p each	299	298

On 4 April 2013, 11 April 2013, and 10 July 2013 the following transactions took place under the Share Realisation and Reinvestment Programme which was approved by Shareholders at a General Meeting on 14 March 2013:

- 8,266,579 Ordinary Shares were purchased for cancellation at a price of 84.5p per share; and
- 8,018,308 Ordinary Shares were allotted in respect of the shares tendered for cancellation at a price of approximately 87.1p per share.

In addition on 4 April 2013 and 11 April 2013, the Company allotted 374,275 Ordinary Shares at a price of approximately 87.1p per share, under the terms of the top-up offer document dated 31 January 2013. Gross proceeds received thereon were £326,000 with issue costs in respect of the offer amounting to £90,000.

Management of capital
The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on page 15, in pursuit of its principal investment objectives as stated on page 14. The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 23.

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 returns for Shareholders and 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.

14. 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 2012	89	1,064	2,104	3,653	10,138	7,104	718
Issue of new shares	-	322	-	-	-	-	-
Issue of new shares under SRRP	-	6,905	-	-	-	-	-
Share issue costs	-	(90)	-	-	-	-	-
Purchase of own shares under SRRP	-	(6,723)	-	(214)	-	-	-
Expenses capitalised	-	-	-	-	(426)	-	-
Tax on capital expenses	-	-	-	-	92	-	-
Gains on investments	-	-	-	-	191	731	-
Realisation of revaluation from previous years	-	-	-	-	713	(713)	-
Realisation of fair value assets previously acquired	-	-	(123)	-	123	-	-
Transfer between reserves	-	-	-	(1,119)	1,119	-	-
Dividends paid	-	-	-	-	(899)	-	(598)
Retained net revenue	-	-	-	-	-	-	519
At 31 October 2013	89	1,478	1,981	2,320	11,051	7,122	639

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:

	2013 £'000	2012 £'000
Special reserve	2,320	3,653
Capital reserve - realised	11,051	10,138
Revenue reserve	639	718
Merger reserve – distributable element	275	275
Unrealised losses (excluding unrealised unquoted gains)	(88)	(996)
	14,197	13,788

15. Basic and diluted net asset value per Ordinary Share

	Shares in issue 2013	Shares in issue 2012	2013 Net asset value Pence per share	2013 Net asset value £'000	2012 Net asset value Pence per share	2012 Net asset value £'000
Ordinary Shares	29,917,025	29,791,021	83.5p	24,979	84.5p	25,168

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.

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

	2013 £'000	2012 £'000
Return on ordinary activities before taxation	1,107	1,012
Gains on investments	(922)	(914)
Decrease in debtors	27	31
Increase/(decrease) in creditors	48	(74)
Net cash inflow from operating activities	260	55

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

	Net funds at 1 November 2012 £'000	Cash flows £'000	Net funds at 31 October 2013 £'000
Cash at bank and in hand	1,690	4,755	6,445
Liquidity fund	2,000	(2,000)	-
	3,690	2,755	6,445

18. 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.

18. 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 Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. 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.

18. 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 share price in each of the quoted investments held by the Company would have an effect as follows:

Sensitivity			2013 50% mvmt			2012 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	111	56	0.2	86	43	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%, which the Board has reduced from 25%, as disclosed in 2012, due to the stabilisation of economic conditions. Loan notes held in the Company would not be immediately impacted and would therefore retain their value. The impact on the unquoted shares held by the Company of a 10% movement in share price (2012: 25%) would therefore be as follows:

Sensitivity			2013 10% mvmt			2012 25% 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	10,088	1,009	3.4	11,001	2,750	9.2

Fixed interest investments

The Company also has exposure to variations in the price of its non-qualifying investments. As the investments are government gilts, such securities are typically subject to lower price fluctuations. A 2.5% movement in the valuation of these assets held by the Company would have the following impact:

Sensitivity			2013 2.5% mvmt			2012 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	432	11	-	1,681	42	0.1

In each case, the impact of such changes on the return for the year would be the same as that on net assets and NAV per share.

18. 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	2013 £'000	2012 £'000
Fixed rate	7.6%	1,139 days	6,395	12,290
Floating rate	0.8%		6,454	1,699
No interest rate			12,130	11,179
			24,979	25,168

The Company monitors the level of income received from fixed, floating and non 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.

18. Financial instruments (continued)

Credit risk (continued)

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

	2013 £'000	2012 £'000
Fair value through profit or loss assets		
Investments in fixed income securities	432	1,681
Investments in loan stocks	5,972	8,619
Loans and receivables		
Cash and cash equivalents	6,445	1,690
Current investments	-	2,000
Interest and other receivables	133	120
	12,982	14,110

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 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-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 (2013: £100,000, 2012: £99,000) 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.

18. Financial instruments (continued)

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 October 2013 as analysed by expected maturity date is as follows:

As at 31 October 2013	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	200	550	1,394	1,824	-	3,968
Past due loan stock	787	187	517	188	325	2,004
	987	737	1,911	2,012	325	5,972

Loan stock categorised as past due refers to three loan note investments, with varying redemption dates. Two loan notes valued at £767,000 have not yet passed their maturity dates however the investee companies are not fully servicing the interest obligations under the loan notes, with total interest arrears thereon falling within a banding of one to two years. The third loan notes valued, in total, at £1,237,000 are not fully servicing the interest obligations under the loan notes, with total interest arrears thereon falling within a banding of one to three months, and have also not repaid the loan in accordance with the redemption dates, having passed the maturity date within a banding of one to two years. Notwithstanding the interest arrears and the passing of the maturity date, the Directors do not consider that the loan notes themselves have been impaired. The Company holds a further three loan note investments, all of which have past their respective maturity dates and are fully impaired as no recovery is expected, and are therefore not reflected in the above table.

As at 31 October 2012	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	994	1,300	738	3,279	-	6,311
Past due loan stock	25	547	-	728	1,008	2,308
	1,019	1,847	738	4,007	1,008	8,619

Financial liabilities
The Company has no financial liabilities or guarantees other than the creditors disclosed within the Balance Sheet (2012: none).

Currency exposure
As at 31 October 2013, the Company had no foreign currency exposures (2012: none).

Borrowing facilities
The Company had no committed borrowing facilities as at 31 October 2013 (2012: none).

19. Contingencies, guarantees and financial commitments

The Company had no contingencies, or guarantees at the year end. (2012: none). The Company had commitments totalling £1,456,000 in respect of two new investments (2012: £Nil).

20. 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, £411,000 (2012: £414,000) was paid to Chrysalis VCT Management Limited in respect of these fees. No amounts were outstanding at the year end.

A performance incentive fee is payable quarterly to Chrysalis VCT Management Limited (with effect from 1 May 2006) 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 £98,000 (2012: £1,000) were due to Chrysalis VCT Management Limited. At the year end, £46,000 was outstanding (2012: £Nil).

Peter Harkness holds a position of significant influence within MyTime Media Holdings Limited (formerly MyHobbyStore Holding 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, valuation and income received during the year are shown on page 11.

21. 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's 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 8:30am 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 0203 205 7528 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 10 Lower Grosvenor Place, London SW1W 0EN at 11:00am on 9 April 2014 for the transaction of the following business:

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

1. To receive and adopt the Directors' Report and Accounts of the Company for the year ended 31 October 2013, together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report in respect of the year ended 31 October 2013 other than the part of such report containing the Directors' remuneration policy.
3. To approve the Directors' remuneration policy contained in the Directors' remuneration report for the year ended 31 October 2013.
4. To approve the payment of a final dividend of 3.25p per Ordinary Share.
5. To appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
6. To re-elect as Director, Julie Baddeley, who retires and, being eligible, offers herself for re-election.
7. To re-elect as Director, Martin Knight, who retires by rotation and, being eligible, offers himself for re-election.

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

8. 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 shall not exceed 14.9% of the present issued 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

Grant Whitehouse
Secretary
14 February 2014

Registered Office:
10 Lower Grosvenor Place
London SW1W 0EN

NOTICE OF THE ANNUAL GENERAL MEETING OF CHRYSALIS VCT PLC (continued)

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, 10 Lower Grosvenor Place, London SW1W 0EN 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, 10 Lower Grosvenor Place, London SW1W 0EN. 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 11:00am on 7 April 2014 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:00am on 7 April 2014 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9.00am on 14 February 2014, 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 10 Lower Grosvenor Place, London SW1W 0EN at 11:00am on 9 April 2014.

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 10 Lower Grosvenor Place, London SW1W 0EN on 9 April 2014 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 Directors' Remuneration Policy.			
4. To approve the payment of a final dividend of 3.25p per share.			
5. To appoint BDO LLP as the Auditor and authorise the Directors to determine their remuneration.			
6. To re-elect Julie Baddeley as a Director.			
7. To re-elect Martin Knight as a Director.			
SPECIAL BUSINESS			
8. To authorise the Company to make market purchases of its shares.			

Dated this …………………………..day of ……………………………………………………………………………………………….2014

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 21 to 22. 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 3; "To approve the Directors Remuneration Policy" seeks Shareholders approval of the Directors Remuneration Policy as set out on page 21 within the remuneration policy report. This is a new requirement which binds the Company to its stated remuneration policy for the three year period commencing 1 November 2013. Shareholders must vote on the policy every three years, or sooner should the Company wish to alter the existing remuneration policy.

Resolution 8; "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, 10 Lower Grosvenor Place, London SW1W 0EN 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.