BARONSMEAD

Baronsmead VCT 3 plc

2015

Audited Annual Report and Accounts
for the year ended 31 December 2015

About Baronsmead VCT 3

Our Investment Objective

Baronsmead VCT 3 is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

Investment Policy

- To invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.
- Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Dividend Policy

The board of Baronsmead VCT 3 has the objective to maintain a minimum annual dividend level of around 4.5p per ordinary share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed.

Business model – key elements

Access to an attractive, diverse portfolio

Baronsmead VCT 3 plc gives shareholders access to a diverse portfolio of growth businesses, both unquoted and AIM-traded companies.

Each business has already demonstrated profitable success from its business model before investment to provide a degree of stability and a foundation from which to build. Each business is led by an entrepreneurial management team that are aspiring to achieve above average growth from attractive and differentiated market positions.

The Manager's approach to investing

The Manager, Livingbridge, aspires to select the best opportunities and has a distinctive selection criteria based on:

- Businesses that demonstrate elements of market leadership in their niche.
- Management teams that can develop and deliver profitable and sustained growth.
- The Company being able to be an attractive asset appealing to a range of buyers at the appropriate time to exit.

In order to ensure there is a strong pipeline of opportunities, Livingbridge invests in sector knowledge and networks. It then undertakes significant pro-active marketing to interesting unquoted targets in preferred sectors. This is building a database of businesses that are keen to maintain a relationship with Livingbridge ahead of possible investment opportunities.

Livingbridge as an influential shareholder

For unquoted investments, Livingbridge is an involved shareholder (on behalf of the Baronsmead family of VCTs) and representatives of the Manager join the investee board. The role of Livingbridge is to ensure that strategy is clear, the business plan is well thought through and the management resources are in place to deliver profitable growth. The intention is to build on the initial platform and grow the business so that it can become an attractive target able to be either sold or floated in the medium term.

The investment strategy for AIM-traded companies has increasingly focused on taking more influential stakes through the collective shareholdings of the Baronsmead family of VCTs.

The Board believes that the Investment Manager, Livingbridge, is performing well and we have confirmed their continuing appointment.
A more detailed explanation of how the business model is applied is provided in the Other Matters section of the Strategic Report on pages 20 to 23. The full investment policy can be found on pages 59 and 60.

Contents

Strategic Report

Directors' Report

Financial Statements

Appendices

Information

Some examples of our Investments


Kingsbridge, South Devon

Kingsbridge Risk Solutions Ltd

Kingsbridge, based in Tewkesbury is a specialist insurance broker operating through two distinct divisions. The KCI division has developed a core "all risks" product tailored to meet the insurance needs of contractors and freelance professionals. Through its strong reputation and comprehensive package, the business has built a referral network and partner channel providing access to contractors across a broad mix of occupations and end corporate industries.

Pho Holdings Ltd

Pho is a fast casual restaurant chain serving authentic Vietnamese food. Pho – a noodle soup – is the national dish of Vietnam. Pho also offer an array of Vietnamese dishes, coffees, beers and fresh juices.

Pho was founded in 2005 and now operates from 18 sites including London High Streets, regional sites and food courts in shopping malls.

TLA Worldwide plc

TLA Worldwide plc acts as a sports management and marketing agency concentrating on the US baseball market. The company has two areas of focus. Baseball representation assists the on field activities of baseball players, including all aspects of a player's contract negotiation. The second area is sports marketing, assisting the off-field commercial activities of athletes.

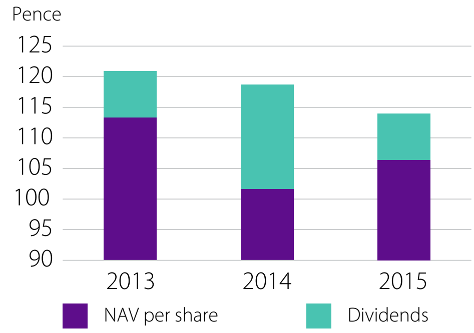
IDOX plc

IDOX group is a leading software and information management solutions provider, providing local authorities with software and managed services. These deliver seamless integration and automation from consumer websites through to document storage. In the private sector, its engineering information management software combines McLaren and CTSpace, who are leaders in their markets.

If you have sold or otherwise transferred all of your shares in Baronsmead VCT 3 plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Strategic Report

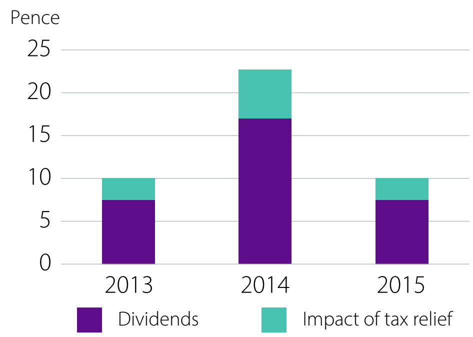
Financial Headlines



Net asset value per share

Net asset value ("NAV") per share increased 12.0 per cent. to 113.96p in the year ended 31 December 2015, before deduction of dividends.

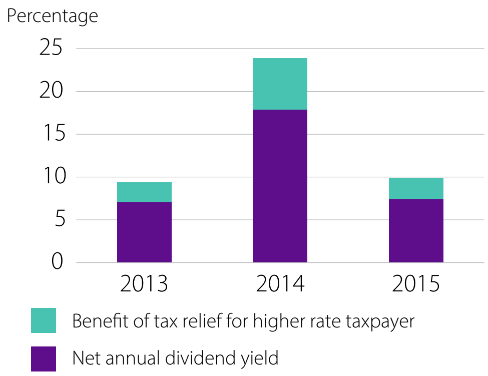
12.0%



Dividends in the year

Dividends totalled 7.5p in the year to 31 December 2015, after the second interim dividend of 4.5p paid on 18 December 2015.

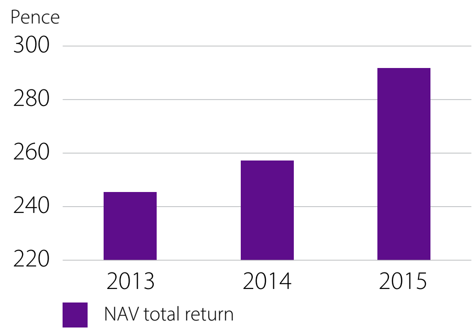
7.5p



Annual dividend yield

Net annual dividend yield of 7.4 per cent. and gross annual yield of 9.9 per cent. for higher rate tax payers.

7.4%



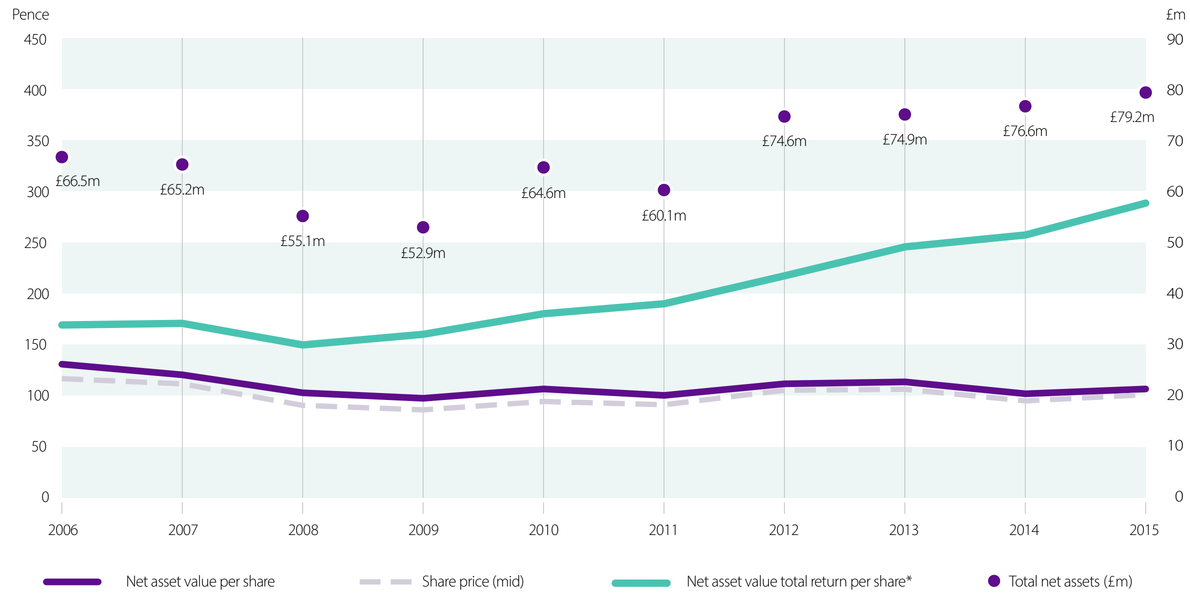
NAV total return

NAV total return to shareholders for every 100.0p invested at launch.

288.38p

Performance Summary

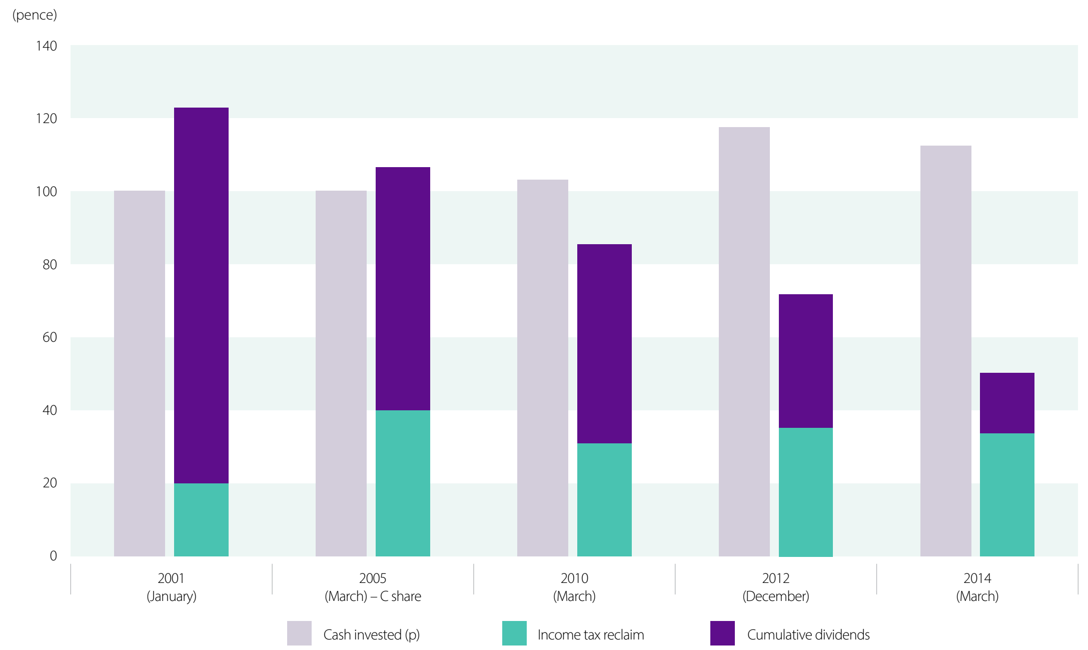
NAV over the Last Ten Years



* Net asset value total return (gross dividends reinvested)
Source: Livingbridge VC LLP

Cash Returned to Shareholders by Date of Investment

The chart below shows the cash returned to shareholders based on the subscription price and the income tax reclaimed on subscription.



Strategic Report

This Chairman's Statement forms part of the Strategic Report.

Chairman's Statement

Anthony Townsend
Chairman

I am pleased to report that the Company had another good year. Before payment of 7.5p a share in dividends the NAV increased 12.24p to 113.96p (12.0 per cent.).

In January 2016, the Company published its proposals to merge with Baronsmead VCT 4 plc and early in February 2016 conducted a £10 million fundraising (which is subject to the merger being approved by shareholders).

Results

The increase in the NAV and the dividends paid over the year can be summarised as follows:

	p per ordinary share
NAV as at 1 January 2015	101.72
Valuation uplift (12.0 per cent.)	12.24
NAV as at 31 December 2015 before dividends	**113.96**
Interim dividend paid on 18 September 2015	3.00
Second interim dividend paid on 18 December 2015	4.50
NAV as at 31 December 2015	**106.46**

The value of the unquoted portfolio increased by 29 per cent. over the year, after allowing for losses realised on some underperforming investments and including income received in the period. The Company's investments in AIM-traded companies and Wood Street Microcap also increased by 17 per cent. (including income) despite the volatility in the markets for shares in quoted companies towards the end of the year.

12% increase in NAV per share before payment of dividends

Dividends

This year approximately 61 per cent. of the increase in the NAV of 12.24p per share has been paid to shareholders: an interim dividend of 3.0p in September 2015 and a second interim in lieu of a final dividend of 4.5p in December 2015.

The level of future dividends will depend upon the continued achievement of profitable realisations as well as the need to meet the fiscal rules for VCTs and will therefore vary from time to time. It is important to note that over the last few years the significant dividends we have paid were made possible because several mature investments were realised.

Investment and Divestment Activity

This has been an active year for new investments with a total of £8.3 million invested in 13 new investments and 5 follow on funding rounds. The Company invested £5.4 million in unquoted investments (3 new, 1 follow-on and 2 acquisition vehicles); and £2.9 million in AIM-traded investments (8 new and 4 follow-on).

Steady growth from quoted and unquoted investments

A total of £11.9 million was realised from the full or partial sale of investments and from loan note redemptions. There were some notable successes from the sales of the Company's unquoted investment in Luxury For Less and Nexus Vehicle Holdings. Losses were, though, realised on Surgi C and Impetus Automotive Solutions.

A number of profitable realisations were made from the quoted portfolio, the most significant being from the sales of the Company's investments in Accumuli and Jelf Group.

The tables on pages 12 and 13 provide details of the Company's investments and divestments during the year.

VCT Legislation

Last year's Summer Budget introduced legislation designed to ensure that VCTs comply with changes to the EU State aid rules as well as remaining effective in giving small and growing businesses access to finance. The rules introduced new criteria regarding the age of companies that will be eligible as VCT qualifying investments. There is now also a lifetime cap on the total amount of State aided investment an investee company can receive and a requirement that investment be used for growth and development only. These measures were approved when the Finance (No.2) Act 2015 received Royal Assent on 18 November 2015.

The new rules will require the Investment Manager to adapt its investment strategy to focus on the provision of development capital to younger companies to enable them to grow their businesses organically rather than through acquisition. Whilst the full implications of the new rules are still being assessed by the Investment Manager and its advisers, it is clear that the scale and nature of the Company's new investments will change and some elements of the investment portfolio will carry a higher risk.

The Board has reviewed the impact of the new rules with the Investment Manager. The Board is of the view that the Investment Manager has made sufficient adjustments to the investment focus to adapt to the new investment environment and comply with the new VCT rules. The Board is therefore confident in the Investment Manager's ability to identify an adequate supply of new and attractive investment opportunities which will continue to generate acceptable returns, and comply with the new VCT rules.

Merger Proposals and Fundraising

On 10 December 2015 the Board and the board of Baronsmead VCT 4 plc announced that they had entered into discussions regarding a possible merger. Subsequently, on 27 January 2016 the boards of directors of the two Companies published their recommended proposals for the merger of their respective assets and liabilities (the "Proposals") pursuant to a scheme of reconstruction and winding up of Baronsmead VCT 4 (the "Scheme") under section 110 of the Insolvency Act 1986, subject to shareholders' approvals. If the Scheme becomes effective it will create a larger merged Company with net assets of approximately £157 million, before taking account of any proceeds of the Company's fundraising. The background to and the anticipated benefits of the Proposals were set out in the Company's prospectus and the shareholder circular dated 27 January 2016.

The shareholders of Baronsmead VCT 3 plc will consider the resolutions with respect to the merger at a general meeting to be held on 3 March 2016. The shareholders of Baronsmead VCT 4 plc will consider the resolutions with respect to the merger at general meetings to be held on 3 and 11 March 2016. If the merger is effective, Baronsmead VCT 3 plc will be renamed "Baronsmead Second Venture Trust plc". In order to avoid any confusion as to which share certificates remain valid following the merger and renaming of the Company, new share certificates in the new name of the Company will be issued to all shareholders of the enlarged Company.

7.5p per share in total dividend payment for the year.

£8.3 million invested in 13 new companies and 5 follow on investments.

NAV total return of 288p per 100p invested for founder shareholders.

Strategic Report

As the Company was required to publish a prospectus with respect to the merger it was cost effective to carry out a fundraising at the same time. As a result, on 27 January 2016 the Company also launched a £10m fundraising to provide the Companies' existing shareholders with the opportunity to invest in new shares in the 2015/16 tax year ("the Offer").

There was strong demand for the Offer from the Company's and Baronsmead VCT 4 plc's existing shareholders and as a result the Offer became fully subscribed on 1 February 2016, subject to the merger completing. On behalf of both the Boards of Directors, I would like to thank all of those who took part in the Offer and also those who sought to subscribe but were unable to do so due to the Offer becoming fully subscribed so quickly.

Board of Directors

It has been agreed that if their respective shareholders approve the merger of the Company and Baronsmead VCT 4 plc, Robert Owen and Malcolm Groat, Chairman and a director respectively of Baronsmead VCT 4 plc, will join our Board and Gill Nott and Andrew Karney will retire from it.

As I may not have another opportunity, I would therefore like to thank both Gill and Andrew for all the loyal and dedicated service they have given to the Company since it was launched. It has been a pleasure working with them both and on behalf of both shareholders and the Board I would like to thank them and wish them all the very best for the future.

Annual General Meeting

I look forward to meeting as many shareholders as possible at our Annual General Meeting to be held on 19 April 2016 at 10.00am at Saddlers Hall, 40 Gutter Lane, London, EC2V 6BR. This will be followed by presentations from the Manager and a shareholder workshop.

Outlook

The UK economy improved during 2015 although this may be affected by recent stock market volatility in the face of the downward growth trend in China, the fall in the oil price and deflation in Europe. However, the environment for young growing companies in this country remains positive while the sources of finance to assist them to achieve that growth remain limited. This is encouraging given the change in focus required by the new VCT rules described above and should be able to provide new and exciting investment opportunities for the Company.

In the meantime, shareholders should take a great deal of comfort from the fact that the Company has an established and diverse portfolio of investments that continue to perform well and should therefore deliver strong and consistent returns over the medium term while the newer portfolio is established.

Anthony Townsend
Chairman

23 February 2016

Manager's Review

Andrew Garside
Head of Unquoted Investments

Ken Wotton
Head of Quoted Investments

Sheenagh Egan
Chief Operating Officer

Michael Probin
Investor Relations

The year has seen excellent performance from the both the unquoted and quoted portfolios. During the year, there was a total of approximately £6.4 million invested in 11 new additions (excluding 2 acquisition vehicles) to the portfolio as well as 5 follow-on investments in existing portfolio companies.

PORTFOLIO REVIEW

Overview

The net assets of £79.2 million were invested as follows:

Asset class	NAV (£m)	% of NAV	Number of investees	% return in the year
Unquoted	**26.7**	**34**	**24**	**29**
Quoted	**27.5**	**35**	**48**	**16**
Wood Street Microcap	**9.1**	**11**	**39**	**19**
Other Net Assets	**15.9**	**20**	**–**	**–**

Each quarter the direction of general trading and profitability of all investee companies is assessed so that the Board can monitor the overall health and trajectory of the portfolio. At 31 December 2015, 83 per cent. of the 72 companies directly held in the portfolio (i.e. excluding the investments held by Wood Street Microcap) were progressing steadily or better.

During the year there were;

- 3 new and 1 follow on investments in unquoted companies totalling £3.5 million (excluding acquisition vehicles)
- 7 unquoted exits delivered proceeds totalling £8.1 million

The tables on pages 12 and 13 show the breakdown of new investments and realisations over the course of the year and overleaf is commentary on some of the key highlights in both the unquoted and quoted portfolios.

Strategic Report

Unquoted Portfolio

The unquoted portfolio performance has been strong, growing by around 29 per cent. over the course of the year. This includes capitalised interest received on the sale of investments and loan note redemptions. The portfolio is valued by the Board using a consistent process every quarter. The majority of the value created by portfolio companies comes from trading and operational improvements (revenue and margin growth), rather than financial leverage.

Unquoted Investment Activity

During the year, £5.4 million was invested in 6 unquoted companies including 3 new additions to the portfolio and 2 acquisition vehicles. The unquoted companies added to the unquoted portfolio are:

- Mortgages Made Easy (“MME”). MME is one of the UK’s leading providers of broking services for mortgages and related financial products to freelancing contractors (e.g. IT contractors and engineers).
- Centre4 Testing is a specialist provider of software testing services that helps its clients to manage the significant risks involved with software implementations, upgrades and integration. Centre4 Testing provides a range of services from full-service consultancy through to fast and flexible contractors using a database of over 10,000 professional UK-based testers. Centre4 Testing has supported over 250 clients across the UK.
- Cerillion provides Customer Relationship Management (“CRM”) and billing software as an enterprise solution to telecoms companies globally with clients in 36 countries.

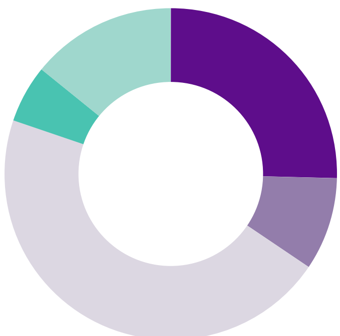
The remaining two new unquoted investments (Kalyke Investment and Yeo Bridge) are in companies preparing to conduct a trade in the business sector, and it is expected that they will begin to trade within the next two years.

Investment Diversification at 31 December 2015

Sector by value

Business Services	**29%**
Consumer Markets	**21%**
Healthcare & Education	**14%**
Technology, Media & Telecommunications (“TMT”)	**36%**

Total assets by value



Unquoted – loan stock	**25%**
Unquoted – equity	**9%**
AIM & collective investment vehicle	**46%**
Listed interest bearing securities	**6%**
Net current assets (principally cash)	**14%**

Time investments held by value

Less than 1 year	**14%**
Between 1 and 3 years	**36%**
Between 3 and 5 years	**14%**
Greater than 5 years	**36%**

Unquoted Divestment Activity

During the year there were four full realisations and three loan note redemptions which realised proceeds of approximately £8.1 million for Baronsmead VCT 3.

- Luxury For Less generated a return of 2.0 times its original cost after it was sold in March 2015 following a relatively short investment period of only 20 months. Luxury For Less is an online bathroom products retailer, supplying direct to consumers principally via its website www.bathempire.com.
- Nexus Vehicle Holdings has been a longer hold as we invested in 2008. Sales have grown five fold since then and a full realisation was achieved to a Private Equity buyer in December 2015 delivering an excellent return of 4.5x cost. This was the largest investment by cost in the Company's unquoted portfolio.
- Following a period of strong realisations over the last three years, there have been two less successful exits to report. Surgi C (spinal surgical implants) has been partially realised recovering 0.3x the original cost. Additionally, there was no recovery of the investment in Impetus Automotive Solutions, (a specialist consultant to the automotive industry) which was sold to a trade buyer.

  While it is disappointing to have two poor realisations in one financial period, it is in the nature of private equity investment that some investments will fail to achieve their full potential. Our track record of realisations over many years remains strong.

Realisation – Accumuli

- Average annual sales growth of 22% since March 2012
- Takeover by NCC Group delivered 4.4x cost on exit

BATH EMPIRE

Luxury For Less (T/A Bath Empire)

- Fast growing on-line retailer of bathroom products
- Sales growth rate of 53% p.a. in 2 years to £28 million
- Sold to trade buyer, Wolseley Plc, delivering 2.0x investment cost

Strategic Report

Quoted Portfolio (AIM-traded investments)

This has been another strong year with an uplift in the quoted portfolio of 16 per cent. building on the very significant aggregate gains over the last three years (2014: 8 per cent.; 2013: 33 per cent.; 2012: 38 per cent.). The performance of the quoted portfolio is a reflection not just of market movements over this period but also the changes introduced by the Livingbridge Quoted Investment Team since 2009. As described in previous years a number of more significant holdings have now been built where the team has a closer, more influential relationship and can utilise some of the good practice from Private Equity experience and the results from this approach are continuing to come through.

Whilst it is expected that our work in the quoted arena will deliver future positive growth over the long term, the high annual growth rates achieved over the last four years have been helped by the fact we have emerged from a recession and should be considered as above average.

Quoted Investment Activity

The level of new quoted investment for Baronsmead VCT 3 of £2.9 million was made across 8 new and 4 follow on investments. Two of the larger investments were:

- A new investment of approximately £0.46 million in CentralNic Group which is a provider of internet domain name and registry services. As an example of its services it has global exclusive rights to commercially exploit the new top level domain .xyz recently endorsed by Google's Alphabet holding company which has the domain abc.xyz.
- A follow-on investment of £0.45 million in Ideagen, a provider of compliance document management services to the healthcare, marketing, complex manufacturing and other industries.

During the year there were;

- 8 new and 4 follow on investments in quoted companies which totalled £2.9 million
- 4 quoted divestments delivered proceeds of £3.8 million at 3.3x cost

Quoted Divestment Activity

Proceeds from realisations during the year from the quoted portfolio totalled £3.8 million and delivered an aggregate return of 3.3x cost. Notably within this is the full realisation of Accumuli (4.4x cost), the full realisation of Cohort (1.7x cost), the full realisation of Jelf Group (2.8x cost) and the partial realisation of Anpario (4.3x cost).

Following several years of significant growth in the value of AIM-traded investments, the Livingbridge Quoted Team has recently pursued a deliberate policy of realising a higher than normal level of quoted investments to take advantage of strong pricing and improved liquidity and lock in the gains made on these investments.

Wood Street

Wood Street Microcap Investment Fund ("Wood Street") was established by Livingbridge in May 2009 to provide flexibility for the Baronsmead VCTs to invest in larger and more liquid non VCT qualifying AIM and Small Cap opportunities. It represents another innovation introduced by the Livingbridge Quoted Team to seek performance improvement. At 31 December 2015, Baronsmead VCT 3's cumulative £3.5 million investment was valued at £9.1 million, following a gain of a further 19 per cent. over the year (2014: 9 per cent.; 2013: 55 per cent.; 2012: 18 per cent.). As at 31 December 2015, Wood Street held investments in 39 AIM-traded and listed companies.

Liquid assets (cash and near cash)

Baronsmead VCT 3 had cash and near cash resources of approximately £15.8 million at the year-end. This asset class is conservatively managed to take minimal or no capital risk, a strategy outlined in prospectuses that have been issued in the past.

Outlook

Livingbridge seeks to invest in businesses that have intrinsic growth potential and where value growth is not overly dependent on the economic cycle. Livingbridge also invests in its own capabilities in order to support the development of the companies we back. We have continued to invest in our own business during this report period, increasing the size and skills of the investment team so we can continue to enhance how we help investees.

We are pleased with the overall trading performance of the companies within both our unquoted and quoted portfolios and we believe there is a good foundation for continued value growth within the portfolio driven by future profit growth. We are always aware of the potential volatility within quoted markets and the last two years have seen a significant level of realisations to turn a material part of the value growth of the quoted portfolio into cash for shareholders.

As the Chairman's statement has covered, the VCT rule changes necessary to secure EU State Aid approval have led to us implementing some changes to our investment focus. We anticipate a greater proportion of our future portfolio will be slightly younger and earlier stage in their development but the focus remains on companies that are established, well managed, growing and profitable at the time of investment. This requires adaptation not reinvention by Livingbridge and we are confident of continuing to deliver consistent positive investment returns.

Livingbridge VC LLP
Investment Manager

23 February 2016

Strategic Report

Investments in the year

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments				
New				
Kalyke Investment Ltd	London	Business Services	Company seeking to acquire businesses in the Business Services sector	956
Mortgages Made Easy Ltd	London	Consumer Markets	Specialty mortgage broker to the contractor community	956
Yeo Bridge Ltd	London	Business Services	Company seeking to acquire businesses in the Business Services sector	956
Centre4 Testing Ltd	Sussex	Business Services	Provider of software testing services, primarily through use of contractors	954
Cerillion plc	London	TMT*	CRM and billing software to telecoms companies	900
Follow on				
Happy Days Consultancy Ltd	Newquay	Healthcare & Education	Provider of nursery based childcare in the South West of England	658
Total unquoted investments				**5,380**
AIM-traded investments				
New				
Venn Life Sciences Holdings plc	London	Healthcare & Education	Clinical research organisation providing consulting and clinical trial services	612
CentralNic Group plc	London	TMT*	Provider of domain name & registry services	459
Belvoir Lettings plc	Lincolnshire	Consumer Markets	UK based letting agency franchise network	376
Wey Education plc	London	Healthcare & Education	Online independent UK secondary school	214
Plant Impact plc	Hertfordshire	Business Services	Crop enhancing products	189
Science in Sport plc	London	Consumer Markets	A vertically integrated sports nutrition provider	144
MXC Capital Ltd	Guernsey	Business Services	Tech focused investor & advisory business	113
Totally plc	London	Healthcare & Education	Healthcare information and coaching provider	35
Follow on				
Ideagen plc	Derbyshire	TMT*	Compliance software solutions	450
EG Solutions plc#	Staffordshire	TMT*	Back office optimisation software	228
Pinnacle Technology Group plc	Stirlingshire	TMT*	B2B telecoms and IT reseller	50
Castleton Technology plc	Cambridge	TMT*	Public sector IT managed services and software	33
Total AIM-traded investments				**2,903**
Total investments in the year				**8,283**

* Technology, Media & Telecommunications ("TMT").

During the period, the EG Solutions plc Loan note and capitalised interest was converted into Ordinary shares.

Realisations in the year

Company		First investment date	Book cost £'000	Proceeds‡ £'000	Overall multiple return*
Unquoted realisations					
Nexus Vehicle Holdings Ltd	Full trade sale	Feb 08	245	5,873	4.5
Luxury For Less Ltd	Full trade sale	Jul 13	955	1,787	2.0
Create Health Ltd	Redemption	Mar 13	112	213	1.9
Eque2 Ltd	Redemption	Apr 13	111	123	1.1
Kingsbridge Risk Solutions Ltd	Redemption	Jan 14	48	76	1.6
Impetus Automotive Solutions Ltd	Full trade sale	Apr 12	1,305	0	0.0
Surgi C Ltd	Write off	Apr 10	853	0	0.3
Total unquoted realisations			**3,629**	**8,072**	
AIM-traded realisations					
Accumuli plc	Recommended offer	Nov 10	505	2,140	4.4
Jelf Group plc	Recommended offer	Oct 04	551	1,364	2.8
Anpario plc	Market sale	Nov 06	54	235	4.3
Cohort plc	Full market sale	Oct 07	48	76	1.7
Total AIM-traded realisations			**1,158**	**3,815**	
Total realisations in the year			**4,787**	**11,887†**	

‡ Proceeds at time of realisation including redemption premium and interest.

* Includes interest/dividends received, loan note redemptions and partial realisations accounted for in prior periods.

† Proceeds of £12,000 were received in respect of Bglobal plc which had been written off in a prior period. Deferred consideration of £105,000 was received in respect of Playforce Holdings Ltd, £39,000 was received in respect of MLS Ltd and £88,000 in respect of CSC (World) Ltd, all of which had been sold in a prior period.

Strategic Report

The top ten investments by current value at 31 December 2015 illustrate the diversity and size of investee companies within the portfolio. This financial information is taken from publicly available information, which has been audited by the auditors of the investee companies.

Ten Largest Investments

1 IDOX plc
Berkshire

Quoted
www.idoxgroup.com

IDOX group is a leading software and information management solutions provider, providing local authorities with software and managed services. These deliver seamless integration and automation from consumer websites through to document storage. In the private sector, its engineering information management software combines McLaren and CTSpace, who are leaders in their markets.

The Baronsmead VCTs first invested in IDOX in 2002, approximately two years after the company floated on AIM. Over the last decade IDOX has shown strong growth through a combination of organic growth and acquisition, and is now seeking to diversify from its core local authority markets into the private sector to become a leading player in industries like oil, gas and pharmaceuticals.

All funds managed by Livingbridge
First investment: May 2002
Total cost: £1,641,000
Total equity held: 4.98%

Baronsmead VCT 3 only
Cost: £614,000
Valuation: £3,266,000
Valuation basis: Bid Price
% of equity held: 1.83%

Year ended 31 October

	2015	2014
	£ million	£ million
Sales :	**62.6**	60.7
EBITA :	**17.4**	15.6
Net Assets :	**53.6**	48.6
No of Employees :	**572**	554

(Source: IDOX PLC Annual Report & Accounts 31 October 2015)

2 Tasty plc
London

Quoted
www.dimt.co.uk

Tasty is a branded restaurant operator in the UK casual dining market. Tasty's two core trading brands are Dim T and Wildwood restaurants. Wildwood serves pizza, pasta and grills and offers customers a warm, homely and rustic feeling. Dim T serves pan Asian food with Dim Sum and offers customers a modern, ethnic and relaxed feel, trading from six units. It is primarily more London focused, positioned in high footfall areas. With both brands now established and the group having achieved critical mass, Tasty is now self-funding for its continued roll-out strategy. Tasty's highly regarded management team have prior experience of opening over 20 restaurants a year and have critical knowledge of the UK property market, which underpin this strategy.

All funds managed by Livingbridge
First investment: September 2006
Total cost: £3,223,000
Total equity held: 14.45%

Baronsmead VCT 3 only
Cost: £594,000
Valuation: £2,559,000
Valuation basis: Bid Price
% of equity held: 2.53%

Year ended 28 December

	2014	2013
	£ million	£ million
Sales :	**29.7**	23.2
EBITA :	**2.6**	1.9
Net Assets :	**19.6**	17.4
No of Employees :	**642**	506

(Source: Tasty Plc, Report and Financial Statements 28 December 2014)

3 Netcall plc
Hertfordshire

Quoted
www.netcall.com

Netcall is one of the UK's leading providers of customer engagement solutions. They support organisations to deliver outstanding customer service and achieve a realistic return on their investment. Some of the challenges their solutions can help overcome include customer contact across multiple channels, resource utilisation, improving customer satisfaction ratings, process automation, unifying communications effectively and maximising available budget.

Currently over 750 organisations in the Public, Private and Healthcare markets use one or more of the Netcall solutions which include contact management, business process management, workforce optimisation and enterprise content management.

All funds managed by Livingbridge
First investment: July 2010
Total cost: £4,354,000
Total equity held: 17.83%

Baronsmead VCT 3 only
Cost: £869,000
Valuation: £2,501,000
Valuation basis: Bid Price
% of equity held: 3.58%

Year ended 30 June

	2015	2014
	£ million	£ million
Sales :	**17.2**	16.9
EBITA :	**5.0**	4.8
Net Assets :	**22.7**	20.2
No of Employees :	**148**	141

(Source: Netcall plc, Annual Report and Accounts, 30 June 2015)

The top 10 investments represent 34% of the value of the investment portfolio

IDOX plc

- Doubled group revenue and tripled earnings since 2010
- Long term core holding for Baronsmead since AIM IPO in 2000

Create Health Ltd

- Internationally renowned fertility clinic in natural and mild IVF
- Launched new London flagship clinic in St Pauls in September 2014

4 Crew Clothing Holdings Ltd

London

Unquoted
www.crewclothing.co.uk

Crew Clothing Co. is an English clothing brand with a wide range of active, outdoor and casual wear for men and women. Since it was founded in 1993, the brand has evolved into the fast growing premium active and casual wear sectors, but retained its unique heritage and positioning. Today it is a well known, respected and aspirational clothing brand in the UK.

The business is a multi-channel retailer with its own significant retail estate, wholesale accounts and direct mail order channels. It is growing by expanding all these routes to market as the brand grows in presence.

All funds managed by Livingbridge
First investment: November 2006
Total cost: £5,833,000
Total equity held: 28.10%

Baronsmead VCT 3 only
Cost: £1,453,000
Valuation: £2,242,000
Valuation basis: Earnings Multiple
% of equity held: 6.70%

Year ended 26 October

	2014 £ million	2013 £ million
Sales :	**59.2**	52.7
EBITA :	**1.1**	1.3
Net Assets :	**5.8**	6.0
No of Employees :	**401**	381

(Source: Crew Clothing Holdings Limited, Report and Financial Statements 26 October 2014)

5 Create Health Ltd

London

Unquoted
www.createhealth.org

Create Health is a renowned fertility clinic specialising in Natural and Mild In Vitro Fertilisation (IVF) and In Vitro Maturation (IVM). Natural and Mild IVF uses lower levels of drugs making it cheaper, safer and healthier for the mother and baby.

Its leading edge fertility service has an international reputation through its research and development of advanced ultrasound techniques, IVM and the one stop fertility MOT. The investment will enable the business to expand nationally and internationally, making this type of choice available to more women.

All funds managed by Livingbridge
First investment: March 2013
Total cost: £4,253,000
Total equity held: 29.00%

Baronsmead VCT 3 only
Cost: £953,000
Valuation: £2,223,000
Valuation basis: Earnings Multiple
% of equity held: 5.74%

Year ended 31 March

	2015 £ million	2014 £ million
Sales :	**7.6**	4.9
EBITA :	**1.4**	1.1
Net Assets :	**4.6**	3.4
No of Employees :	**70**	58

(Source: Create Health Ltd Abbreviated Accounts 31 March 2015)

Strategic Report

Kingsbridge, South Devon

6 Kingsbridge Risk Solutions Ltd

Gloucestershire

Unquoted

www.kibl.co.uk

Kingsbridge, based in Tewkesbury is a specialist insurance broker operating through two distinct divisions. The KCI division has developed a core "all risks" product tailored to meet the insurance needs of contractors and freelance professionals. Through its strong reputation and comprehensive package, the business has built a referral network and partner channel providing access to contractors across a broad mix of occupations and end corporate industries. The business continues to benefit from a growing market of freelance professionals.

The KIB division offers an expert risk management advisory proposition to niche markets such as the water and insolvency practitioner sectors. It is recognised as one of the leading insurance brokers servicing these markets.

All funds managed by Livingbridge
First investment: January 2014
Total cost: £4,470,000
Total equity held: 34.00%

Baronsmead VCT 3 only
Cost: £851,000
Valuation: £1,944,000
Valuation basis: Earnings Multiple
% of equity held: 5.72%

Year ended 31 January

	2015 £ million	2014 £ million
Sales:	#	#
EBITA:	#	#
Net Assets:	2.1	0.6
No. of Employees:	#	#

(Source: Kingsbridge Risk Solutions Ltd, Abbreviated Accounts 31 January 2015)

not disclosed

7 Happy Days Consultancy Ltd

Newquay

Unquoted

www.happydaysnurseries.com

Happy Days is a leading child day care and early years education provider operating from 17 settings across the South West. The business focussed on delivering outstanding quality childcare in premium settings within its geographic markets.

The investment will enable Happy Days to continue its UK organic expansion strategy through supporting the funding of developing new leasehold nursery settings in attractive markets.

All funds managed by Livingbridge
First investment: April 2012
Total cost: £7,617,000
Total equity held: 65.00%

Baronsmead VCT 3 only
Cost: £1,710,000
Valuation: £1,881,000
Valuation basis: Earnings Multiple
% of equity held: 12.87%

Year ended 31 December

	2014 £ million	2013 £ million
Sales :	5.7	5.2
EBITA :	(0.3)	(0.2)
Net Assets :	(1.0)	(0.3)
No of Employees :	212	211

(Source: H. Days Holdings Limited, Directors' Report and Financial Statements 31 December 2014)

8 Pho Holdings Ltd

London

Unquoted

www.phocafe.co.uk

Pho is a fast casual restaurant chain serving Vietnamese food. Pho – a noodle soup – is the national dish of Vietnam. Pho also offer an array of Vietnamese dishes, coffees, beers and fresh juices.

Pho was founded in 2005 and now operates from 18 sites in an array of channels: London High St sites (e.g. Soho, Clerkenwell); regional sites (e.g. Brighton, Leeds); and food courts in malls (e.g. Westfield).

All funds managed by Livingbridge
First investment: July 2012
Total cost: £4,415,000
Total equity held: 28.00%

Baronsmead VCT 3 only
Cost: £991,000
Valuation: £1,588,000
Valuation basis: Earnings Multiple
% of equity held: 5.54%

Year ended 1 March

	2015* £ million	2014 £ million
Sales :	14.1	9.7
EBITA :	0.9	0.4
Net Assets :	2.0	1.3
No of Employees :	290	205

(Source: Pho Holdings Ltd, Directors' Report and Financial Statements 1 March 2015)

* 53 week period ended 1 March 2015.

Year on year sales growth of 13% p.a. across the top 10 investments

TLA Worldwide plc

- Grown sales by 51% since December 2011 IPO
- Original investment as cornerstone investor backing the team to acquire businesses in the sports management and marketing sector

Pho Holdings Ltd

- A fast casual restaurant chain serving authentic Vietnamese food
- Livingbridge invested in 2012 when the group had 7 sites
- Now 18 sites operating across London and UK regional sites

9 TLA Worldwide plc

London

Quoted
www.tlaworldwide.com

TLA Worldwide acts as a sports management and marketing agency concentrating its on-field practise on the US baseball market. The company reports its business activities in two areas: Baseball Representation and Sports marketing. Baseball Representation: mainly assists the on field activities of baseball players, including all aspects of a player's contract negotiation. Sports marketing: mainly assists the off-field commercial activities of athletes. In addition it represents broadcasters and coaches in respect of their contract negotiations.

All funds managed by Livingbridge
First investment: November 2011
Total cost: £3,604,000
Total equity held: 12.51%

Baronsmead VCT 3 only
Cost: £733,000
Valuation: £1,563,000
Valuation basis: Bid Price
% of equity held: 2.54%

Year ended 31 December

	2014 £ million	2013 £ million
Sales:	**13.4**	11.3
EBITA:	**5.9**	4.4
Net Assets:	**22.4**	21.3
No. of Employees:	**51**	51

(Source: TLA Worldwide Plc, Annual Report and Financial Statement Year End 31 December 2014)

Values have been converted from USD to GBP 2013 = 1.64880 // 2014 = 1.55320

10 CableCom II Networking Holdings Ltd

Somerset

Unquoted
www.cablecomnetworking.co.uk

CableCom Networking are the market leaders in providing managed communication services to high density accommodation throughout the UK serving the student, keyworker and residential markets. Under long term contracts, it manages the full range of communication services including broadband, telephony and TV. Since investment, the proposition has been transformed by adding additional services such as a fully interactive web portal offering a wide range of services to both the accommodation owner and user.

All funds managed by Livingbridge
First investment: October 2013
Total cost: £5,000,000
Total equity held: 11.16%

Baronsmead VCT 3 only
Cost: £1,250,000
Valuation: £1,481,000
Valuation basis: Earnings Multiple
% of equity held: 2.46%

Year ended 31 October

	2014* £ million	2013 £ million
Sales :	**19.0**	16.9
EBITA :	**3.7**	2.7
Net Assets :	**10.2**	10.3
No of Employees :	**83**	83

(Source: CableCom Networking Limited, Report and Financial Statement Period End 31 October 2014)
* 13 month period ended 31 October 2014. The company changed its year end from 30 September to 31 October.

Strategic Report

Principal Risks & Uncertainties

The Board has included below details of the principal risks and uncertainties facing the Company and appropriate measures taken in order to mitigate these risks as far as practicable.

Principal Risk	Context	Specific risks
Loss of approval as a Venture Capital Trust	The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns.	Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.
Investment performance	The Company invests in small, mainly UK based companies, both unquoted and quoted. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals and hence tend to be riskier than larger businesses.	Investment in poor quality companies with the resultant risk of a high level of failure in the portfolio.
Regulatory & Compliance	The Company is authorised as a self managed Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive and is also subject to the Prospectus and Transparency Directives. It is required to comply with the Companies Act 2006 and the UKLA listing Rules.	Failure of the Company to comply with any of its regulatory or legal obligations could result in the suspension of its listing by the UKLA and/or financial penalties and sanction by the regulator or a qualified audit report.
Legislative	VCTs were established in 1995 to encourage private individuals to invest in early stage companies that are considered to be risky and therefore have limited funding options. In return the state provides these investors with tax reliefs which fall under the definition of state aid.	A change in government policy regarding the funding of small companies or changes made to VCT regulations to comply with EU State Aid rules could result in a cessation of the tax reliefs for VCT investors or changes to the reliefs that make them less attractive to investors.
Economic, political and external factors	Whilst the Company invests in predominantly UK businesses, its relies heavily on Europe as one of its largest trading partners. This together with the increase in globalisation means that economic unrest and shocks in other jurisdictions, as well as in the UK, can impact on UK companies, particularly smaller ones that are more vulnerable to changes in trading conditions.	Events such as economic recession, movement in interest or currency rates, civil unrest, war or political uncertainty or pandemics can adversely affect the trading environment for underlying investments and impact on their results and valuations.
Operational	The Company relies on a number of third parties including the Investment Manager to provide it with the necessary services such as registrar, sponsor, custodian, receiving agent, lawyers and tax advisers.	The risk of failure of the systems and controls of any of the Company's advisers leading to an inability to service shareholder needs adequately, to provide accurate reporting and accounting and to ensure adherence to all VCT legislation rules.

The financial risks faced by the Company are covered within the notes to the Financial Statements on pages 55 to 57.

Possible impact	Mitigation
The loss of VCT status would result in shareholders who have not held their shares for the designated holding period having to repay the income tax relief they had already obtained and future dividends and gains would be subject to income tax and capital gains tax.	The Board maintains a safety margin on all VCT tests to ensure that breaches are very unlikely to be caused by unforeseen events or shocks. The Investment Manager monitors all of the VCT tests on an ongoing basis and the Board reviews the status of these tests on a quarterly basis. Specialist advisors audit the tests on a bi-annual basis and report to the audit committee on their findings.
Reduction in both the capital value of investors shareholdings and in the level of income distributed.	The Company has a diverse portfolio where the cost of any one investment is typically less than 5% of NAV thereby limiting the impact of any one failed investment. The Board has appointed an Investment Manager that has a strong and consistent track record over a long period, invests in profitable companies in sectors in which it has specialised for the past sixteen years, undertakes extensive due diligence on all prospective investments, has an experienced value enhancement team who actively manage its investments and who take board seats and appoint experienced non executive Directors on all unquoted and significant quoted investments.
The Company's performance could be impacted severely by financial penalties and a loss of reputation resulting in the alienation of shareholders, a significant demand to buy back shares and an inability to attract future investment. The suspension of its shares would result in the loss of its VCT taxation status and most likely the ultimate liquidation of the Company.	The Board and the Investment Manager employ the services of leading regulatory lawyers, sponsors, auditors and other advisers to ensure the Company complies with all of its regulatory obligations. The Board has strong systems in place to ensure that the Company complies with all of its regulatory responsibilities. The Investment Manager has a strong compliance culture and employs dedicated compliance specialists within its team who support the Board in ensuring that the Company is compliant.
The Company might not be able to maintain its asset base leading to its gradual decline and potentially an inability to maintain either its buy back or dividend policies.	The Board and the Investment Manager engage on a regular basis with HMT and industry representative bodies to demonstrate the cost benefit of VCTs to the economy in terms of employment generation and taxation revenue. In addition the Board and the Investment Manager have considered the options available to the Company in the event of the loss of tax reliefs to ensure that it can continue to provide a strong investment proposition for its shareholders despite the loss of tax reliefs.
Reduction in the value of the Company's assets with a corresponding impact on its share price may result in the loss of investors through buybacks and may limit its ability to pay dividends.	The Company invests in a diversified portfolio of companies across a number of industry sectors which provides protection against shocks as the impact on individual sectors can vary depending upon the circumstances. In addition, the Manager uses a limited amount of bank gearing in its investments which enables its investments to continue trading through difficult economic conditions. The Company always maintains healthy cash balances so that it can support portfolio companies with further investment should the investment case support it. The Board reviews the make up and progress of the portfolio each quarter to ensure that it remains appropriately diversified and funded.
Errors in shareholders records or shareholdings, incorrect marketing literature, non compliance with listing rules, loss of assets, breach of legal duties and inability to provide accurate reporting and accounting all leading to reputational risk and the potential for litigation.	The Board has appointed an audit committee who, along with the external auditors, review the internal control (ISAE3402) and/or internal audit reports from all significant third party service providers, including the Investment Manager, on a bi-annual basis to ensure that they have strong systems and controls in place including Business Continuity Plans. The Board regularly reviews the performance of its service providers to ensure that they continue to have the necessary expertise and resources to provide a high class service and always where there has been any changes in key personnel or ownership.

Other Matters

Applying the Business Model

This section of the Strategic Report sets out the practical steps that the Board has taken in order to apply the business model, achieve the investment objective and adhere to the investment policy. The investment policy, which is set out in full on pages 59 and 60, is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs.

Investing in the right companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees may have some trade overseas. Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

The Board has delegated the management of the investment portfolio to Livingbridge VC LLP ("Livingbridge" or the "Manager"). The Manager has adopted a 'top-down, sector-driven' approach to identifying and evaluating potential investment opportunities, by assessing a forward view of firstly the business environment, then the sector and finally the specific potential investment opportunity.

Based on its research, the Manager has selected a number of sectors that it believes will offer attractive growth prospects and investment opportunities. Diversification is also achieved by spreading investments across different asset classes and making investments for a variety of different periods.

The Manager's Review on pages 7 to 11 provides a review of the investment portfolio and of market conditions during the year, including the main trends and factors likely to affect the future development, performance and position of the business.

The Company aims to be at least 90 per cent. invested, directly or indirectly, in VCT qualifying and non-qualifying growth businesses subject always to the quality of investment opportunities and the timing of realisations. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments. Non-VCT qualifying investments held in unquoted, AIM-traded and other quoted companies may be held directly or indirectly through collective investment vehicles.

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The maximum the Company will invest in a single company (including a collective investment vehicle) is 15 per cent. of its investments by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value"). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities and interest bearing securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM-traded investments are primarily held in ordinary shares. Pending investment in VCT qualifying and non-VCT qualifying unquoted, AIM-traded and other quoted securities (which may be held directly or indirectly through collective investment vehicles), cash is primarily held in interest bearing accounts, money market open ended investment companies ("OEICs"), UK gilts and treasury bills.

VCTs are required to comply with a number of different regulations and the Company has appointed Philip Hare & Associates LLP as its VCT Tax Status Advisers to advise it on compliance with VCT requirements. Philip Hare & Associates reviews new investment opportunities, as appropriate, and reviews regularly the investment portfolio of the Company. Philip Hare & Associates works closely with the Manager but reports directly to the Board.

Environmental, Human Rights, Employee, Social and Community Issues

The Company seeks to conduct its affairs responsibly and the Manager is encouraged to consider environmental, human rights, social and community issues, where appropriate, with regard to investment decisions.

The Company is required, by company law, to provide details of environmental (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and the effectiveness of these policies. The Company does not have any employees and as a result does not maintain specific policies in relation to these matters.

Livingbridge as Investment Manager has an Environmental, Social and Governance ("ESG") policy. As a responsible investor, Livingbridge fully incorporates ESG factors into its investment programme. The ESG policy focuses on environmental, social and corporate governance factors, including risks and opportunities, affecting both the Company and/or specific portfolio companies.

Livingbridge undertakes an in-house risk assessment questionnaire pre-investment to highlight any significant or material ESG issues. Should any such issues be identified, these are then addressed via specific due diligence pre-investment.

Upon completion of an investment the completed in-house questionnaires are assessed by an external consultant to corroborate risks identified, advise the company how to address any ESG issues and also to identify any potential upside opportunities e.g. energy savings. Relevant ESG matters are then included in the portfolio company board meetings as appropriate and also in the standard Livingbridge portfolio progress reports allowing Livingbridge to assess the impact of any interventions or recommendations.

Global Greenhouse Gas Emissions

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

Gender Diversity

The Board of Directors of the Company comprises one female and three male Directors. The Manager has an equal opportunity policy and currently employs 40 men and 29 women.

Appointment of the right investment manager

The Board expects the Manager to deliver a performance which meets the objective of achieving long-term investment returns, including tax free dividends. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's Statement on pages 4 to 6. The Board assesses the performance of the Manager in meeting the Company's objective against the Key Performance Indicators ("KPIs").

The investment management agreement

Under the management agreement, the Manager receives a fee of 2.5 per cent. per annum of the net assets of the Company. In addition, the Manager receives an annual secretarial and accounting fee which was fixed at £33,816 in 2006 and is subject to annual review (linked to the movement in the UK Retail Price Index ("RPI")), plus a variable fee of 0.125 per cent. of the net assets of the Company which exceed £5 million.

Annual running costs are capped at 3.5 per cent. of the net assets of the Company (excluding any performance fee payable to the Manager and irrecoverable VAT), any excess being refunded by the Manager by way of an adjustment to its management fee. The running cost as at 31 December 2015 was 3.0 per cent.

The management agreement may be terminated at any date by either party giving twelve months' notice of termination and if terminated, the Manager is only entitled to the management fees paid to it and any interest due on unpaid fees.

Performance fees

A performance fee is payable to the Manager when the total return on net proceeds of the ordinary shares exceeds 8 per cent. per annum (simple). To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10 per cent. of the excess will be paid to the Manager. The amount of any performance fee which is paid in an accounting period is capped at 5 per cent. of net assets.

No performance fee was payable for the year ended 31 December 2015 (2014: £nil).

Strategic Report

Management retention

The Board is keen to ensure that the Manager continues to have one of the best investment teams in the VCT and private equity sector. A co-investment scheme was introduced in November 2004 under which members of the Manager's investment team invest their own money into a proportion of the ordinary shares of each unquoted investment made by the Baronsmead VCTs. The Board regularly monitors the co-investment scheme arrangements but considers the scheme to be essential in order to attract, retain and incentivise the best talent. The scheme is in line with current market practice in the private equity industry and the Board believes that it aligns the interests of the Manager with those of the Baronsmead VCTs.

Executives have to invest their own capital in every unquoted transaction and cannot decide selectively which investments to participate in. In addition the co-investment only delivers a return after each VCT has realised a priority return built into the structure. The shares held by the members of the co-investment scheme in any portfolio company can only be sold at the same time as the investment held by the Baronsmead VCTs is sold. Any prior ranking financial instruments, such as loan stock, held by the Baronsmead VCTs have to be repaid in full together with the agreed priority annual return before any gain accrues to the ordinary shares. This ensures that the Baronsmead VCTs achieve a good priority return before profits accrue to the co-investment scheme.

The executives participating in the co-investment scheme subscribe jointly for a proportion (currently 12 per cent.) of the ordinary shares available to the Baronsmead VCTs in each unquoted investment. The level of participation was increased from 5 per cent. in 2007 when the Manager's performance fee was reduced from 20 per cent. to its current level of 10 per cent.

Since the formation of the scheme in 2004, 58 executives have invested a total of £895,000 in 47 companies. At 31 December 2015, 25 of these investments have been realised generating proceeds of £241m for the Baronsmead VCTs and £12.3m for the co-investment scheme. For Baronsmead VCT 3 the average money multiple on these 25 realisations was 2.2 times cost. Had the co-investment shares been held instead by the Baronsmead VCTs, the extra return to shareholders would have been 4.1p a share (based on the current number of shares in issue). The Board considers this small cost to retain quality people to be in the best interests of shareholders.

Advisory fees

During the year to 31 December 2015, the Manager received income of £57,000 (2014: £167,000) in connection with advisory fees and incurred abort fees of £10,000 (2014: £13,000), with respect to investments attributable to Baronsmead VCT 3.

Directors' fees of £207,000 (2014: £200,000) were received by the Manager in relation to services provided to companies in the investment portfolio, during the year, with respect to investments attributable to Baronsmead VCT 3.

Alternative Investment Fund Manager's Directive ("AIFMD")

The AIFMD regulates the management of alternative investment funds, including VCTs. On 22 July 2014 the Company was registered as a Small UK registered Alternative Investment Fund Manager under the AIFMD.

Viability Statement

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over the three year period to 31 December 2018. This period is used by the board during the strategic planning process and is considered reasonable for a business of our nature and size.

In making this statement the Board carried out a robust assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity.

The Board also considered the ability of the Company to raise finance and deploy capital. Their assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks.

This review has considered the principal risks which were identified by the Manager. The Board concentrated its efforts on the major factors which affect the economic, regulatory and political environment. The Board also paid particular attention to the importance of its close working relationship with the Manager, Livingbridge.

The Directors have also considered the Company's income and expenditure projections and find these to be realistic and sensible.

As part of this process the Directors have also considered the viability of the merged company if the takeover of Baronsmead VCT 4 plc proceeds. In view of the fact the merged entity will be much larger than the original firm they feel that this increased size will help to mitigate some of the business risks mentioned above.

Based on the Company's processes for monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model, asset allocation and the portfolio risk profile, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2018.

Returns to Investors

Dividend policy

The Board of Baronsmead VCT 3 has the objective to maintain a minimum annual dividend level of around 4.5p per ordinary share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed.

Since 2007, the average annual tax free dividend paid to shareholders has been 8.6p per ordinary share (equivalent to a pre-tax return of 11.4p per ordinary share for a higher rate taxpayer). For shareholders who received up front tax reliefs of 20 per cent, 30 per cent. or 40 per cent, their returns would have been even higher.

Shareholder choice

The Board wishes to provide shareholders with a number of choices that enable them to utilise their investment in Baronsmead VCT 3 in ways that best suit their personal investment and tax planning and in a way that treats all shareholders equally.

- Fund raising | From time to time the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for costs.
- Dividend Reinvestment Plan | The Company offers a Dividend Reinvestment Plan which enables shareholders to purchase additional shares through the market in lieu of cash dividends. Approximately 711,000 shares were bought in this way during the year to 31 December 2015.
- Buy back of shares | From time to time the Company buys its own shares through the market in accordance with its share price discount policy. Subject to certain conditions, the Company seeks to maintain a mid-share price discount of approximately 5 per cent. to net asset value.
- Secondary market | The Company's shares are listed on the London Stock Exchange and can be bought using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 382,000 shares were bought by investors in the Company's existing shares in the year to 31 December 2015.

On behalf of the Board

Anthony Townsend
Chairman

23 February 2016

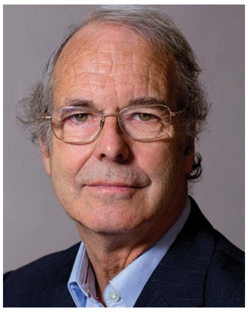
Report of the Directors

The Chairman's Statement on pages 4 to 6, the Corporate Governance Statement on pages 27 to 34 and the Strategic Report on pages 2 to 23 forms part of the Report of the Directors.

Board of Directors

As at 31 December 2015

Anthony Townsend	Chairman
Appointed:	4 August 2009
Past experience	Anthony has over 40 years experience in financial services. He was previously a director of Rea Brothers Group plc, a non-executive director of Worldwide Healthcare Trust plc and was chairman of the Association of Investment Companies.
Other appointments	He is chairman of British & American Investment Trust plc, F&C Global Smaller Companies plc, Finsbury Growth & Income Trust plc, Gresham House Plc and Miton Global Opportunities Trust plc, and a non-executive director of Hansa Capital Ltd.
Beneficial Shareholding	151,199 Ordinary Shares



Andrew Karney	Senior Independent Director
Appointed:	10 January 2001
Past experience	Andrew was deputy chairman and a shareholder of Language Line Ltd in which Baronsmead VCT 3 was an investor. He was formerly chairman of Integrity Action, an international integrity reform non-governmental organisation and was a director of The Guardian Media Group plc, Guardian News and Media Ltd, Integrated Micro Products plc and a number of unquoted companies. He was a founder director of Cable London plc and an executive director of Logan plc. He is also a chartered engineer.
Other appointments	None
Beneficial Shareholding	104,340 Ordinary Shares

Gillian Nott	Audit and Risk Committee Chairman
Appointed:	10 January 2001
Past experience	Gillian has in-depth experience of private investors from her experience as chief executive of ProShare (1994–1999). Previously she was responsible for the private equity portfolio at BP and has been on the board of the FSA, the predecessor to the Financial Conduct Authority. In addition, Gillian held board positions at Liverpool Victoria Friendly Society (director), Association of Investment Companies (deputy chairman), Martin Currie Global Portfolio Investment Trust plc (non-executive director) and Witan Pacific Investment Trust plc (chairman).
Other appointments	She is currently Chairman of JP Morgan Russia Securities plc and a non-executive director of BlackRock Smaller Companies Trust plc and Baronsmead VCT 5 plc.
Beneficial Shareholding	93,962 Ordinary Shares

Ian Orrock	Non-Executive Director
Appointed:	21 October 2010
Past experience	Ian has particularly wide experience having founded, developed and sold a number of businesses particularly focussing on the international media, technology and telecoms sectors ("TMT"), and has worked at board level in quoted global organisations. He was also a non-executive director of Henderson Private Equity Investment Trust plc.
Other appointments	He is currently a director of a number of TMT businesses including Arkessa, tvguide.co.uk and Iotic-Labs.
Beneficial Shareholding	31,150 Ordinary Shares

The Directors of Baronsmead VCT 3 plc (Reg: 04115341) present their Fifteenth Report and audited financial statements of the Company for the year ended 31 December 2015.

Shares and Shareholders

Share capital

During the year the Company bought back a total of 1,065,000 ordinary shares to be held in Treasury, representing 1.26 per cent. of the issued share capital as at 31 December 2015, with an aggregate nominal value of £106,500. The total amount paid for these shares was £1,046,925. The Company's remaining authority to buy back shares from the 2015 Annual General Meeting ("AGM") is 8,833,302.

Prior to the sales from Treasury described below, the number of shares held in Treasury was 10,374,214 which was the maximum held during the year. On 16 September 2015, the Company sold 140,000 ordinary shares from Treasury at a price of 100.0p per share.

As at the date of this report the Company's issued share capital was as follows:

Share	Total	% of Shares in issue	Nominal Value
In issue	84,628,180	100.0	£8,462,818.00
Held in Treasury	10,234,214	12.1	£1,023,421.40
In circulation	74,393,966	87.9	£7,439,396.60

Shares will not be sold out of Treasury at a discount wider than the discount at which the shares were initially bought back by the Company.

Shareholders

Each 10p ordinary share entitles the holder to attend and vote at general meetings of the Company, to participate in the profits of the Company, to receive a copy of the Annual Report & Accounts and to a final distribution upon the winding up of the Company.

There are no restrictions on voting rights, no securities carry special rights and the Company is not aware of any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights. There are no agreements to which the Company is party that may affect its control following a takeover bid.

In addition to the powers provided to the Directors under UK company law and the Company's Articles of Association, at each AGM the shareholders are asked to authorise certain powers in relation to the issuing and purchasing of the Company's own shares. Details of the powers granted at the 2015 AGM, all of which remain valid, can be found in the previous Notice of AGM.

The Board is not, and has not been throughout the year, aware of any beneficial interests exceeding 3 per cent. of the total voting rights.

Dividends

The Company paid the following dividends for the year ended 31 December 2015:

Dividends	£'000
First interim dividend of 3.0p per ordinary share paid on 18 September 2015	2,228
Second interim dividend of 4.5p per ordinary share paid on 18 December 2015	3,348
Total dividends paid for the year	**5,576**

Annual General Meeting

The notice of the AGM of the Company to be held at 10.00am on 19 April 2016 at Saddlers Hall, 40 Gutter Lane, London, EC2V 6BR will be sent to shareholders and will be available on the Company's website.

Report of the Directors

Directors

Appointments

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006. Further details in relation to the appointed Directors and the governance arrangements of the Board can be found on page 24 and in the Corporate Governance Statement.

Directors are not compensated by the Company for loss of office in the event of a takeover bid.

Directors' Indemnity

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Save for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third party indemnity provisions in force.

Conflicts of Interest

The Directors have declared any conflicts or potential conflicts of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board, when changes are notified, and the Directors advise the Company Secretary and the Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

Responsibility for Accounts and Going Concern

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

After making enquires, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 December 2015, the Company held cash balances and investments in UK Treasury Bills with a combined value of £15,802,000. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buyback programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing or covenants.

The Directors have chosen to include their report on global greenhouse emissions in the Strategic Report under the section on environmental, human rights, employee, social and community issues.

By Order of the Board

Livingbridge VC LLP
Secretary
100 Wood Street London EC2V 7AN

23 February 2016

Corporate Governance

This Corporate Governance statement forms part of the Report of the Directors

Arrangements in respect of corporate governance, appropriate to a venture capital trust, have been made by the Board. As part of this the Board has considered all the principles set out in the 2014 UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") ("the UK Code"). It has also considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance issued in February 2015 ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") which is available at www.theaic.co.uk.

The AIC Guide sets out the main principles of the UK Code, along with their supporting principles and provisions, and describes their relevance and applicability to investment companies. It also sets out the AIC Code and demonstrates how the AIC Code translates each element of the UK Code into principles and recommendations suitable to the industry's unique structure. The UK Code explains that externally managed investment companies typically have unique board structures which mean that not all of its provisions are appropriate.

The FRC, the body responsible for the UK Code, has confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting their Listing Rules obligations in relation to reporting against the UK Code and have issued a letter of endorsement to this effect.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC, Guide (which incorporates the UK Code) will provide better information to shareholders.

The tables on pages 27 to 31 provides an explanation of how the Company has complied with the AIC Code during the year and provides explanations where the Company has not complied. Since all the Directors are non-executive the provisions of the UK Code in respect of the role of the chief executive and Directors' remuneration are not relevant to the Company. For the reasons set out in the AIC Guide, and in the preamble to the UK Code, the Board considers that these provisions are not relevant to the Company, being an externally managed venture capital trust.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
1	**The Chairman should be independent.**	The Board does not consider that Mr Townsend has any conflict of interest that compromises his independence and the Company's independent directors (excluding the Chairman) have determined that he remains an independent director. Mr Townsend's independence is regularly reviewed as part of the board evaluation process.
2	**A majority of the board should be independent of the manager.**	All of the Directors' appointments are non-executive and, having considered the performance and independence of each Director, the Board has determined that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement or impair their independence. As explained in the disclosure relating to AIC Code Provision 4, the Board does not believe that length of service has a bearing on independence and the nature of the Company's business is such that an individual director's experience and continuity of board membership can significantly enhance the effectiveness of the board as a whole. However the board has as a matter of good practice adopted the AIC Code recommendation that directors who have served for more than nine years should seek annual re-election. Mrs Nott is a director of Baronsmead VCT 5 plc, which is managed by Livingbridge VC LLP. The Board regularly considers the independence of its Directors and has concluded that, as Mrs Nott consistently provides the Manager with robust challenge and approaches her role in a way that satisfies her fellow directors that she continues to be independent in character and judgement, the existence of the aforementioned appointment does not impede her independence.

Corporate Governance

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
3	**Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.**	The Board has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service, and annually after serving on the Board for more than nine years. The Nomination Committee considers the proposed re-election of each director in turn, following the board evaluation process.
4	**The board should have a policy on tenure, which is disclosed in the annual report.**	The Board does not believe that the tenure of a director on a wholly non-executive board has any direct bearing on their independence and, in common with many VCTs, the Board ensure that its membership includes longer-serving directors who provide a balance of knowledge and experience that is not present in the absence of executive directors. In addition, the average period for holding private equity investments is considerably longer than for other types of investment. As a result the Nomination Committee considers the composition of the Board regularly and has determined that a formal policy on tenure would not be appropriate.
5	**There should be full disclosure of information about the board.**	The Board is profiled on page 24 and biographies are available on the Company's website. Details of the Board's committees are set out from page 32. The recommendation of the AIC Code under Principle 5 state that the Chairman may be a member of, but not chair, the Remuneration Committee. Having taken account of the size of the Board and the remit of the Management Engagement and Remuneration Committee, which extends only to consideration of non-executive remuneration, the Board believes that Anthony Townsend remains the most suitable Director to chair the Committee. The Remuneration of the Chairman is considered by the Management Engagement and Remuneration Committee in his absence.
6	**The board should aim to have a balance of skills, experience, length of service and knowledge of the Company.**	The profiles of each of the Directors is set out on page 24 and highlights their range of skills, experience, length of service and knowledge. The Board believes that diversity of experience and approach, including gender diversity, amongst board members is of great importance and the Board and its Nomination Committee give careful consideration to issues of board balance and diversity when considering the composition of the Board and making new appointments.
7	**The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.**	Each year the Chairman has individual performance review meetings with each of the Directors which centre around certain key themes, each designed to assess the strength of individual Directors, the Board and its Committees. The Directors also meet collectively to consider the output from the individual meetings. The performance of the Chairman is evaluated by the other Directors under the leadership of Mr Karney, the Company's Senior Independent Director, and includes a questionnaire designed specifically to assess the performance of the Chairman. The results of the evaluations are further considered in detail by the Nomination Committee. The last such evaluation was considered by the Nomination Committee in February 2015 and the Committee concluded that the Directors, the Board and its Committees remained effective and independent.
8	**Director remuneration should reflect their duties, responsibilities and the value of their time spent.**	The Board's Remuneration Committee considers at least annually the level of the Board's fees, in accordance with the Remuneration Policy approved by shareholders at the 2014 AGM. Further details on the Directors' remuneration is contained in the Directors' Remuneration Report on pages 35 to 37.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
9	**The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.**	The Nomination Committee, which is comprised entirely of independent directors, is responsible for overseeing the recruitment of new directors. Potential candidates are identified through a combination of the appointment of a recruitment consultant and the Board's/Manager's knowledge of available individuals.
10	**Directors should be offered relevant training and induction.**	New Directors are provided with an induction pack containing key information and governance documents relating to the Company when they are appointed. In addition they are offered a tailored induction programme with the Manager which covers the investment portfolio and the Manager's approach to investment. Directors receive detailed updates on market and regulatory developments and are provided periodically with training to enhance and refresh their knowledge.
11	**The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.**	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.
12	**Boards and managers should operate in a supportive, co-operative and open environment.**	Formal board meetings provide important forums for the Directors and key members of the Manager's team to interact and for Directors to receive reports and provide challenge to the Manager but interaction between the Board and the Manager is not restricted to these meetings. Between meetings the Manager continuously updates the Board on developments and responds to queries and requests by Directors as they arise. Informal meetings take place regularly between the Directors and the Manager and senior members of the Manager's team are also invited to the Board's annual strategy meeting.
13	**The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.**	At each quarterly meeting, the Board receives a report on the performance of the Company, its investments and the VCT sector (including competitors). The report also outlines compliance with the 70% Test and includes forecasts for future periods, highlighting investment opportunities, operational matters and regulatory developments that will/may impact upon the Manager's management of the investment portfolio. The Board has agreed with the Manager specific KPIs that enable both parties to monitor compliance with the agreed Investment Policy and Risk Management framework. Directors regularly seek additional information from the Manager to supplement these reports and formally review the performance measures and KPIs at their annual strategy meeting.
14	**Boards should give sufficient attention to overall strategy.**	As mentioned above, the Board monitors performance against its agreed strategy on an ongoing basis and reviews its overall strategy, including the viability of the Company in its current form, at its annual strategy meeting.

Corporate Governance

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
15	**The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed fund).**	The Management Engagement and Remuneration Committee reviews the overall performance of the Manager annually and considers both the appropriateness of the Manager's appointment and the contractual arrangements (including the structure and level of remuneration) with the Manager. The Board believe that the Manager's track record in the VCT sector remains outstanding and that its ability to continue to achieve strong results by adapting to an ever changing regulatory environment has been particularly impressive. As a result, the Board has concluded that the continuing appointment of Livingbridge VC LLP remains in the best interest of shareholders as a whole.
16	**The board should agree policies with the manager covering key operational issues.**	Certain matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Board. Under the terms of a management agreement, the Board has delegated the management of the investment portfolio to the Manager. The management agreement sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. The Manager also provides or procures the provision of company secretarial, accounting, administrative and custodian services to the Company. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted, where practicable, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principal approach to corporate governance. The Board has considered the adequacy of arrangements by which staff of the Manager or Secretary of the Company may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.
17	**Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.**	The Company has stated its aim to seek a mid-share price discount to NAV of no more than 5 per cent. but keeps the share price discount policy under continuous review. The performance of the Company's share price and the discount to NAV is monitored continuously and shares will be bought back depending on market conditions at the time and only where the Directors believe it to be in the best interests of all shareholders.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
18	**The board should monitor and evaluate other service providers.**	The Board has established a framework for monitoring and evaluating the performance of its third party services providers and, on the Company's behalf, the Manager monitors the performance and systems and controls employed by the service providers. The Audit Committee receives service provider controls reports from the Manager and the Board considers if a provider should be replaced.
19	**The board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views for communicating the board's view to shareholders.**	As a VCT, the Company's share register is made up almost entirely of retail shareholders and the Board, through the Manager, remains in constant engagement with wealth managers and brokers to inform their understanding of its investor base. Periodically the Board canvasses the views of its shareholders as a whole by issuing a shareholder questionnaire. The Company's Annual Report & Accounts provides the Board with an opportunity to report on the performance and outlook for the Company and to update shareholders on developments. At the AGM shareholders have an opportunity to receive more detailed presentations from the Manager on specific investments and it also provides a forum to speak directly to the Directors and members of the Manager's team. The Manager also runs a shareholder workshop on the same day as the AGM. The Directors welcome the views of shareholders and are happy to correspond directly with shareholders or make themselves available to meet shareholders. Shareholders seeking to communicate with the Board should contact the Manager in the first instance (see page 67 for contact details). The 2015 AGM was held on 16 April 2015 and the forthcoming AGM will be held on 19 April 2016. In both cases the Company has provided the 20 working days' notice, as required under the AIC Code.
20	**The board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.**	The Board takes responsibility for approving the content and timing of communications regarding major corporate issues. Communications usually take the form of stock exchange announcements, press releases and direct correspondence with shareholders and the Board seeks the advice and guidance of the Manager when drafting such communications.
21	**The board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.**	The Company's annual report is drafted to provide shareholders with sufficient information to understand the nature of their investment in the Company. The format and content of the annual report is updated each year in response to changes in best practice and to improve the quality of the information available to shareholders. Details of the Company's full portfolio, as at 31 December 2015 can be found on the Company's website and on page 63 and 64. Under the AIC Code the Company must provide an explanation regarding the prospects of the Company over a period of more than 12 months. The Company's viability statement can be found on page 22 and 23.

Corporate Governance

The Board's Committees

The Board has delegated certain responsibilities to its Audit & Risk, Management Engagement & Remuneration and Nomination Committees. Given the size and nature of the Board it is felt appropriate that all Directors are members of the Committees. The Board has established formal terms of reference for each of the Committees which are available from the Company Secretary upon request. An outline of the remit of each of the Committees and their activities during the year are set out in the below table:

Audit & Risk Committee

Chairman: Gillian Nott

Key responsibilities:

1. reviewing the content and integrity of the Annual Report and Half-Yearly Accounts;
2. reviewing the Company's internal control and risk management systems;
3. reviewing the remuneration and terms of appointment of the external auditor;
4. ensuring auditor objectivity and independence is safeguarded in the provision of non-audit services; and
5. providing a forum through which the auditor may report to the Board.

This financial year has seen a large amount of the Committee's time dedicated to assessing probable risks associated with the impact of legislation changes resulting from the EU's review of the UK State Aid system. The Committee worked with the Manager to review recently completed investments against the positions announced by The Government in March 2015 and July 2015 to assess the risk that the legislation posed to our continuing ability to meet the VCT qualifying tests which I am glad to report showed that your Company remains in a strong position. As you will see from page 67, during the year we decided to change our VCT Status advisors from PriceWaterhouseCoopers LLP to Philip Hare & Associates LLP. Philip Hare is very well respected within the VCT industry, his firm being the VCT Status advisor for many VCT's and in regular discussions with HMG about changes to VCT legislation, and we believe that having a team that specialises in VCT compliance will prove to be beneficial as we come to terms with the new legislation.

The Committee reviewed the Annual Accounts and although it did not identify any significant issues, it paid particular attention to:

a. The valuation and existence of unquoted investments: the Manager and external auditor confirmed that the investment valuations had been performed consistently with prior years and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. The Directors had met quarterly to assess the estimates and judgements made by the Manager in the valuations and their appropriateness.
b. Venture capital trust status: the conditions for maintaining the status as an approved venture capital trust had been met throughout the year. The position had also been reviewed by Philip Hare & Associates LLP in their capacity as adviser to the Company on taxation matters.

The Committee has also recommended the adoption of FRS102 for this financial year. There has also been a widely publicised new requirement included in the UK Code for inclusion in the Annual Report and Accounts of a viability statement, and you will find our statement on pages 22 and 23.

The Committee discussed the length of time that the viability statement should cover for the Company, given that there was no time period outlined in the UK Code, but guidance suggested between two and five years. We decided that a viability statement covering the next three years was the most appropriate given the forecasts that we request from the Manager and the estimated timeline for finding, assessing and completing investments. We will continue to review the appropriateness of this period in light of the changes necessitated by new legislation and whether additional stress testing of the Managers forecasts is recommended for the Board to retain comfort in providing this viability statement.

The Committee also recommended to the Board that, as a result of other updates to the UK Code, the Terms of Reference for the Committee be updated. The major update was the inclusion of specific reference to "principal risks" and one such risk identified and discussed during the financial year was the debate between European Securities and Markets Authority ("ESMA") and the EU Commission in relation to whether leverage in portfolio companies should be treated as leverage in the fund. This would clearly impact on the Company as we currently have no debt; however companies we invest in currently and in the future are likely to have some form of leverage within their business.

Audit & Risk Committee

The Committee oversees the operation of the Company's system of internal controls and reviewed its effectiveness during the year. Procedures have been designed to identify and manage, rather than eliminate, risk. These procedures involve the maintenance of a risk register which records the risks to which the Company is exposed, including, among others, market, investment, operational and regulatory risks, and the controls employed to mitigate these risks. The residual risks are rated taking into account the impact of the mitigating factors. We identify changes and update the register as required and review this register at each Committee meeting. Where necessary, we also ensure that corrective action is taken. We carried out a formal review of the effectiveness of the risk management process during the year and concluded that this remained appropriate.

The Committee receives a Service Provider Control Report from the Manager that provides an overview of the main risks identified by our third party service providers and the mitigating actions put in place for these. The ad-hoc audit of the Manager's systems and processes had been completed by an independent third party for a number of years based on the Committee's requests. However during the year the Committee approved a rolling audit plan that will test these processes on a more regular basis. We believe this will provide further rigour to the Committee's oversight and review of internal control and risk management processes.

The Committee also reviewed the need for an internal audit function. We concluded that the systems and procedures employed by the Manager provides sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. We therefore believe that an internal audit function, specific to the Company, is not currently required.

Following a review of the effectiveness of the audit, the Committee concluded that the Company's auditor KPMG LLP ("KPMG") had continued to carry out its duties in a diligent and professional manner maintained a good knowledge of the VCT market and continued to provide a high level of service. In accordance with guidance issued by the Auditing Practices Board the audit partner is rotated every five years to ensure objectivity and independence is not impaired. The current audit partner has been in place for four year-ends. KPMG was appointed to the Company in 2005 and no tender of the audit of the Company has been undertaken since this date. Due to changing guidelines on audit tender, the Company is required to carry out an audit tender in 2016 in respect of the Annual Report for the year ended 31 December 2017. A further update on the outcome of the audit tender will be provided later in the year.

The Committee recognises the efforts of that KPMG makes to understand our business when auditing our investments and is able to provide insight and contribute positively at Committee meetings. The Committee is comfortable that where KPMG conduct non-audit services, clear division between audit and non-audit services is maintained, and we believe that the value of non-audit services provided, as reported on page 51, does not represent a conflict between KPMG and the Company. We therefore have no hesitation in recommending that KPMG be reappointed as the Company's auditor at the forthcoming AGM.

Looking ahead to the work that will be undertaken by the Committee in the next financial year, we will continue to work with our advisors to understand the full extent of the legislative changes to ensure that these are factored into our VCT compliance forecast models and that the internal audit plan put in place this year provides the necessary comfort that principal risks are identified and managed effectively.

Management Engagement & Remuneration Committee

Chairman: Anthony Townsend

A summary of this Committee's key responsibilities and activities carried out during the year can be found in the Remuneration Report on page 35.

Corporate Governance

Nomination Committee

Chairman: Anthony Townsend

Key responsibilities:

1. considering the appointment of additional Directors as and when considered appropriate;
2. considering the resolutions relating to annual re-election of directors; and
3. considering the ongoing requirements of the Company and the need to have a balance of skills, experience, knowledge and diversity within the Board.

During the year we reviewed the composition of the Board and Committees, including the chairmanship of each Committee. We also considered the outcome of the Board evaluation. Our opinion remains that we are satisfied with the performance of the Board, its sub-committees and that of individual Directors and the Chairman.

The below table sets out the Directors' attendance at Board and Committee meetings held during the year ended 31 December 2015. In addition the Board established committees to approve financial statements and the payment of dividends. The Directors also attended quarterly meetings to consider in detail the valuations of the unquoted investments in the portfolio.

	Board of Directors (4 meetings held)		Audit Committee (2 meetings held)		Management Engagement and Remuneration Committee (1 meeting held)		Nomination Committee (1 meeting held)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Townsend	4	4	2	2	1	1	1	1
Andrew Karney	4	4	2	2	1	1	1	1
Gillian Nott	4	4	2	2	1	1	1	1
Ian Orrock	4	4	2	2	1	1	1	1

Directors' Remuneration Report

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's auditor, KPMG, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the 'Independent Auditor's Report' on pages 39 to 41.

An Ordinary resolution for the approval of this report will be put to the members at the forthcoming AGM.

Annual Statement from the Chairman of the Management Engagement and Remuneration Committee

The Management Engagement and Remuneration Committee is chaired by Mr Townsend and comprises all the Directors of the Company. The Company has no executive Directors, and considers all the non-Executive Directors to be independent.

The Management Engagement and Remuneration Committee's key responsibilities are:

1. Determining and agreeing with the Board the remuneration policy for the Board and the fee cover for the Company's Chairman and non-executive Directors; and
2. Reviewing the appropriateness of the Manager's appointment (including key executives thereof) together with the terms and conditions of the appointment.

Each year the Committee reviews the Director's fee to make sure they are in line with others in the VCT industry, so that the Board can attract suitably qualified candidates to the Board. In addition they have regard to the workload that individual directors and the Chairman undertake as members of the Board. In recent years the Board has seen a significant increase in regulation in the industry which has in turn resulted in an increase in the workload of the Directors. In the forthcoming year the workload will be increased yet again by the recent legislative changes that have been introduced by the Finance (No.2) Act 2015. In addition the Directors spend a considerable amount of time monitoring the 70% test, the other continuing VCT tests, and the co-investment scheme. They are also responsible for monitoring the key risks to the Company and for scrutiny of all costs.

The Directors set the strategy for the Company's continuing success and decide when fundraising is appropriate. They then monitor the performance of the Company against the strategic objectives set.

Directors spend further time preparing for Board meetings, and the quarterly valuation meetings (at which a rigorous review of the unquoted investee companies is undertaken so as to arrive at the appropriate valuation) as well as a number of other ad hoc meetings. This work is in addition to the time taken up in the formal meetings of the Board.

Further details of the responsibilities of the Directors are provided in the Corporate Governance Statement on pages 27 to 34, all of which the Board believes should be taken into account when determining the remuneration of the Directors.

During the year we carried out a review of the Terms of Reference to ensure these remained relevant, appropriate and in line with best practice. As a result, we have emphasised the duties of the Committee to ensure a rigorous review of the Manager is carried out on an annual basis.

Directors' Fees

Given the current proposals to merge the Company with Baronsmead VCT 4 plc, the Management Engagement and Remuneration Committee have agreed to postpone any further review of Director fees until later in the year.

Remuneration Policy

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant venture capital trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

Directors' Remuneration Report

Directors' Remuneration Policy

The remuneration policy was approved by the members at the 2014 AGM, and it is intended that this policy will continue for the year ending 31 December 2016 and subsequent years. In accordance with the regulations, an ordinary resolution to approve the directors' remuneration policy will be put to shareholders at least once every three years.

The Directors are not eligible to receive pension entitlements or bonuses and no other benefits are provided. They are not entitled to participate in any long-term incentive plan or share option schemes. Fees are paid to the Directors on a monthly basis and are not performance related.

The Directors do not have service contracts and therefore have no notice period. As a result, the Company does not have a policy on termination payments. No payments for loss of office were made during the year.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors remuneration policy. At the last AGM, over 90 per cent. of shareholders voted for the resolution approving the Directors Remuneration Report (9 per cent. against). At the 2014 AGM, when the remuneration policy was last put to a shareholder vote, over 90 per cent. voted for the resolution (9 per cent. against), showing significant shareholder support.

Director's Tenure

While the Directors do not have service contracts they are provided with a letter of appointment. The terms of Directors' appointments provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. Directors are thereafter obliged to retire by rotation, and to offer themselves for re-election by shareholders at least every three years after that. In accordance with the AIC Code, Directors who have served on the Board for more than nine years must offer themselves for re-election on an annual basis.

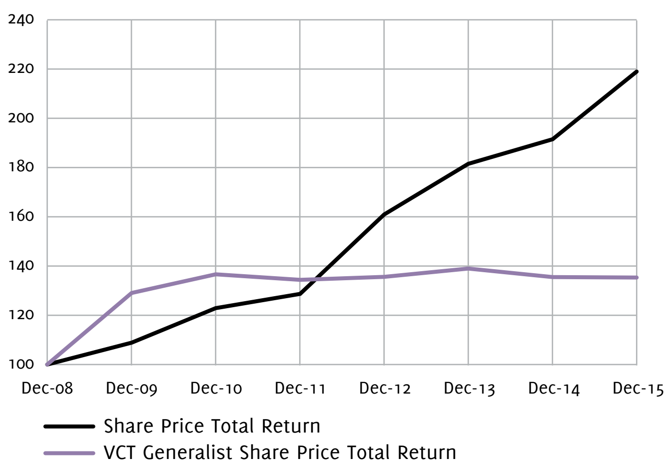
Annual Remuneration Report

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the management agreement, as referred to in the 'Report of the Directors'. The graph below compares, for the seven years ended 31 December 2015, the percentage change over each period in the share price total return (assuming all dividends are reinvested) to shareholders compared to the share price total return of approximately 60 generalist VCTs (source AIC), which the Board considers to be the most appropriate benchmark for investment performance measurement purposes. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Review.

Once a year the Management Engagement & Remuneration Committee formally reviews the performance of the Investment Manager and the appropriateness of its continuing appointment. At this meeting they review the performance of the fund and all aspects of the service provided by the Manager. They also review the terms and conditions of the appointment, including the level of the Manager's fees.

Share Price and the VCT Generalist Share Price Total Return Performance Graph



Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2015 £	Fees 2014 £
Anthony Townsend (Chairman)	**29,500**	29,500
Andrew Karney	**22,000**	22,000
Gillian Nott	**24,000**	24,000
Ian Orrock	**22,000**	22,000
Total	**97,500**	97,500

Relative Importance of Spend on Directors' Fees

	2015 £	2014 £	Percentage increase
Dividend	5,576,000	12,035,000	(53.7)
Total directors fees	97,500	97,500	0.0

Directors' Interests

The interests of the Directors in the shares of the Company, at the beginning and at the end of the year, or date of appointment, if later, were as follows:

	31 December 2015 Ordinary 10p shares	31 December 2014 Ordinary 10p shares
Anthony Townsend (Chairman)	**151,199**	151,199
Andrew Karney	**104,340**	104,340
Gillian Nott	**93,962**	92,864
Ian Orrock	**31,150**	24,431
Total	**380,651**	372,834

There have been no changes in the holdings of the Directors between 31 December 2015 and 23 February 2016.

Approved by the Board of Directors and signed by:
Anthony Townsend
Chairman of the Management Engagement and Remuneration Committee

23 February 2016

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and 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 and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the issuer together with a description of the principal risks and uncertainties that they face; and
- the report and accounts, taken as a whole, are fair, balanced, and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board
Anthony Townsend
Chairman

23 February 2016

Independent Auditor's Report

Independent Auditor's Report to the Members of Baronsmead VCT 3 Plc Only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Baronsmead VCT 3 plc for the year ended 31 December 2015 set out on pages 42 to 58. In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Valuation of unquoted investments (£26.7m)

Refer to page 32 (Audit & Risk Committee Report), page 47 (accounting policy) and pages 47 and 48 (financial disclosures)

- *The risk* – 33.4% of the company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, and net assets. There is a significant risk over the valuation of these investments and this is the key judgemental area that our audit focused on.
- *Our response* – Our procedures included:
  - documenting and assessing the design and implementation of the investment valuation processes and controls in place;
  - attendance at quarterly valuation meetings with the Directors and investment manager to assess their discussion and review of the investment valuations;
  - assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations;
  - challenging the investment manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we challenged the appropriateness of the valuation basis selected as well as the underlying assumptions, such as discount factors, and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Where a recent transaction had been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
  - attending the year-end Audit & Risk Committee meeting where we assessed the effectiveness of the Valuation Committee's challenge and approval of unlisted investment valuations; and
  - consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Independent Auditor's Report

Carrying amount of quoted investments (£41.2m)
Refer to page 32 (Audit & Risk Committee Report), page 47 (accounting policy) and pages 47 and 48 (financial disclosures)

- *The risk* – The company's portfolio of quoted investments makes up 51.6% of the company's total assets (by value) and is considered to be one of the key drivers of performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.
- *Our response* – Our procedures over the completeness, valuation and existence of the company's quoted investment portfolio included, but were not limited to:
  - documenting and assessing the processes in place to record investment transactions and to value the portfolio;
  - agreeing the valuation of 100 per cent. of investments in the portfolio to externally quoted prices; and
  - agreeing 100 per cent. of investment holdings in the portfolio to independently received third party confirmations.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £798,038 *(2014: £1,544,344)*, determined with reference to a benchmark of total assets, of which it represents 1%, reflecting industry consensus levels *(2014: 2%)*.

We report to the Audit & Risk Committee any corrected and uncorrected identified misstatements exceeding £39,902, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed at the Manager's, Livingbridge VC LLP, head office in London and at the administrator's, Capita Asset Services, in Exeter.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on pages 22 and 23, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the three years to 31 December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

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

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

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

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

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 22, 23 and 26, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 27 to 34 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

23 February 2016

Income Statement

For the year ended 31 December 2015

	Notes	**Year ended 31 December 2015**			Year ended 31 December 2014		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Unrealised gains on movements in fair value of investments	2.3	**–**	**5,788**	**5,788**	–	2,443	2,443
Realised gains on disposal of investments	2.3	**–**	**4,034**	**4,034**	–	957	957
Income	2.5	**1,627**	**–**	**1,627**	2,591	–	2,591
Investment management fee	2.6	**(477)**	**(1,430)**	**(1,907)**	(461)	(1,381)	(1,842)
Other expenses	2.6	**(475)**	**–**	**(475)**	(455)	–	(455)
Profit on ordinary activities before taxation		**675**	**8,392**	**9,067**	1,675	2,019	3,694
Taxation on ordinary activities	2.9	**–**	**–**	**–**	(250)	250	–
Profit for the year, being total comprehensive income for the year		**675**	**8,392**	**9,067**	1,425	2,269	3,694
Return per ordinary share:							
Basic	2.2	**0.90p**	**11.23p**	**12.13p**	1.95p	3.10p	5.05p

All items in the above statement derive from continuing operations.

There are no recognised gains and losses other than those disclosed in the Income Statement.

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the realised and unrealised profit or loss on investments and the proportion of the management fee charged to capital.

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 by the Association of Investment Companies ("AIC SORP").

Statement of Changes in Equity

For the year ended 31 December 2015

	Notes	Non-distributable reserves				Distributable reserves		
		Called-up share capital £'000	**Share premium £'000**	**Other reserve £'000**	**Revaluation reserve £'000**	**Capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
At 1 January 2015		**8,463**	**8,813**	**33,716**	**12,521**	**12,410**	**694**	**76,617**
Movement between reserves	3.2	**–**	**–**	**(33,716)**	**–**	**33,716**	**–**	**–**
Profit on ordinary activities after taxation		**–**	**–**	**–**	**2,939**	**5,453**	**675**	**9,067**
Net proceeds of share buybacks & sale of shares from treasury		**–**	**2**	**–**	**–**	**(914)**	**–**	**(912)**
Dividends paid	2.4	**–**	**–**	**–**	**–**	**(4,907)**	**(669)**	**(5,576)**
At 31 December 2015		**8,463**	**8,815**	**–**	**15,460**	**45,758**	**700**	**79,196**

For the year ended 31 December 2014

	Notes	Non-distributable reserves				Distributable reserves		
		Called-up share capital £'000	Share premium £'000	Other reserve £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 January 2014		7,573	–	33,718	12,992	19,906	690	74,879
(Loss)/profit on ordinary activities after taxation		–	–	–	(471)	2,740	1,425	3,694
Net proceeds of share issue & sale of shares from treasury		890	8,813	–	–	378	–	10,081
Other costs charged to capital		–	–	(2)	–	–	–	(2)
Dividends paid	2.4	–	–	–	–	(10,614)	(1,421)	(12,035)
At 31 December 2014		8,463	8,813	33,716	12,521	12,410	694	76,617

Balance Sheet

As at 31 December 2015

Company Number: 04115341

	Notes	**Year ended 31 December 2015 £'000**	Year ended 31 December 2014 £'000
Fixed assets			
Investments	2.3	**67,849**	66,410
Current assets			
Debtors	2.7	**651**	485
Cash at bank and on deposit		**11,304**	10,323
		11,955	10,808
Creditors (amounts falling due within one year)	2.8	**(608)**	(601)
Net current assets		**11,347**	10,207
Net assets		**79,196**	76,617
Capital and reserves			
Called-up share capital	3.1	**8,463**	8,463
Share premium	3.2	**8,815**	8,813
Other reserve	3.2	**–**	33,716
Capital reserve	3.2	**45,758**	12,410
Revaluation reserve	3.2	**15,460**	12,521
Revenue reserve	3.2	**700**	694
Equity shareholders' funds	2.1	**79,196**	76,617
NAV per share			
– Basic	2.1	**106.46p**	101.72p
– Treasury	2.1	**105.80p**	100.98p

The financial statements were approved by the board of Directors on 23 February 2016 and were signed on its behalf by:

Anthony Townsend
Chairman

Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Cash flows from operating activities		
Investment income received	**1,266**	2,394
Deposit interest received	**36**	35
Other income received	**–**	15
Investment management fees paid	**(1,891)**	(1,831)
Other cash payments	**(484)**	(452)
Net cash (outflow)/inflow from operating activities	**(1,073)**	161
Cash flows from investing activities		
Purchases of investments	**(40,761)**	(59,406)
Disposals of investments	**49,303**	63,967
Net cash inflow from investing activities	**8,542**	4,561
Equity dividends paid	**(5,576)**	(12,035)
Net cash inflow/(outflow) before financing activities	**1,893**	(7,313)
Cash flows from financing activities		
Net proceeds of share issues, costs of buybacks & sale of shares from treasury	**(912)**	10,081
Other costs charged to capital	**–**	(9)
Net cash (outflow)/inflow from financing activities	**(912)**	10,072
Increase in cash	**981**	2,759
Reconciliation of net cash flow to movement in net cash		
Increase in cash	**981**	2,759
Opening cash position	**10,323**	7,564
Closing cash at bank and on deposit	**11,304**	10,323
Reconciliation of profit on ordinary activities before taxation to net cash (outflow)/inflow from operating activities		
Profit on ordinary activities before taxation	**9,067**	3,694
Gains on investments	**(9,822)**	(3,400)
Increase in debtors	**(322)**	(151)
Increase in creditors	**7**	18
Interest reinvested	**(3)**	–
Net cash (outflow)/inflow from operating activities	**(1,073)**	161

Notes to the Financial Statements

We have grouped notes into sections under three key categories:

1. Basis of preparation
2. Investments, performance and shareholder returns
3. Other required disclosures

The key accounting policies have been incorporated throughout the notes to the financial statements adjacent to the disclosure to which they relate. All accounting policies are included within an outlined box.

1. Basis of Preparation

1.1 Basis of accounting

These Financial Statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the Association of Investment Companies ("AIC") in November 2014 and on the assumptions that the Company maintains VCT status. The adoption of FRS 102 for this financial year was recommended by the Audit Committee as detailed in the Corporate Governance section of the Directors' Report on page 32. There are no significant changes to the Company's accounting policies as a result of the adoption of FRS 102, which became mandatory for companies with a financial year beginning from 1 January 2015.

The Financial Statements have been prepared on a going concern basis.

2. Investments, Performance and Shareholder Returns

2.1 NAV per share

	Number of ordinary shares		Net asset value per share attributable		Net asset value attributable	
	31 December 2015 number	31 December 2014 number	**31 December 2015 pence**	31 December 2014 pence	**31 December 2015 £'000**	31 December 2014 £'000
Ordinary shares (basic)	**74,393,966**	75,318,966	**106.46**	101.72	**79,196**	76,617
Ordinary shares (including treasury)	**84,628,180**	84,628,180	**105.80**	100.98	**89,533**	85,461

The treasury NAV per share as at 31 December 2015 has been calculated by assuming that all shares held in treasury were sold to the market at the mid-share price of 101.00p at 31 December 2015 (2014: 95.00p).

2.2 Return per share

	Weighted average number of ordinary shares		Return per ordinary share		Net profit on ordinary activities after taxation	
	31 December 2015 number	31 December 2014 number	**31 December 2015 pence**	31 December 2014 pence	**31 December 2015 £'000**	31 December 2014 £'000
Revenue	**74,732,308**	73,235,895	**0.90**	1.95	**675**	1,425
Capital	**74,732,308**	73,235,895	**11.23**	3.10	**8,392**	2,269
Total			**12.13**	5.05	**9,067**	3,694

2. Investments, Performance and Shareholder Returns (continued)

2.3 Investments

Purchases or sales of investments are recognised at the date of transaction.

Investments are measured at fair value. For AIM-traded securities this is either bid price or the last traded price, depending on the convention of the exchange on which the investment is traded.

In respect of unquoted investments, these are valued at fair value by the Directors using methodology which is consistent with the International Private Equity and Venture Capital Valuation guidelines ("IPEV"). This means investments are valued using an earnings multiple, which has a discount or premium applied which adjusts for points of difference to appropriate stock market or comparable transaction multiples. Alternative methods of valuation will include application of an arm's length third party valuation, a provision on cost or a NAV basis.

Gains and losses arising from changes in the fair value of the investments are included in the Income Statement for the year as a capital item. Transaction costs on acquisition are included within the initial recognition and the profit or loss on disposal is calculated net of transaction costs on disposal.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement. The details of which are set out in the box above.

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

- Level a – Fair value is measured based on quoted prices in an active market.
- Level b – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level c – i) Fair value is measured using a valuation technique that is based on data from an observable market or;
  ii) Fair value is measured using a valuation technique that is not based on data from an observable market.

	31 December 2015 £'000	31 December 2014 £'000
Level a		
Listed interest bearing securities	**4,498**	9,494
Investments traded on AIM	**27,548**	24,938
	32,046	34,432
Level b		
Collective investment vehicle (Wood Street Microcap Investment Fund)	**9,133**	7,676
Level c (ii)		
Unquoted investments	**26,670**	24,302
	67,849	66,410

2. Investments, Performance and Shareholder Returns (continued)

2.3 Investments (continued)

	Level a		Level b	Level c (ii)	
	Listed interest bearing securities £'000	Traded on AIM £'000	Collective investment vehicle £'000	Unquoted £'000	Total £'000
Opening book cost	9,494	17,697	3,525	23,173	53,889
Opening unrealised appreciation	–	7,241	4,151	1,129	12,521
Opening valuation	9,494	24,938	7,676	24,302	66,410
Movements in the year:					
Purchases at cost	32,481	3,272	–	5,380	41,133
Sale – proceeds	(37,477)	(4,196)	–	(7,843)	(49,516)
– realised gains on sales	–	685	–	3,349	4,034
Unrealised gains realised during the year	–	1,984	–	865	2,849
Increase in unrealised appreciation	–	865	1,457	617	2,939
Closing valuation	**4,498**	**27,548**	**9,133**	**26,670**	**67,849**
Closing book cost	4,498	19,442	3,525	24,924	52,389
Closing unrealised appreciation	–	8,106	5,608	1,746	15,460
Closing valuation	**4,498**	**27,548**	**9,133**	**26,670**	**67,849**
Equity shares	–	27,548	9,133	7,267	43,948
Loan notes	–	–	–	19,403	19,403
Fixed income securities	4,498	–	–	–	4,498
Closing valuation	**4,498**	**27,548**	**9,133**	**26,670**	**67,849**

The gains and losses included in the above table have all been recognised in the Income Statement on page 42.

For Level c (ii) unquoted investments, the effect on fair value of changing one or more assumptions to reasonably possible alternatives has been considered. The portfolio has been reviewed and both downside and upside reasonable possible alternatives have been identified and applied to the valuation of each of the investments. The inputs flexed in determining the reasonably possible alternative assumptions include the earnings stream and marketability discount.

Applying the downside alternatives the value of the unquoted investments would be £1.7 million or 6.4 per cent. lower. Using the upside alternatives the value of the unquoted investments would be increased by £1.9 million or 7.0 per cent.

2. Investments, Performance and Shareholder Returns (continued)

2.4 Dividends

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Amounts recognised as distributions to equity holders in the year:						
For the year ended 31 December 2015						
– First interim dividend of 3.0p per ordinary share paid on 18 September 2015	**223**	**2,005**	**2,228**	–	–	–
– Second interim dividend of 4.5p per ordinary share paid on 18 December 2015	**446**	**2,902**	**3,348**	–	–	–
For the year ended 31 December 2014						
– First interim dividend of 8.0p per ordinary share paid on 7 March 2014	**–**	**–**	**–**	311	4,972	5,283
– Second interim dividend of 4.5p per ordinary share paid on 19 September 2014	**–**	**–**	**–**	554	2,817	3,371
– Third interim dividend of 4.5p per ordinary share paid on 19 December 2014	**–**	**–**	**–**	556	2,825	3,381
	669	**4,907**	**5,576**	1,421	10,614	12,035

2.5 Income

Interest income on loan notes and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful.

Where the terms of unquoted loan notes only require interest or a redemption premium to be paid on redemption, the interest and the redemption premium is recognised as income once redemption is reasonably certain. Until such date interest is accrued daily and included within the valuation of the investment. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium should be recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. No redemption premiums have been received in the year ended 31 December 2015.

Income from fixed interest securities and deposit interest is included on an effective interest rate basis.

Dividends on quoted shares are recognised as income when the related investments are marked ex-dividend and where no dividend date is quoted, when the Company's right to receive payment is established.

Notes to the Financial Statements

2. Investments, Performance and Shareholder Returns (continued)

2.5 Income (continued)

	Year ended 31 December 2015			Year ended 31 December 2014		
	Quoted securities £'000	**Unquoted securities £'000**	**Total £'000**	Quoted securities £'000	Unquoted securities £'000	Total £'000
Income from investments†						
UK franked	**1,068**	**–**	**1,068**	513	–	513
UK unfranked	**24**	**495**	**519**	19	1,382	1,401
UK unfranked – reinvested	**–**	**3**	**3**	–	–	–
Redemption premium	**–**	**–**	**–**	–	627	627
	1,092	**498**	**1,590**	532	2,009	2,541
Other income‡						
Deposit interest			**37**			35
Other income			**–**			15
Total income			**1,627**			2,591
Total income comprises:						
Dividends			**1,070**			513
Interest			**557**			2,078
			1,627			2,591

† All investments have been designated at fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

‡ Other income on financial assets not designated fair value through profit or loss.

2.6 Investment management fee and other expenses

All expenses are recorded on an accruals basis.

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**477**	**1,430**	**1,907**	461	1,381	1,842
Performance fee	**–**	**–**	**–**	–	–	–
	477	**1,430**	**1,907**	461	1,381	1,842

Management fees are allocated 25 per cent. income: 75 per cent. capital derived in accordance with the board's expected split between long term income and capital returns. Performance fees are allocated 100 per cent. to capital.

The management agreement may be terminated by either party giving twelve months notice of termination.

2. Investments, Performance and Shareholder Returns (continued)

2.6 Investment management fee and other expenses (continued)

The Manager, Livingbridge VC LLP, receives a fee of 2.5 per cent. per annum of the net assets of the Company, calculated and payable on a quarterly basis.

The Manager is entitled to a performance fee when the total return on net proceeds of the ordinary shares exceeds 8 per cent. per annum (on a simple basis). The Manager is entitled to 10 per cent. of the excess. The amount of any performance fee which is paid in respect of a calculation period shall be capped at 5 per cent. of the shareholders' funds at the end of the calculation period. No performance fee is payable for the year ended 31 December 2015 (2014: £nil).

Other expenses

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Directors' fees	**98**	98
Secretarial and accounting fees paid to the Manager	**136**	133
Remuneration of the auditors and their associates:		
– audit	**24**	23
– other services supplied pursuant to legislation (interim review)	**6**	6
– other services supplied relating to taxation	**6**	6
– other services supplied relating to financial statements' reorganisation	**–**	4
Other	**205**	185
	475	455

Information on Directors' remuneration is given in the Directors' emoluments table on page 37.

Charges for other services provided by the Auditors in the year ended 31 December 2015 were in relation to the interim reviews and tax compliance work (including iXBRL). The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained. The Directors consider that the Auditors were best placed to provide such services.

2.7 Debtors

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Prepayments and accrued income	**651**	329
Amounts due from deferred consideration	**–**	156
	651	485

2. Investments, Performance and Shareholder Returns (continued)

2.8 Creditors (amounts falling due within one year)

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Management, performance, secretarial and accounting fees due to the Manager	**530**	512
Other creditors	**78**	89
	608	601

2.9 Tax

UK corporation tax payable is provided on taxable profits at the current rate.

Provision is made for deferred taxation on all timing differences calculated at the current rate of tax relevant to the benefit or liability.

The tax charge for the year is lower than the standard rate of corporation tax in the UK for a company. The differences are explained below:

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities before taxation	**675**	**8,392**	**9,067**	1,675	2,019	3,694
Corporation tax at 20.25 per cent. (2014: 21.5 per cent.)	**137**	**1,699**	**1,836**	360	434	794
Effect of:						
Non-taxable gains	**–**	**(1,989)**	**(1,989)**	–	(731)	(731)
Non-taxable dividend income	**(217)**	**–**	**(217)**	(110)	–	(110)
Losses carried forward	**80**	**290**	**370**	–	47	47
Tax charge/(credit) for the year	**–**	**–**	**–**	250	(250)	–

At 31 December 2015 the Company had surplus management expenses of £4,005,000 (2014: £2,182,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future year in excess of the deductible expenses of that future year and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses. Due to the Company's status as a VCT, 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.

3. Other Required Disclosures

3.1 Called-up share capital

Allotted, called-up and fully paid:

Ordinary shares	£'000
84,628,180 ordinary shares of 10p each listed at 31 December 2014	8,463
84,628,180 ordinary shares of 10p each listed at 31 December 2015	**8,463**
9,309,214 ordinary shares of 10p each held in treasury at 31 December 2014	(931)
1,065,000 ordinary shares of 10p each repurchased during the year and held in treasury	(107)
(140,000) ordinary shares of 10p each sold from treasury during the year	14
10,234,214 ordinary shares of 10p each held in treasury at 31 December 2015	**(1,024)**
74,393,966 ordinary shares of 10p each in circulation* at 31 December 2015	**7,439**

* Carrying one vote each.

During the year the Company bought back into treasury 1,065,000 ordinary shares and sold from treasury 140,000 ordinary shares, representing 1.1 per cent. of the ordinary shares in issue at the beginning of the financial year.

There were no changes in share capital between the year end and when the financial statements were approved.

Treasury shares

When the Company re-acquires its own shares, they are currently held as treasury shares and not cancelled.

Shareholders have authorised the board to re-issue treasury shares at a discount to the prevailing NAV subject to the following conditions:

- It is in the best interests of the Company;
- Demand for the Company's shares exceeds the shares available in the market;
- A full prospectus must be produced if required; and
- HMRC will not consider these 'new shares' for the purposes of the purchasers' entitlement to initial income tax relief.

Notes to the Financial Statements

3. Other Required Disclosures (continued)

3.2 Reserves

Gains and losses on realisation of investments of a capital nature are dealt with in the capital reserve. Purchases of the Company's own shares to be either held in treasury or cancelled are also funded from this reserve. 75 per cent. of management fees are allocated to the capital reserve in accordance with the board's expected split between long term income and capital returns.

	Distributable reserves			Non-distributable reserves			
	Capital reserve £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Other reserve £'000	Revaluation reserve* £'000	Total £'000
At 1 January 2015	12,410	694	13,104	8,813	33,716	12,521	55,050
Movement between reserves	33,716	–	33,716	–	(33,716)	–	(33,716)
Purchase of shares for treasury	(1,047)	–	(1,047)	–	–	–	–
Sale of shares from treasury	138	–	138	–	–	–	–
Gain on shares sold from treasury	–	–	–	2	–	–	2
Expenses of share buybacks	(5)	–	(5)	–	–	–	–
Reallocation of prior year unrealised gains	2,849	–	2,849	–	–	(2,849)	(2,849)
Realised gain on disposal of investments#	4,034	–	4,034	–	–	–	–
Net increase in value of investments#	–	–	–	–	–	5,788	5,788
Management fee capitalised#	(1,430)	–	(1,430)	–	–	–	–
Revenue return on ordinary activities after taxation#	–	675	675	–	–	–	–
Dividends paid in the year	(4,907)	(669)	(5,576)	–	–	–	–
At 31 December 2015	**45,758**	**700**	**46,458**	**8,815**	**–**	**15,460**	**24,275**

* Changes in fair value of investments are dealt with in this reserve.

The total of these items is £9,067,000 which agrees to the total profit on ordinary activities.

Share premium is recognised net of issue costs.

The Company does not have any externally imposed capital requirements.

On 18 December 2013 the court granted orders allowing the Company to cancel its share premium account and capital redemption reserve. The amounts of £22,866,000 (share premium) and £10,862,000 (capital redemption reserve) less costs paid became distributable during 2015.

3. Other Required Disclosures (continued)

3.3 Financial instruments risks

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy to invest in a diverse portfolio of UK growth businesses.

The Company's investing activities expose it to a range of financial risks. These key risks and the associated risk management policies to mitigate these risks are described below.

Market risk

Market risk includes price risk on investments and interest rate risk on investments and other financial assets and liabilities.

Price Risk

The investment portfolio is managed in accordance with the policies and procedures described on pages 20 to 23 of the Strategic Report.

Investments in unquoted stocks and AIM-traded companies involve a higher degree of risk than investments in the main market. The Company aims to reduce this risk by diversifying the portfolio across business sectors and asset classes.

Management performs continuing analysis on the fair value of investments and the Company's overall market positions are monitored by the board on a quarterly basis.

	As at 31 December 2015			As at 31 December 2014		
	% of total investment	**5% increase in share price effect on net assets and profit £'000**	**5% decrease in share price effect on net assets and profit £'000**	% of total investment	5% increase in share price effect on net assets and profit £'000	5% decrease in share price effect on net assets and profit £'000
AIM and CIV	**54**	**1,834**	**(1,834)**	49	1,631	(1,631)
Unquoted	**39**	**1,334**	**(1,334)**	37	1,215	(1,215)

Valuation methodology includes the application of earnings multiples derived from either listed companies with similar characteristics or recent comparable transactions. Therefore the value of the unquoted element of the portfolio may also indirectly be affected by price movements on the listed exchanges.

3. Other Required Disclosures (continued)

3.3 Financial instruments risks (continued)

Interest rate risk

The Company has the following investments in fixed rate financial assets:

	As at 31 December 2015			As at 31 December 2014		
	Total investment £'000	Weighted average interest rate %	Weighted average time for which rate is fixed days	Total investment £'000	Weighted average interest rate %	Weighted average time for which rate is fixed days
Fixed rate loan note securities	**19,403**	**8.50**	**#**	17,553	8.64	#
Fixed interest instruments	**4,498**	**0.30**	**11**	9,494	0.33	40
Cash at bank and on deposit	**11,304**	**–**	**–**	10,323	–	–
	35,205			37,370		

Due to the complexity of the instruments and uncertainty surrounding timing of realisation the weighted average time for which the rate is fixed has not been calculated.

Credit risk

Credit risk refers to the risk that counterparty will default on its obligation resulting to a financial loss to the Company. The Investment Manager monitors credit risk on an ongoing basis.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Investments in fixed rate instruments	**4,498**	9,494
Cash at bank and on deposit	**11,304**	10,323
Interest, dividends and other receivables	**651**	485
	16,453	20,302

Credit risk arising on fixed interest instruments is mitigated by investing in UK Treasury Bills.

Credit risk on unquoted loan stock held within unlisted investments is considered to be part of market risk as disclosed earlier in the note.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk.

3. Other Required Disclosures (continued)

3.3 Financial instruments risks (continued)

Credit risk (continued)

All the assets of the Company which are traded on a recognised exchange are held by JP Morgan Chase ("JPM"), the Company's Custodian. The board monitors the Company's risk by reviewing the Custodian's internal controls reports as described in the Corporate Governance section of this report.

The cash held by the Company is held by JPM and Lloyds Bank. The board monitors the Company's risk by reviewing regularly the internal control reports of these banks. Should the credit quality or the financial position of either bank deteriorate significantly the Investment Manager will seek to move the cash holdings to another bank.

There were no significant concentrations of credit risk to counterparties at 31 December 2015 or 31 December 2014. No individual investment in a portfolio company exceeded 4.1 per cent. of the net assets attributable to the Company's shareholders at 31 December 2015 (2014: 4.3 per cent.).

Liquidity risk

The Company's financial instruments include investments in unquoted companies which are not traded in an organised public market, as well as AIM-traded equity investments, all of which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 December 2015 these investments were valued at £15,802,000 (2014: £19,817,000).

3.4 Related parties

Related party transactions include Management, Secretarial, Accounting and Performance fees payable to the Manager, Livingbridge VC LLP, as disclosed in notes 2.6 and 2.8, and fees paid to the Directors as disclosed in note 2.6. In addition, the Manager operates a Co-investment Scheme, detailed in the Management retention section of the Strategic Report on page 22, whereby employees of the Manager are entitled to participate in all unquoted investments alongside the Company.

During the year to 31 December 2015, the Manager received income of £57,000 (2014: £167,000) in connection with advisory fees and incurred abort fees of £10,000 (2014: £13,000), with respect to investments attributable to Baronsmead VCT 3.

Directors' fees of £207,000 (2014: £200,000) were received by the Manager in relation to services provided to companies in the investment portfolio, during the year, with respect to investments attributable to Baronsmead VCT 3.

3.5 Segmental reporting

The Company has one reportable segment being investing in primarily a portfolio of UK growth businesses, whether unquoted or traded on AIM.

Notes to the Financial Statements

3. Other Required Disclosures (continued)

3.6 Post balance sheet event

Proposed merger between Baronsmead VCT 3 plc and Baronsmead VCT 4 plc and closed Offer for subscription

On 10 December 2015 the boards of directors of the Company and Baronsmead VCT 4 plc announced that they had entered into discussions regarding a possible merger. Subsequently, on 27 January 2016 the boards of directors of the Company and Baronsmead VCT 4 plc published their recommended proposals (the "Proposals") for the reconstruction and voluntary winding up of Baronsmead VCT 4 plc in connection with the merger with the Company (the "Scheme") under section 110 of the Insolvency Act 1986, subject to shareholders' approvals.

The shareholders of the Company will consider the resolutions with respect to the Proposals at a general meeting to be held on 3 March 2016. The shareholders of Baronsmead VCT 4 plc will consider the resolutions with respect to the Proposals at general meetings to be held on 3 and 11 March 2016. If the merger becomes effective, Baronsmead VCT 3 plc acquire the assets and liabilities of Baronsmead VCT 4 plc in consideration of new shares to be issued to the former shareholders of Baronsmead VCT 4 plc and the Company will be renamed "Baronsmead Second Venture Trust plc".

As the Company issued a prospectus with respect the Proposals is was cost effective to launch an offer for subscription to raise up to £10m, conditional on the Scheme becoming effective, to provide the existing shareholders of the Company as well as the shareholders of Baronsmead VCT 4 plc with the opportunity to invest in new shares in the 2015/16 tax year ("the Offer"). The Offer became fully subscribed on 1 February 2016 and the Company expects to issue new shares with respect to amounts subscribed under the Company's Offer on 11 March 2016, subject to the Scheme becoming effective.

Realisation of Independent Community Care Management ("ICCM")

The Company's investment in ICCM Limited was sold to a trade buyer on 3 February 2016. The final proceeds received were approximately £183,000 less than the 31 December 2015 valuation. The lower valuation was the result of working capital adjustments agreed prior to completion and further negative trading news during January 2016.

Investment Policy

The Company's investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities and fixed interest bearing securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM-traded investments are primarily held in ordinary shares. Pending investment in VCT qualifying and non-VCT qualifying unquoted, AIM-traded and other quoted securities (which may be held directly or indirectly through collective investment vehicles), cash is primarily held in interest bearing accounts, money market OEICs, UK gilts and treasury bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees may have some trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with section 278 of ITA 2007 (as amended) (VCT Value) in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the year in shares and securities comprised in qualifying holdings.

At least 70 per cent. by VCT Value of qualifying holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in "eligible shares" which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in "eligible shares".

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested, directly or indirectly, in VCT qualifying and non qualifying growth businesses subject always to the quality of investment opportunities and the timing of realisations. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments. Non-VCT qualifying investments held in unquoted, AIM-traded and other quoted companies may be held directly or indirectly through collective investment vehicles.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The maximum the Company will invest in a single company (including a collective investment vehicle) is 15 per cent. of its investments by VCT Value. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Appendices

Investment style

Investments are selected in the expectation that the application of private equity disciplines including an active management style for unquoted companies will enhance value and enable profits to be realised from planned exits.

Co-investment with other Baronsmead VCTs

The Company aims to invest in larger more mature unquoted and AIM-traded companies and to achieve this it invests alongside the other Baronsmead VCTs.

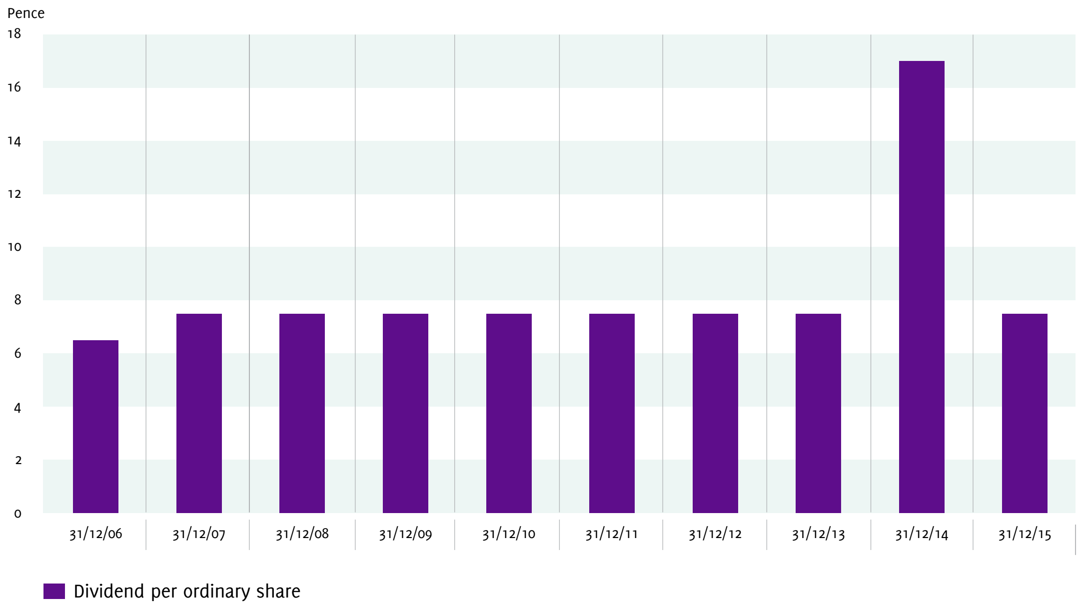
Management retention

Certain members and employees of the Manager invest in unquoted investments alongside the Company. This scheme is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders and the Manager.

Borrowing powers

The Company's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent. of the Company's gross assets, as permitted by the Company's articles. The Company currently has no borrowings.

Dividend History in the Last Ten Years



Source: Livingbridge VC LLP

Dividends Paid Since Launch

	Ordinary share				
Year ended	Revenue (p)	Capital (p)	Dividend History per ordinary share (p)	Cumulative dividends (p)	Average total dividend per ordinary share (p)
31/12/2001	2.30	0.00	2.30	2.30	2.30
31/12/2002	2.80	0.00	2.80	5.10	2.55
31/12/2003	2.20	2.00	4.20	9.30	3.10
31/12/2004	1.20	3.30	4.50	13.80	3.45
31/12/2005	2.00	3.50	5.50	19.30	3.86
31/12/2006	1.75	4.75	6.50	25.80	4.30
31/12/2007	2.30	5.20	7.50	33.30	4.76
31/12/2008	2.40	5.10	7.50	40.80	5.10
31/12/2009	1.20	6.30	7.50	48.30	5.37
31/12/2010	2.00	5.50	7.50	55.80	5.58
31/12/2011	1.65	5.85	7.50	63.30	5.75
31/12/2012	0.50	7.00	7.50	70.80	5.90
31/12/2013	3.00	4.50	7.50	78.30	6.02
31/12/2014	1.95	15.05	17.00	95.30	6.81
31/12/2015	**0.90**	**6.60**	**7.50**	**102.80**	**6.85**

Appendices

Performance Record Since Launch

	Ordinary share				
Year ended	Total net assets (£m)	NAV per share (p)	Share price (p)	NAV TR per share (p)*	Ongoing charges %†
31/12/2001	31.1m	93.85	88.00	101.21	2.9
31/12/2002	32.1m	94.85	85.50	105.35	3.3
31/12/2003	33.0m	97.15	90.00	112.65	3.1
31/12/2004	35.1m	106.38	92.50	125.64	3.5
31/12/2005	56.2m	117.31	100.50	144.77	3.5
31/12/2006	66.5m	130.77	116.50	169.27	3.4
31/12/2007	65.2m	120.44	111.50	170.56	3.4
31/12/2008	55.1m	102.72	90.50	149.56	3.0
31/12/2009	52.9m	97.50	86.25	159.89	3.1
31/12/2010	64.6m	106.60	94.25	180.19	3.0
31/12/2011	60.1m	100.16	91.25	189.74	3.0
31/12/2012	74.6m	111.62	105.38	217.38	3.0
31/12/2013	74.9m	113.40	106.25	245.38	3.0
31/12/2014	76.6m	101.72	95.00	257.18	2.9
31/12/2015	**79.2m**	**106.46**	**101.00**	**288.38**	**3.0**

* Net asset value total return (gross dividends reinvested). Source: Livingbridge VC LLP.
† Figures from 31 December 2012 onwards are based on the new AIC guidelines for the calculation of ongoing charges.

Cash Returned to Shareholders

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends (p)	Return on cash invested (%)
2001 (January)	100.00	20.00	80.00	102.80	122.8
2005 (March) – C share	100.00	40.00	60.00	66.50	106.5
2010 (March)	103.09	30.93	72.16	54.50	82.9
2012 (December)	117.40	35.22	82.18	36.50	61.1
2014 (March)	112.40	33.70	78.70	16.50	44.7

The total return could be higher for those shareholders who were able to defer a capital gain on subscription and the net sum invested may be less.
Dividends paid to C shareholders post conversion have been adjusted by the conversion ratio (0.85642528).

Full Investment Portfolio

Company	Sector	Book cost £'000	**31 December 2015 Valuation £'000**	31 December 2014 Valuation £'000	% of net assets	% of Equity held by Baronsmead VCT 3 plc	% of Equity held by all funds#
Unquoted							
Crew Clothing Holdings Ltd	Consumer Markets	1,453	**2,242**	2,464	2.8	6.7	28.1
Create Health Ltd	Healthcare & Education	953	**2,223**	1,775	2.8	5.7	29.0
Kingsbridge Risk Solutions Ltd	Business Services	851	**1,944**	1,144	2.5	5.7	34.0
Happy Days Consultancy Ltd	Healthcare & Education	1,710	**1,881**	1,053	2.4	12.9	65.0
Pho Holdings Ltd	Consumer Markets	991	**1,588**	1,375	2.0	5.5	28.0
CableCom II Networking Holdings Ltd	TMT*	1,250	**1,481**	1,331	1.9	2.5	11.2
Key Travel Ltd	Business Services	954	**1,372**	1,176	1.7	4.7	48.0
Carousel Logistics Ltd	Business Services	955	**1,331**	1,338	1.7	6.0	40.0
Eque2 Ltd	TMT*	766	**1,308**	1,333	1.7	7.6	38.5
Centre4 Testing Ltd	Business Services	954	**1,183**	–	1.5	4.7	30.6
Armstrong Craven Ltd	Business Services	673	**1,181**	845	1.5	7.7	46.0
Upper Street Events Ltd	Consumer Markets	953	**1,175**	953	1.5	8.0	70.1
Kirona Ltd	TMT*	955	**1,083**	955	1.4	3.8	37.5
Kalyke Investments Ltd	Business Services	956	**956**	–	1.2	9.6	48.6
Mortgages Made Easy Ltd	Consumer Markets	956	**956**	–	1.2	3.4	38.0
Yeo Bridge Ltd	Business Services	956	**956**	–	1.2	9.6	48.6
CR7 Services Ltd	TMT*	949	**949**	949	1.2	4.2	49.5
Cerillion plc	TMT*	900	**900**	–	1.1	6.9	30.7
Independent Community Care Management Ltd	Healthcare & Education	1,358	**731**	1,344	0.9	13.9	70.0
IP Solutions Ltd	TMT*	954	**644**	954	0.8	4.4	30.0
Fisher Outdoor Leisure Holdings Ltd	Consumer Markets	1,423	**586**	0	0.7	11.1	51.0
Valldata Group Ltd	Business Services	1,220	**0**	1,090	0.0	‡	‡
Carnell Contractors Ltd	Business Services	941	**0**	0	0.0	##	##
Xention Discovery Ltd	Healthcare & Education	893	**0**	0	0.0	1.7	2.9
Total unquoted		**24,924**	**26,670**		**33.7**		
AIM							
IDOX plc	TMT*	614	**3,266**	2,530	4.1	1.8	5.0
Tasty plc	Consumer Markets	594	**2,559**	1,500	3.2	2.5	14.5
Netcall plc	TMT*	869	**2,501**	3,318	3.2	3.6	17.8
TLA Worldwide plc	Business Services	733	**1,563**	1,309	2.0	2.5	12.5
Dods (Group) plc	TMT*	1,219	**1,371**	938	1.7	4.2	20.1
Ideagen plc	TMT*	675	**1,342**	450	1.7	1.4	6.2
Inspired Energy plc	Business Services	287	**1,232**	844	1.6	1.9	9.7
Bioventix plc	Healthcare & Education	227	**1,060**	614	1.3	1.7	7.6
Sanderson Group plc	TMT*	612	**864**	781	1.1	2.2	8.8
Plastics Capital plc	Business Services	793	**756**	860	1.0	2.3	11.7
Anpario plc	Healthcare & Education	152	**748**	851	0.9	1.0	6.4
Electric Word plc	TMT*	696	**732**	575	0.9	5.1	27.6
Driver Group plc	Business Services	563	**731**	950	0.9	3.5	16.4
Gama Aviation plc	Business Services	388	**637**	846	0.8	0.5	2.5
Venn Life Sciences plc	Healthcare & Education	612	**618**	–	0.8	4.9	21.7
Escher Group Holdings plc	TMT*	614	**614**	831	0.8	1.9	9.7
CentralNic Group plc	TMT*	459	**553**	–	0.7	1.3	5.7
MartinCo plc	Consumer Markets	343	**535**	353	0.7	1.6	6.9
EG Solutions plc	TMT*	714	**508**	397	0.6	4.2	19.1
Vianet Group plc	Business Services	646	**507**	373	0.6	1.9	9.7
InterQuest Group plc	Business Services	310	**473**	580	0.6	1.6	6.3
Everyman Media Group plc	Consumer Markets	391	**439**	392	0.6	0.8	3.5

Full Investment Portfolio (continued)

Company	Sector	Book cost £'000	**31 December 2015 Valuation £'000**	31 December 2014 Valuation £'000	% of net assets	% of Equity held by Baronsmead VCT 3 plc	% of Equity held by all funds#
AIM (continued)							
Crawshaw Group plc	Consumer Markets	200	**390**	252	0.5	0.6	9.1
Daily Internet plc	TMT*	340	**358**	263	0.5	4.4	19.5
Belvoir Lettings plc	Consumer Markets	376	**354**	–	0.4	1.0	4.5
Castleton Technology plc	TMT*	101	**294**	126	0.4	0.5	2.2
Begbies Traynor Group plc	Business Services	231	**267**	250	0.3	0.5	2.1
Plant Impact plc	Business Services	189	**246**	–	0.3	0.6	2.5
Wey Education plc	Healthcare & Education	214	**244**	–	0.3	6.5	28.9
STM Group plc	Business Services	162	**202**	67	0.3	0.6	3.6
Pinnacle Technology Group plc	TMT*	219	**200**	35	0.3	2.3	10.0
Scholium Group plc	Consumer Markets	450	**171**	369	0.2	3.3	14.7
Brady plc	TMT*	176	**161**	232	0.2	0.4	2.0
MXC Capital Ltd	Business Services	113	**140**	–	0.2	0.1	0.6
Synectics plc	Business Services	296	**140**	129	0.2	0.6	2.1
Science in Sport plc	Consumer Markets	144	**136**	–	0.2	0.6	2.7
Paragon Entertainment Ltd	Consumer Markets	258	**108**	135	0.1	3.6	19.1
Mi-Pay Group plc	Business Services	400	**83**	102	0.1	0.8	3.1
Totally plc	Healthcare & Education	35	**81**	–	0.1	2.0	9.0
One Media iP Group plc	TMT*	113	**78**	116	0.1	1.6	6.9
Tangent Communications plc	Business Services	523	**78**	376	0.1	2.3	11.3
Gresham House plc	TMT*	56	**64**	56	0.1	0.2	0.9
Fulcrum Utility Services Ltd	Business Services	51	**61**	17	0.1	0.1	2.6
Synety Group plc	TMT*	113	**35**	83	0.0	0.3	1.5
Ubisense Group plc	TMT*	130	**30**	87	0.0	0.2	1.0
APC Technology Group plc	Business Services	932	**9**	22	0.0	0.1	0.6
Zoo Digital Group plc	TMT*	584	**5**	4	0.0	0.2	0.6
Marwyn Management Partners plc	Business Services	525	**4**	7	0.0	0.0	0.1
Total AIM		**19,442**	**27,548**		**34.8**		
Listed interest bearing securities							
UK Treasury Bill 11/01/16		4,498	**4,498**	–	5.7		
Total listed interest bearing securities		**4,498**	**4,498**		**5.7**		
Collective investment vehicle							
Wood Street Microcap Investment Fund		3,525	**9,133**	7,676	11.5		
Total collective investment vehicle		**3,525**	**9,133**		**11.5**		
Total investments		**52,389**	**67,849**		**85.7**		
Net current assets			**11,347**		**14.3**		
Net assets			**79,196**		**100.0**		

\# All funds managed by the same investment manager, Livingbridge VC LLP and Livingbridge EP LLP, including Baronsmead VCT 3 plc.

* Technology, Media & Telecommunications ("TMT").

‡ Following a restructuring the effective ownership percentage is dependent on final exit proceeds.

\#\# Following a restructuring and partial redemption the funds no longer hold equity in Carnell Contractors Ltd.

Shareholder Information and Contact Details

Shareholder Account Queries

The Registrar for **Baronsmead VCT 3** Computershare Investor Services PLC ("Computershare"). The Registrar will deal with all of your queries with regard to your shareholder account, such as:

- Change of address
- Latest share price
- Your current share holding balance
- Your payment history, including any outstanding payments
- Your payment options (cheque, direct payment to your bank/building society account, reinvestment)
- Paper or electronic communications
- Request replacement cheques or share certificates (for which there may be additional administrative and other charges)

You can contact Computershare with your queries in several ways:

Telephone:	0800 923 1534	• This is an automated self-service system • It is available 24 hours a day, 7 days a week • You should have your Shareholder Reference Number ("SRN") to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons • Press '0' if you wish to speak to someone • The Contact Centre in Bristol is available on UK business days between 8.30am – 5.00pm Monday to Friday
On-line:	Investor Centre www.investorcentre.co.uk	• Computershare's secure website, Investor Centre, allows you to manage your own shareholding online • You will need to register to use this service on the Investor Centre web site • You should have your SRN to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons
Email:	web.queries@computershare.co.uk	
Post:	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company or the Registrar at the numbers provided above.

Shareholder Information and Contact Details

Share Price

The Company's shares are listed on the London Stock Exchange. The mid-price of the Company's shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from the link on the Company's website and many financial websites.

Trading Shares

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker.

The market makers in the shares of Baronsmead VCT 3 plc are:

Panmure Gordon & Co.	020 7886 2500 (the Company's broker)
Winterflood	020 3400 0251

Financial Calendar

April 2016 Fifteenth Annual General Meeting

August 2016 Announcement of interim report and posting of half-yearly report

February 2017 Announcement of final results for year to 31 December 2016

Additional Information

The information provided in this report has been produced in order for shareholders to be informed of the activities of the Company during the period it covers. Livingbridge VC LLP does not give investment advice and the naming of companies in this report is not a recommendation to deal in them.

Baronsmead VCT 3 plc is managed by Livingbridge VC LLP which is Authorised and regulated by the FCA. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

Secondary Market in the Shares of Baronsmead VCT 3 plc

The existing shares of the Company are listed on the London Stock Exchange and can be bought and sold using a stockbroker in the same way as shares of any other listed company.

Qualifying investors* who invest in the existing shares of the Company can benefit from:

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

The UK tax treatment of VCTs is on a first in first out basis and therefore tax advice should be obtained before shareholders dispose of their shares and also if they deferred a capital gain in respect of new shares acquired prior to 6 April 2004.

* UK income tax payers, aged 18 or over, who acquire no more than £200,000 worth of VCT shares in a tax year

Corporate Information

Directors
Anthony Townsend (Chairman)
Gillian Nott OBE
Andrew Karney
Ian Orrock

Secretary
Livingbridge VC LLP

Registered Office
100 Wood Street
London EC2V 7AN

Investment Manager
Livingbridge VC LLP
100 Wood Street
London EC2V 7AN
020 7506 5717

Registered Number
04115341

Registrars and Transfer Office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0800 923 1534

Brokers
Panmure Gordon & Co
One New Change
London EC4M 9AF
Tel: 020 7886 2500

Auditors
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Solicitors
Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

VCT Status Adviser
Philip Hare & Associates
Suite C – First Floor
4-6 Staple Inn
Holborn
London WC1V 7QH

Website
www.baronsmeadvct3.co.uk

Notes

LIVINGBRIDGE

Investment Manager
T 020 7506 5600
www.livingbridge.com

100 Wood Street London EC2V 7AN T 020 7506 5600 F 020 7506 5665 www.baronsmeadvcts.co.uk