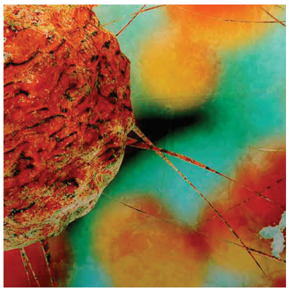
Calculus VCT plc

(Previously Investec Structured Products Calculus VCT plc)





Annual Financial Report
For the year ended 29 February 2016
(Registered in England and Wales under company number 07142153)

Investment Objective

Calculus VCT plc ("the Company") is a Venture Capital Trust ("VCT") listed on the London Stock Exchange.

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments that will provide investment returns sufficient to allow the Company to maximise annual dividends and with the goal of capital growth over the medium to long term;
- generate sufficient returns from a portfolio of qualifying investments to provide attractive long-term returns within a tax efficient vehicle;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying investors to retain their income tax relief of up to 30 per cent on the initial investment and receive tax-free dividends and capital growth.

Full details of the Company's investment policy can be found on page 17 within the Strategic Report.

	Ordinary Share Fund		C Share Fund	
Financial Highlights	12 Months to 29 February 2016	12 Months to 28 February 2015	12 Months to 29 February 2016	12 Months to 28 February 2015
Total return per share	(8.11)p	(1.53)p	(8.37)p	3.14p
Net asset value per share	31.36p	66.43p	77.27p	90.07p
Cumulative dividends paid	70.05p	43.00p	18.00p	13.50p
Accumulated shareholder value	101.41p	109.43p	95.27p	103.57p
Share price	37.00p	85.50p	90.00p	90.00p
Premium/(discount) to NAV	17.98%	28.71%	16.47%	(0.08)%
Recommended final dividend	-	5.25p	4.5p	4.5p

Contents

Strategic Report

The Strategic Report has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006 (the "Act"). Its purpose is to inform members of the Company and help them assess how the Directors have performed their legal duty under Section 172 of the Act, to promote the success of the Company.

Chairman's Statement

I am delighted to present your Company's results for the year ended 29 February 2016.

The net asset value per Ordinary share was 31.36 pence as at 29 February 2016 compared to 66.43 pence as at 28 February 2015. This is after paying an annual dividend to Ordinary shareholders in July 2015 of 5.25 pence per share and the special interim dividend of 21.8 pence per share in December 2015, bringing the total cumulative shareholder value to 101.41 pence per Ordinary share.

The net asset value per C share was 77.27 pence as at 29 February 2016 compared to 90.07 pence as at 28 February 2015. This is after paying a dividend to C shareholders in 2015 of 4.5 pence per share, bringing total cumulative shareholder value to 95.27 pence per C share.

The net asset values have subsequently decreased to 31.11 pence per Ordinary share and increased to 80.14 pence per C share as at 31 May 2016.

Non Qualifying Portfolio

The Structured Products portfolio, managed by Investec Structured Products, performed well in both the Ordinary and C share portfolios returning 48.9% and 27.0% respectively. The final Structured Product in the Ordinary share portfolio matured in November 2015 and the Board were delighted to pay a special dividend and exceed the interim return target of returning 70 pence per Ordinary shareholders by 14 December 2015.

There is one final Structured Product based on the FTSE 100 Index in the C share portfolio that is due to mature in March 2017. At 29 February 2016, the FTSE 100 was trading at 6,097.09. This means that while the level of the FTSE 100 will change, if the Structured Products in the C share fund were to mature at this level, it would yield the maximum payoff for investors, increasing the overall return on the Structured Products on the C share portfolio to 36.5%

Your Board is pleased that the Structured Products portfolio has achieved its planned return for the Ordinary shares and we expect the Structured Products portfolio for the C shares to also meet its planned return.

Venture Capital Investments

Calculus Capital Limited manages the portfolio of VCT Qualifying Investments made by the Company.

The total return for the qualifying portfolio for the Ordinary shares is down 5.2% compared to original cost. In some respects, this is understandable as 'lemons' ripen before the 'plums'. We are hopeful that the portfolio will start to deliver positive returns going forward.

The total return for the qualifying holdings on the C shares is up 1.8% on original cost. That performance is after taking some write downs and we are hopeful that the portfolio will now start to deliver increasing returns.

During the year, Solab Group Limited ("Solab") (previously Hampshire Cosmetics) redeemed £150,000 of its loan stock at par and Venn Life Science Holdings plc ("Venn") was sold at a loss, both to raise funds to pay the July dividend on the Ordinary share portfolio. Hembuild Group Limited ("Hembuild") redeemed £125,000 of loan notes in May 2015 before the company entered administration in November 2015.

The C share fund sold its holding in Horizon Discovery plc ("Horizon") in September 2015, achieving a return of over 1.8x.

The qualifying portfolio on the Ordinary shares showed a decrease in value of 22.0 per cent in the year to 29 February 2016 on a like-for-like basis. Although AnTech Limited ("AnTech"), Metropolitan Safe Custody Limited ("Metropolitan"), Dryden Human Capital Group Limited ("Dryden"), Human Race Group Limited ("Human Race") and Solab saw an uplift in value, Brigantes Energy Limited ("Brigantes"), Corfe Energy Limited ("Corfe") and Terrain Energy Limited ("Terrain"), all in the oil and gas sector, lost just over £275,000 in aggregate in the year primarily as a result of the lower oil price. Hembuild was written down by £190,000 when it entered administration.

The qualifying portfolio on the C shares showed a decrease in value of 7.1 per cent in the year to 29 February 2016 on a like-for-like basis. Increased valuations on Solab, Human Race and Metropolitan were offset by the fall in Scancell Holdings plc's ("Scancell") share price. The Board remain confident about Scancell's long term prospects.

An analysis of the Qualifying Investments can be found in the Investment Manager's Review that follows this Statement.

D share Issue and Merger

At the Extraordinary General Meetings in November 2015, shareholders approved the issue of up to £8 million of D shares by means of an offer for subscription. At the same meetings, shareholders approved mergers of the Ordinary and C share classes into a single class with the D shares following realisation or liquidation of the Structured Products investments attributable to those classes. The directors anticipate that the Ordinary shares class will be merged into the D shares class on a relative net asset value basis in due course, potentially simultaneously with the merger of the C shares class into the D shares class. The merger of the C shares class into the D shares class will not occur until after the last Structured Product investment attributable to that class is realised or liquidated, which is expected with the maturity of the last such investment in March 2017.

Strategic Report (continued)

The Board was pleased to announce that, in connection with the offer for subscription for D shares of 1p each that opened on 26 October 2015, applications were received for in excess of the minimum requirement of £1 million for the offer to proceed in respect of the 2015/2016 and 2016/2017 tax years in aggregate. An allotment of 876,181 D shares in respect of the 2015/2016 tax year took place on 8 March 2016 at an average issue price of £1.0264 per share. A second allotment of 644,598 D shares in respect of 2015/2016 tax year took place on 4 April 2016 at an average issue price of £1.0333 per share. A third allotment of 291,305 D shares in respect of the 2016/2017 tax year took place on 3 May 2016 at an average issue price of £1.0333 per share.

Name change

In October 2015, the VCT changed its name from Investec Structured Products Calculus VCT plc to Calculus VCT plc to reflect the maturity of the final Structured Products on the Ordinary share portfolio and the change in investment policy on the D shares. There is one remaining Structured Product on the C share portfolio which is due to mature in March 2017.

Dividend

In line with our aim to provide a regular tax-free dividend stream, the Directors are pleased to announce a dividend of 4.5 pence per C share. Subject to shareholder approval, the dividends will be paid on 5 August 2016 to C shareholders on the register on 8 July 2016. This will take cumulative dividends paid to 22.50 pence per C share. The directors anticipate that, following the announcement of the company's interim results to 31 August 2016, a dividend equivalent to 4.5% of NAV will be paid to D Class shareholders. The timing and amount of the next dividend to Ordinary shareholders is dependent on any realisations of investments in the Ordinary share Class portfolio or the timing of the merger of the Ordinary share Class into the D share Class.

Annual General Meeting

The Company's Annual General Meeting will be held at 11.00 am on Tuesday, 26 July 2016 at the offices of Calculus Capital Limited, 104 Park Street, London, W1K 6NF.

Changes to VCT tax legislation

Last year saw a series of regulatory changes which affect how VCTs can invest. It is no longer possible for VCTs to undertake management buyouts either as a purchase of equity or as a purchase of a company's trade and its assets. Subject to certain caveats, companies must also be under seven years old (ten years for knowledge intensive companies) to be eligible for investment and there is a lifetime investment limit on the amount any single company can receive of £12million (£20million for knowledge intensive companies). Other changes to the legislation that mean that new investment in reserve power businesses will no longer qualify and, from 6th April 2016, any new investment into the energy generation sector will also not qualify for relief. HMRC has also indicated that it will be more cautious about giving approval for companies that are clearly set up with the intention of not having a long term future, so called 'limited life' companies. These changes in the legislation have affected individual VCTs to differing extents. Investment for the purposes of growth and development, which is Calculus Capital Limited's core model, is, by and large, unaffected by the changes other than the prohibition on investment in companies older than seven years that have not previously raised tax advantaged funding within seven years of first commercial sale.

The recent budget statement introduced further changes to the rules governing non-qualifying investments for VCTs with effect from 6 April 2016. VCT's can now only invest in Ordinary shares or securities in companies listed on a European regulated market and shares or units in an Alternative Investment Fund or Undertakings for Collective Investments in Transferable Securities that can be redeemed within 7 days. These changes are unlikely to affect the Ordinary or C share investors and will not affect the new D shares' core investment policy in respect of non-qualifying assets to invest in a variety of investments selected to preserve capital value, whilst generating income. However certain of the potential investments listed in the VCT's investment policy, such as investment directly or indirectly in ground rent assets, are either precluded or very unlikely to be possible following these changes. The Directors do not believe that these restrictions will materially affect the investment returns available to the VCT.

Outlook

The Company exceeded its target of returning 70 pence to each Ordinary shareholder by its interim return date of 14 December 2015. The C share portfolio continues to be invested in Structured Products and as long as the FTSE 100 remains above 5,247, the Company is on target to return the same amount to C shareholders by 14 March 2017.

As mentioned in the previous section, 2015 saw a number of changes affecting VCT legislation. Although the new legislation may affect some of our investment opportunities and brings greater complexity, the Board does not believe the changes will materially impact our ability to invest in UK growth companies. Whilst the general economic outlook may be uncertain for the UK in 2016 with continued uncertainty in the Eurozone, the Board believe the portfolios have considerable upside potential and we hope to see the qualifying portfolios recovering some lost value in the coming year.

Michael O'Higgins
Chairman
20 June 2016

Investment Manager's Review (Qualifying Investments)

Calculus Capital Limited manages the portfolio of Qualifying Investments made by the Company. To maintain its qualifying status as a Venture Capital Trust, the Company needed to be greater than 70 per cent invested in Qualifying Investments by the end of the relevant third accounting period and to maintain it thereafter. At 29 February 2016, the qualifying percentage for the Company was 92.0 per cent.

During the year under review, the Company made no new Qualifying Investments. The qualifying portfolio showed a decrease in value of 17.0 per cent in the year to 29 February 2016 on a like-for-like basis.

Further detail on the qualifying investments can be found below.

AnTech - Ordinary share portfolio

AnTech is both a specialist engineering company manufacturing products for the oil and gas industry and an oil and gas services company providing directional coil drilling services. AnTech's Products Division supplies customised and standard products used mainly in production. Its Coil Tube Drilling Services Division has developed a new generation of directional drilling tools which transform the manner and efficiency with which oil and gas wells can be drilled with coiled tubing. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life, which is particularly attractive in a low oil price environment. The tools were used commercially in France in late 2014 and Ohio in 2015 with successful results. In early 2016, a significant Mid-Form Contract was signed with Saudi Aramco, the world's largest oil company, for drilling later this year and a further order has been secured for drilling in Ohio. In February 2016, funds managed by Calculus Capital Limited made a £2.35m investment in AnTech in order to provide working capital for the anticipated growth of the Services business.

Latest Audited Results (group)	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Aug	31 Aug			–
Turnover	3,796	2,900	Total cost	270	–
Pre-tax profit/(loss)	217	458	Income recognised in year/period	13	–
Net assets	6,130	5,898	Equity valuation	142	–
Valuation basis: Last price paid			Loan stock valuation	150	–
			Total valuation	292	–
			Voting rights*	1.00%	–

* Other funds managed by Calculus Capital Limited have combined voting rights of 31.0 per cent.

Investment Manager's Review (continued) (Qualifying Investments)

Brigantes - Ordinary share portfolio

Brigantes and Corfe were originally intended as one investment, but were split because it enabled a larger fundraising under the then rules for tax advantaged investment schemes. Brigantes currently owns interests in the following licences: PL1/10 onshore Northern Ireland, P2123 offshore Northern Ireland, P1918 adjacent to Wytch Farm in Dorset and PEDL070 which contains the Avington oilfield in Hampshire. A first well on the PL1/10 licence targeting the Woodburn prospect was drilled in May/June 2016, but did not encounter any hydrocarbon accumulation – the data collected in the well is being evaluated to decide where to focus future exploration activity in the basin. A farm-in agreement has been signed on P1918 and the P1918 group has been awarded the neighbouring licences in the 14th Onshore licencing round.

Latest Audited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Jul	31 Jul			
Turnover	45	73	Total cost	127	–
Pre-tax profit/(loss)	(225)	(266)	Income recognised in year/period	–	–
Net assets	511	725	Equity valuation	108	–
Valuation basis: Comparable companies, discounted cash flow			Loan stock valuation	–	–
			Total valuation	108	–
			Voting rights*	3.33%	–

* Other funds managed by Calculus Capital Limited have combined voting rights of 25.6 per cent.

Corfe - Ordinary share portfolio

Corfe has interests in five licences: Osprey, Lulworth Banks and Ballard Point (adjacent to Wytch Farm) in Dorset, Burton on the Wolds in the East Midlands and Avington oilfield in Hampshire. A farm-in agreement has been signed on P1918 and the P1918 group has been awarded the neighbouring licences in the 14th Onshore licencing round.

Latest Audited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Jul	31 Jul			
Turnover	45	73	Total cost	76	–
Pre-tax profit/(loss)	(413)	(331)	Income recognised in year/period	–	–
Net assets	1,403	1,445	Equity valuation	45	–
Valuation basis: Comparable companies, discounted cash flow			Loan stock valuation	–	–
			Total valuation	45	–
			Voting rights*	2.0%	–

* Other funds managed by Calculus Capital Limited have combined voting rights of 27.3 per cent.

Dryden - Ordinary share portfolio

Dryden is headquartered in the UK and specialises in the actuarial, insurance and compliance recruitment sector. In the last year, the company has made significant progress in implementing new systems and working processes thereby delivering operational improvement. Trading for the financial year to 31 March 2016 was ahead of last year's performance. The company will continue to invest in efficiency improving systems, processes and training, and recruit new high performing recruitment consultants who are aligned with management's strategy of growth and continuous performance improvement.

Latest Audited Results (group)	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Mar	31 Mar			
Turnover	4,034	3,905	Total cost	100	–
Pre-tax profit/(loss)	(1,113)	(1,683)	Income recognised in year/period	–	–
Net assets/(liabilities)[1]	1,729	(3,984)	Equity valuation	7	–
Valuation basis: Sales multiple			Loan stock valuation	–	–
			Total valuation	7	–
			Voting rights*	0.25%	–

*Other funds managed by Calculus Capital Limited have combined voting rights of 1.9 per cent.

Human Race - Ordinary and C share portfolio

Human Race owns and operates over 60 events for over 90,000 participants of all abilities and ages. This makes the business the largest owner and deliverer of mass participation events in the UK. The portfolio includes the London Winter Run, Windsor Triathlon, Wiggle Dragon Ride, Run or Dye series, Tour de Yorkshire Ride (alongside ASO – owners of the Tour de France), the Eton Triathlon Super Sprints, Kingston Breakfast Run, and an off road winter series. The London Winter Run was the largest inaugural 10k run ever in the UK with 14,000 entries in the first year. A roll out of the Winter Run concept is now planned throughout the UK with events having taken place in Liverpool and Manchester. In addition, an exciting partnership is being forged with ASO with a venture alongside the Tour de Yorkshire (a pro ride over 3 days) and the acquisition of a smaller established sportive called the Lionheart Ride.

Latest Results (group)	2015* £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec		–	–
Turnover	4,431	2,870	Total cost	300	150
Pre-tax profit/(loss)	(421)	(479)	Income recognised in year/period	26	13
Net assets	1,333	1,329	Equity valuation	110	55
Valuation basis: Comparable companies & transaction			Loan stock valuation	200	100
			Total valuation	310	155
			Voting rights	1.93%	0.97%

*Unaudited

Other funds managed by Calculus Capital Limited have combined voting rights of 38.7 per cent.

Investment Manager's Review (continued) (Qualifying Investments)

Metropolitan - Ordinary and C share portfolio

Metropolitan runs two safe custody sites, one in Knightsbridge, the other in St. Johns Wood. These profitable, stable businesses serve several thousand customers, providing access to the vaults seven days a week. Since investment, Metropolitan has undergone an extensive refurbishment programme which should be completed by 2017. Thereafter capital expenditure will principally be incurred to increase capacity. The Company is paying down debt and distributing surplus cash by way of dividends. Additional opportunities are being considered to expand the brand's reach further and grow sales.

Latest Audited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	30 Jun	30 Jun			
Turnover	1,970	1,700	Total cost	90	40
Pre-tax profit	200	200	Income recognised in year/period	2	1
Net assets	3,800	3,600	Equity valuation	155	69
			Loan stock valuation	–	–
Valuation basis: Earnings multiple			Total valuation	155	69
			Voting rights*	2.23%	0.99%

* Other funds managed by Calculus Capital Limited have combined voting rights of 38.9 per cent.

MicroEnergy Generation Services Limited ("MicroEnergy") - Ordinary share portfolio

Following the acquisition of an additional 15 turbines with an effective date of 1st April 2015, MicroEnergy owns and operates a fleet of 168 small onshore wind turbines (<5kW) installed on farm land in East Anglia and Yorkshire. Revenues come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed feed-in tariff (FIT) paid by the electricity suppliers for every kilowatt of electricity generated for twenty years. Secondly, there is an export tariff for any surplus electricity not used by the site owner that is exported to the grid. Annual generation to 31 March 2016 is ahead of last year at 820,000kWh equating to £259,000.

Latest Audited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Mar	31 Mar			
Turnover	173	212	Total cost	150	–
Pre-tax profit/(loss)	(31)	(25)	Income recognised in year/period	–	–
Net assets	2,683	2,714	Equity valuation	132	–
			Loan stock valuation	–	–
Valuation basis: Discounted cash flow			Total valuation	132	–
			Voting rights*	5.12%	–

*Other funds managed by Calculus Capital Limited have combined voting rights of 5.8 per cent.

Pico's Limited ("Benito's Hat") - C share portfolio

Benito's Hat (trading name of Pico's Limited) is a Mexican-themed restaurant brand centred on an authentic experience and high-quality food, at an affordable price point. Offering tailor-made burritos, tacos and salads, the brand has a devoted customer following and has won many accolades from food critics. 'Like-for-like' financial performance of the 'core estate' (continuing sites that have been operating for over a year) has improved. The Company closed certain sites which underperformed against budget. There is significant competition for new sites within the M25 and the Company is maintaining a high level of vigilance in ongoing site selection.

The Company will look to raise further funds in the future to continue its expansion program of new site openings and is in ongoing discussions with a number debt providers.

Latest Audited Results (group)	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	26 Jul	27 Jul		–	–
Turnover	4,740	3,385	Total cost	–	50
Pre-tax profit/(loss)	(548)	(661)	Income recognised in year/period	–	–
Net assets	2,424	2,972	Equity valuation	–	58
Valuation basis: Comparable companies & transactions			Loan stock valuation	–	–
			Total valuation	–	58
			Voting rights*	–	0.92%

* Other funds managed by Calculus Capital Limited have combined voting rights of 38.2 per cent.

Quai Administration Services Limited ("Quai") - C share portfolio

Quai provides platform technology combined with back office administration services for the high-volume personal savings industry. Quai's platform administers thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers. Mass distribution of individual savings plans is pressurising providers to offer efficient, high-volume, low-margin schemes. Quai has progressed well, with five live customers on its platform, three soon to go live and three more expected to sign contracts in the coming weeks. Financial performance in the year to October 2015 was the same as the prior year as revenue conversion was slower than anticipated. Recent wins have targeted clients with large books of assets under management. In February 2016, Calculus Capital Limited participated in a further funding round alongside members of the Quai board and other private individuals, to accelerate development of the Company's technology platform and expand the sales and marketing teams.

Latest Unaudited Results (group)	2015* £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Oct	31 Oct		–	–
Turnover	698	721	Total cost	–	150
Pre-tax loss	(1,747)	(1,791)	Income recognised in year/period	–	–
Net assets/(liabilities)	(227)	194	Equity valuation	–	150
Valuation basis: Last price paid			Loan stock valuation	–	–
			Total valuation	–	150
			Voting rights	–	2.10%

*Unaudited

Investment Manager's Review (continued) (Qualifying Investments)

Scancell - C share portfolio

Scancell is a clinical stage immunotherapy company. The company has two vaccine platform technologies: SCIB1 for melanoma entered clinical trials in June 2010; MODI-1 is targeted to enter clinical trials in advanced breast and ovarian cancer in 2017. The company believes the Moditope platform could play a major role in cancer immunotherapies. Encouraging survival data on patients treated with SCIB1, combined with the laboratory data showing the potential value of a SCIB1/checkpoint inhibitor combination, has set the stage for an expanded clinical trial programme in melanoma in 2017. The trial will be led by leading US melanoma specialists at Massachusetts General Hospital, Harvard Medical School, MD Anderson, Memorial Sloan Kettering and the Division of Medical Oncology at University of Colorado. The aim is to demonstrate improved response compared to anti-PD-1 monotherapy without additional toxicity.

Since the year end, Scancell has raised funds through a firm placement and an open offer, raising £3.4m and £3.8m, respectively. The funds will be used to prepare for further clinical studies on both SCIB1 and Moditope®.

The D share portfolio has invested £50,000 in Scancell since the year end.

Latest Unaudited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	30 Apr	30 Apr			
Turnover	–	–	Total cost	–	100
Pre-tax profit/(loss)	(2,828)	(2,468)	Income recognised in year/period	–	–
Net assets	6,754	9,077	Equity valuation	–	78
			Loan stock valuation	–	–
Valuation basis: Bid price			Total valuation	–	78
			Voting rights*	–	0.20%

* As at 20 June 2016, the D shares held 0.1% of the voting rights. Other funds managed by Calculus Capital Limited have combined voting rights of 18.5 per cent.

Solab (formerly Hampshire Cosmetics) - Ordinary and C share portfolio

Solab is a long established manufacturer of fragrances, shampoos and skincare products for customers, including L'Oreal and Penhaligon. More recently it has been broadening its activities, particularly into animal care products. The cosmetics business has been affected by significant reduction in volumes from the The Body Shop. This is due to a decision to in-source manufacturing to French factories to maintain employment there following The Body Shop's acquisition by L'Oreal. New business has only partially replaced lost turnover but is expected to be fully recovered in 2017. Revenues from animal care and veterinary have increased substantially with profitability anticipated in 2016.

Latest Unaudited Results (group)	2015* £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	22,477	26,021	Total cost	100	150
Pre-tax profit/(loss)	(317)	181	Income recognised in year/period	3	8
Net assets	2,510	2,691	Equity valuation	153	62
			Loan stock valuation	-	100
Valuation basis: Comparable companies, comparable transactions & DCF			Total valuation	153	162
			Voting rights*	4.45%	1.81%

*Unaudited

*Other funds managed by Calculus Capital Limited have combined voting rights of 1.23 per cent.

Terrain - Ordinary and C share portfolio

Terrain has taken advantage of attractive prices in the current market and has recently completed the acquisition of interests in the Whisby and Lidsey licences and increased its interest in Keddington. It has also been awarded Louth in the 14th Licensing Round. Terrain now has interests in twelve petroleum licences; Keddington, Kirklington, Dukes Wood, Burton on the Wolds, Whisby and Louth in the East Midlands, Larne and an offshore licence to the north of Larne in Northern Ireland, Brockham and Lidsey in the Weald Basin and Egmating and Starnberger See in Germany. The company is currently producing from wells at Brockham and Lidsey. A sidetrack at Keddington was drilled in February 2016 encountering some 60m of oil bearing sands which is due to be completed and tested in Q2 2016. New wells at Larne, Whisby and Lidsey as well as a sidetrack at Brockham are due to be drilled in 2016. In February 2016, Terrain completed a £1m funding round to provide capital for its licence commitments.

Latest Audited Results	2014 £'000	2013 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	212	237	Total cost	100	50
Pre-tax profit/(loss)	(635)	(768)	Income recognised in year/period	–	–
Net assets	6,617	7,168	Equity valuation	144	67
			Loan stock valuation	–	–
Valuation basis: Last price paid			Total valuation	144	67
			Voting rights	1.15%	0.53%

*Other funds managed by Calculus Capital Limited have combined voting rights of 8.91 per cent.

The One Place Capital Limited ("Money Dashboard") - C share portfolio

Money Dashboard (the trading name of The One Place Capital Limited) empowers consumers to take control of their finances. By using Money Dashboard consumers are able to view all of their internet enabled current accounts, savings accounts and credit cards in one secure place, providing the true view of their financial lives. Calculus Capital Limited invested in Money Dashboard in November 2013. Since investment the Company has achieved a number of milestones. User numbers have grown and the Company now has over 100,000 registered users; a mobile application has been launched, a 'productised' version of the data insights offering has been developed and branded "TrueView" and sales of TrueView data contracts are gaining traction with financial institutions.

Revenue growth has been slower than was anticipated, leading to further investments by Calculus Capital Limited funds in July 2014 and July 2015.

Latest Results (group)	2015* £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	30 Apr	30 Apr			
Turnover	219	18	Total cost	–	127
Pre-tax profit/(loss)	(2,446)	(1,662)	Income recognised in year/period	–	–
Net assets/(liabilities)	478	484	Equity valuation	–	127
			Loan stock valuation	–	–
Valuation basis: Last price paid			Total valuation	–	127
			Voting rights*	–	1.28%

*Unaudited

*Other funds managed by Calculus Capital Limited have combined voting rights of 41.3 per cent.

Investment Manager's Review (continued) (Qualifying Investments)

Tollan Energy Limited ("Tollan") - Ordinary share portfolio

Tollan owns a portfolio of solar systems on roof tops in Northern Ireland. The solar generating capacity, which is installed on residential and some commercial roofs in the Belfast area, benefits from Northern Ireland Renewable Obligation Certificates (NIROCs). In addition, the company benefits from the export tariff for any surplus electricity not used by the homeowner that is exported to the grid. The portfolio is now fully installed and comprises 334 systems (1.55MW). The systems have demonstrated stable generation levels of 978,000kWh in the year to March 2016 (974,000kWh in 2015).

Latest Unaudited Results	2015 £'000	2014 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Mar	31 Mar*			
Turnover	174	23	Total cost	150	–
Pre-tax profit/(loss)	9	(155)	Income recognised in year/period	–	–
Net assets	2,205	2,195	Equity valuation	146	–
Valuation basis: Discounted cash flow *December 2012 to March 2014			Loan stock valuation	–	–
			Total valuation	146	–
			Voting rights	6.38%	–

Venn - C share portfolio

Venn's is consolidating a number of small European contract research organisations (CRO) to build a mid-sized CRO focused on the European market, offering clients a full service, multi-centred capability in Phase II-IV trials across a range of principal disease areas. In October the company announced the signing of an international contract, worth €1m and covering multiple regions including France, the UK and the US. The Phase I-II project will centre on acute T-cell leukaemia, and follows a previously successful trial with the same company. In early 2016 the company announced that it expected full-year revenues for 2015 to be at least double the €4.1m delivered in 2014. This strong performance has been delivered through success in winning contracts, facilitated by international expansion. Recently, Venn secured contracts worth €3.4m, in an extension of its existing phase-II program with a leading US-based biotechnology firm. The company is now generating free cash flows.

The strong financial results announced at the close of 2015, along with the recent contract wins, should filter through to the share price, which has remained relatively flat the past year.

Latest Unaudited Results	2015 €'000	2014 €'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31-Dec	31-Dec			
Turnover	11,474	4,883	Total cost	–	80
Pre-tax profit/(loss)	(327)	(1,829)	Income recognised in year/period	–	–
Net assets	10,233	1,802	Equity valuation	–	51
Valuation basis: Bid price			Loan stock valuation	–	–
			Total valuation	–	51
			Voting rights	–	0.4%

*Other funds managed by Calculus Capital Limited have combined voting rights of 7.4 per cent.

Developments since the year end

On 5 April 2016, an investment of £50,000 was made in Scancell on behalf of the D share fund. Also in the D share portfolio, £326,000 has been invested in each of three money market funds with Fidelity Institutional Liquidity Fund, Aberdeen Sterling Liquidity Fund and Goldman Sachs Sterling Liquidity Fund.

Other than as disclosed above there have been no developments since the year end.

Calculus Capital Limited
20 June 2016

Investment Manager's Review (Structured Products)

Our non-Qualifying Investments are managed by Investec Structured Products. As at the date of this report, the Company held one remaining Structured Product in the C share fund based on the FTSE 100 Index.

In line with the Company's strategy set out in the original offer documents, part of the initial cash raised was used to build a portfolio of Structured Products. The portfolio of Structured Products was constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The majority of this portfolio has now reached full term and paid a positive return, with all products which have reached full term paying their maximum return. The recent changes are listed below.

In the Ordinary share fund, the remaining Investec product matured on 19 November 2015, the proceeds of which were used to pay the special interim dividend.

The C share fund retains one product in its portfolio, which is due to mature in 2017; the strike of this is 5,246.99.

The continued strong performance of the FTSE 100 has supported valuations in the Structured Products portfolio. The FTSE 100 has remained above all of the products' strike levels. As at 29 February 2016, the FTSE 100 was at 6,097.09. Over the past year, 5 year swap rates have decreased and volatility has remained low, as the UK economic recovery continues to be slow as a whole.

No new investments were made in Structured Products during the period.

The Structured Products will achieve their target return subject to the Final Index Level of the FTSE 100 being higher than the Initial Index Level. The capital is at risk on a one-for-one basis ("CAR") if the FTSE 100 Index falls more than 50 per cent at any time during the investment term and fails to fully recover at maturity such that the Final Index Level is below the Initial Index Level. As at 29 February 2016, the following investments had been made in Structured Products:

Ordinary Share Fund:

Matured/sold

Issuer	Strike Date	FTSE 100 Initial Index Level at Maturity	Notional Investment	Purchase Price	Price at Maturity/Sale	Maturity Date/Date Sold	Return/Capital at Risk (CAR)
HSBC Bank plc	01/07/2010	4,805.75	£500,000	£1.00	Returned £1.2510	06/07/2012	125.1% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
The Royal Bank of Scotland plc	18/03/2011	5,718.13	£50,000	£1.00	Returned £1.1050	19/03/2012	Autocallable 10.5% p.a.; CAR if FTSE 100 falls more than 50%
Nomura Bank International**	28/05/2010	5,188.43	£350,000	£0.98	Sold at £1.2625	30/03/2012	137% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Morgan Stanley International	10/06/2010	5,132.50	£500,000	£1.00	Sold at £1.3224	31/10/2012	134% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services	03/08/2011	5,584.51	£50,000	£1.00	Sold at £1.1900	21/06/2013	126% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
The Royal Bank of Scotland plc	05/05/2010	5,341.93	£275,000	£0.96	Sold at £1.6057	06/11/2014	162.5% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services	25/05/2010	4,940.68	£350,000	£0.99	Sold at £1.7920	06/11/2014	185% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Investec Bank plc	14/05/2010	5,262.85	£500,000	£0.98	Returned £1.817466	19/11/2015	185% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

Investment Manager's Review (continued) (Structured Products)

C Share Fund:

Issuer	Strike Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Price as at 29 February 2016	Maturity Date	Return/Capital at Risk (CAR)
Investec Bank plc	05/08/2011	5,246.99	£328,000	£1.00	£1.582387	10/03/2017	182% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

Matured

Issuer	Strike Date	FTSE 100 Initial Index Level at Maturity	Notional Investment	Purchase Price	Price at Maturity	Maturity Date	Return/Capital at Risk (CAR)
The Royal Bank of Scotland plc	18/03/2011	5,718.13	£200,000	£1.00	Returned £1.1050	19/03/2012	Autocallable 10.5% p.a.; CAR if FTSE 100 falls more than 50%
Nomura Bank International**	28/05/2010	5,188.43	£350,000	£1.2625	Returned £1.3700	20/02/2013	137% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services	03/08/2011	5,584.51	£200,000	£1.00	Returned £1.2600	05/02/2014	126% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

The total valuation of the amount invested in Structured Products in the C share fund as at 29 February 2016 was £519,023.

* The Final Index Level is calculated using 'averaging', meaning that the average of the closing levels of the FTSE 100 is taken on each Business Day over the last 2-6 months of the Structured Product plan term (the length of the averaging period differs for each plan). The use of averaging to calculate the return can reduce adverse effects of a falling market or sudden market falls shortly before maturity. Equally, it can reduce the benefits of an increasing market or sudden market rises shortly before maturity.

** The Nomura Structured Product was sold prior to maturity with a return on initial investment of 28.8 per cent. This was sold to the C share fund.

Investec Structured Products
20 June 2016

Investment Portfolio – Top Ten Holdings as at 29 February 2016

Ordinary Share Fund

Company	Book Cost £'000	Valuation £'000	% of Portfolio
Unquoted equity investments			
Metropolitan Safe Custody Limited	90	155	10.4%
Solab Group Limited	100	153	10.3%
Tollan Energy Limited	150	145	9.7%
Terrain Energy Limited	100	144	9.7%
AnTech Limited	120	142	9.5%
MicroEnergy Generation Services Limited	150	132	8.8%
Human Race Group Limited	100	110	7.4%
Brigantes Energy Limited*	127	108	7.2%
Corfe Energy Limited*	76	45	3.0%
Dryden Human Capital Group Limited	100	7	0.5%
Other unquoted equity investments	105	–	–%
Unquoted loan notes			
AnTech Limited	150	150	10.1%
Human Race Group Limited	200	200	13.4%
Other unquoted loan notes	202	–	–%
Non-qualifying equity investments*	(3)	(1)	(0.1)%
Total unquoted qualifying investments	1,767	1,490	99.9%
Non-qualifying investments			
Aberdeen Sterling Liquidity Fund	1	1	0.1%
Non-qualifying equity investments*	3	1	0.1%
Total non-qualifying	4	2	0.1%
Total investments	1,771	1,492	100.0%

*The valuations of certain investments include small purchases made which are non-qualifying investments.

Investment Portfolio – Top Ten Holdings as at 29 February 2016 (continued)

C Share Fund

Company	Book Cost £'000	Valuation £'000	% of Portfolio
Quoted equity investment			
Scancell Holdings plc	100	78	5.4%
Venn Life Sciences plc	80	51	3.6%
Unquoted equity investments			
Quai Administration Services Limited	150	150	10.4%
The One Place Capital Group Limited	127	127	8.8%
Metropolitan Safe Custody Limited	40	69	4.8%
Terrain Energy Limited	50	67	4.7%
Solab Group Limited	50	62	4.3%
Pico's Limited	50	58	4.0%
Human Race Group Limited	50	55	3.8%
Other unquoted equity investments	24	–	–%
Unquoted loan notes			
Solab Group Limited	100	100	7.0%
Human Race Group Limited	100	100	7.0%
Other unquoted loan notes	39	–	–%
Total qualifying investments	960	917	63.8%
Non-qualifying investments			
Structured products			
Investec Bank structured product	328	519	36.1%
Other non-qualifying investments	1	1	0.1%
Total non-qualifying	329	520	36.2%
Total investments	1,289	1,437	100.0%

Other Statutory Information

Company activities and status

The Company is registered as a public limited company and incorporated in England and Wales with registration number 07142153. Its shares have a premium listing and are traded on the London Stock Exchange.

On incorporation, the Company was an investment company under section 833 of the Companies Act 2006. On 18 May 2011, investment company status was revoked by the Company. This was done in order to allow the Company to pay dividends to shareholders using the special reserve (a distributable capital reserve), which had been created on the cancellation of the share premium account on 20 October 2010.

Company business model

The Company's business model is to conduct business as a VCT. Company affairs are conducted in a manner to satisfy the conditions to enable it to obtain approval as a VCT under sections 258-332 of the Income Tax Act 2007 ("ITA 2007").

Investment policy

Shareholders voted in favour for a change in investment policy at the Extraordinary General Meeting in November 2015. The principal change of investment policy is to increase the options for non-qualifying investments.

It is intended that a minimum of 75 per cent of the monies raised by the Company will be invested within 60 days in a variety of investments which will be selected to preserve capital value, whilst generating income, and may include:

- Bonds issued by the UK Government
- Fixed income securities issued by major companies and institutions, liquidity funds and fixed deposits with counterparty credit rating of not less that A minus (Standard & Poor's rate)/A3 (Moody's rated); and
- Investments directly or indirectly in ground rent assets

As mentioned in the Chairman's Statement, recent legislative changes have since prohibited investment in ground rent funds.

The Company's policy is to build a diverse portfolio of Qualifying Investments of primarily established unquoted companies across different industries and investments which may be by way of loan stock and/or fixed rate preference shares as well as ordinary shares to generate income. The amount invested in anyone sector and anyone company will be no more than 20 per cent and 10 per cent respectively of the qualifying portfolio. These percentages are measured as at the time of investment. The Board and its Managers, Calculus Capital Limited, will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status.

Where investment opportunities arise in one asset class which conflict with assets held or opportunities in another asset class, the Board will make the investment decision. Under its Articles, the Company has the ability to borrow a maximum amount equal to 25 per cent of the aggregate amount paid on all shares issued by the Company (together with any share premium thereon). The Board will consider borrowing if it is in the shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.

Alternative investments funds directive (AIFMD)

The AIFMD regulates the management of alternative investment funds, including VCTs. The VCT is externally managed under the AIFMD by Calculus Capital Limited which is a small authorised Alternative Investment Fund Manager.

Risk diversification

The Board controls the overall risk of the Company. Calculus Capital Limited will ensure the Company has exposure to a diversified range of Venture Capital Investments from different sectors. Investec Structured Products ensured the Company had exposure to a diversified range of Structured Products but there is now just one remaining Structured Product in the C share portfolio. The Board believes that investment in these two asset classes provides further diversification.

Since November 2015, the types of non-qualifying investment include:

- Bonds issued by the UK Government; and
- Fixed income securities issued by major companies and institutions, liquidity funds and fixed deposits with counterparty credit rating of not less that A minus (Standard & Poor's rate)/A3 (Moody's rated).

The board believe this change will provide further diversification.

Strategic Report (continued)

Other Statutory Information (continued)

VCT regulation

The Company's investment policy is designed to ensure that it will meet, and continue to meet, the requirements for approved VCT status from HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15 per cent (by value at the time of investment) of its investments in a single company and must have at least 70 per cent by value of its investments throughout the period in shares or securities in qualifying holdings, of which 30 per cent by value must be ordinary shares which carry no preferential rights ("eligible shares"). For funds raised from 6 April 2011, the requirement for 30 per cent to be invested in eligible shares was increased to 70 per cent.

Key strategic issues considered during the year

Performance

The Board reviews performance by reference to a number of key performance indicators ("KPIs") and considers that the most relevant KPIs are those that communicate the financial performance and strength of the Company as a whole, being;

- total return per share
- net asset value per share
- share price and discount/premium to net asset value

The financial highlights of the Company can be found on the contents page of the Report and Accounts.

Further KPIs are those which show the Company's position in relation to the VCT tests which it is required to meet in order to meet and maintain its VCT status. A summary of these tests are set out below. The Company has received approval as a VCT from HM Revenue & Customs.

Principal risks and uncertainties facing the Company and management of risk

The Company is exposed to a variety of risks. The principal financial risks, the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 16 to the Accounts.

The Board has also identified the following additional risks and uncertainties:

- Regulatory risk

The Company has received approval as a VCT under ITA 2007. Failure to meet and maintain the qualifying requirements for VCT status could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on chargeable gains.

The Board receives regular updates from the Managers and financial information is produced on a monthly basis. The Manager monitors VCT regulation and presents its findings to the Board on a quarterly basis. The Managers build in 'headroom' when making investments to allow for changes in valuation. This 'headroom' is reviewed prior to making and realising qualifying investments.

The Board has appointed an independent adviser to monitor and advise on the Company's compliance with the VCT rules.

- Venture capital investments

There are restrictions regarding the type of companies in which the Company may invest and there is no guarantee that suitable investment opportunities will be identified.

Investment in unquoted companies and AIM-traded companies involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange. These companies may not be freely marketable and realisations of such investments can be difficult and can take a considerable amount of time. There may also be constraints imposed upon the Company with respect to realisations in order to maintain its VCT status which may restrict the Company's ability to obtain the maximum value from its investments.

Calculus Capital Limited has been appointed to manage the Qualifying Investments portfolio, and has extensive experience of investing in this type of investment. Regular reports are provided to the Board and a representative of Calculus Capital Limited is on the Company's board. Risk is managed through the investment policy which limits the amount that can be invested in any one company and sector to 10 per cent and 20 per cent of the qualifying portfolio respectively at the time of investment.

- Structured products

Structured products are subject to market fluctuations and the C share portfolio may not realise the full return from the final structured product in the event of a long-term decline of the FTSE 100 index. Investec Structured Products has been appointed to manage the structured products portfolio for its expertise in these types of financial products.

Restrictions have been agreed with Investec Structured Products relating to approved counterparties and maximum exposure to any one counterparty.

- Liquidity/marketability risk

Due to the holding period required to maintain up-front tax reliefs, there is a limited secondary market for VCT shares and investors may therefore find it difficult to realise their investments. As a result, the market price of the shares may not fully reflect, and will tend to be at a discount to, the underlying net asset value. The level of discount may also be exacerbated by the availability of income tax relief on the issue of new VCT shares. The Board recognises this difficulty, and has taken powers to buy back shares, which could be used to enable investors to realise investments.

Employees, environmental, human rights and community issues

The Company has no employees and the Board comprises entirely non-executive Directors. Day-to-day management of the Company's business is delegated to the Investment Managers (details of the respective management agreements are set out in the Directors' Report) and the Company itself has no environmental, human rights, or community policies. In carrying out its activities and in its relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Gender Diversity

The Board of Directors comprised three male Directors and one female Director during, and at the end of, the year to 29 February 2016.

Statement regarding annual report and accounts

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

On behalf of the Board
Michael O'Higgins
Chairman
20 June 2016

Board of Directors

Michael O'Higgins (Chairman)*

Michael O'Higgins is an experienced private investor with significant EIS and VCT holdings. Michael is Chairman of the Local Pensions Partnership (with over £10bn of assets under pooled management) and of Calculus VCT, as well as a non-executive director of Network Rail and of the pensions company Hedgehog. He became the 'Independent Person' for Tunbridge Wells Borough Council in October 2015.

He was Chairman of The Pensions Regulator from 2011 to 2014, Chairman of the Audit Commission from 2006 until 2012 and chairman of the NHS Confederation from 2012 until 2015. He was also a Non-Executive Director of HM Treasury and Chair of the Treasury Group Audit Committee from 2008 to 2014. Michael was also the Chair of the youth homelessness charity Centrepoint from 2004 to 2011.

Previously, Michael was a Managing Partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a Director on its International Board. Prior to that he was a partner at Price Waterhouse, worked at the Organisation for Economic Co-Operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University.

Kate Cornish-Bowden (Audit Committee Chairman)*

Kate worked for Morgan Stanley Investment Management for 12 years between 1992 and 2004, where she was Managing Director and head of Morgan Stanley Investment Management's Global Core Equity team. Before joining Morgan Stanley, Kate spent two years at M&G Investment Management as a financial analyst. More recently Kate has acted as a consultant providing financial research to private equity and financial training firms. Kate is a non-executive Director and Chairman of the Remuneration Committee of Scancell Holdings plc, and a non-executive Director of Arcis Biotechnology Ltd. She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.

John Glencross

John co-founded Calculus Capital Limited in 1999, creating one of the UK's most successful, independent private equity firms focused on investing in smaller, unquoted companies. John has over 30 years' experience in private equity, corporate finance, and operational management. During that time, he has invested in, advised on or negotiated more than 100 transactions and served on publicly quoted and private corporate boards. He is a director of Neptune-Calculus Income and Growth VCT plc and Terrain Energy and was formerly a director of Human Race. Terrain and Human Race are companies in which this Company has invested. He is also a board member of the Enterprise Investment Scheme Association and a member of its Tax and Technical and its Regulatory Committees. Before co-founding Calculus Capital Limited, John served as an Executive Director of European Corporate Finance for UBS for nine years where he advised on M&A, IPOs, restructurings and recapitalisations, strategic alliances and private equity. Prior to this, John was headhunted to be Head of the Mergers & Acquisitions Group of Philips and Drew, a 100 year old London based financial institution. At the start of his career, John qualified as a Chartered Accountant with Peat Marwick (subsequently KPMG), where he then went on to be recruited as a founder member of Deloitte's newly established Corporate Finance practice in London. John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

Steve Meeks*

Steve has had a successful 30 year career in the financial markets with NatWest, UBS and Santander with a specialisation in structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the design and launch of the Company. Following a brief retirement, Steve is currently Executive Chairman of Smart Carbon Control Limited, a software business that provides energy management solutions to the commercial property and data centre market. Steve is also chairman of Get Smarter Energy Limited an energy procurement business.

*independent of the Investment Managers

Directors' Report

The directors present their Annual Report and Accounts for the year ended 29 February 2016.

Directors

	Appointed
Michael O'Higgins (Chairman)	22 February 2010
Kate Cornish-Bowden	10 February 2011
John Glencross	10 February 2010
Steve Meeks	10 February 2010

Biographical notes of the Directors are given on page 20.

Under the Listing Rules, John Glencross is subject to annual re-election due to his connection to Calculus Capital Limited, and will therefore be standing for re-election at the Annual General Meeting.

Formal performance evaluation of the Directors and the Board has been carried out and the Board considers that all of the Directors contribute effectively and have the skills and experience relevant to the future leadership and direction of the Company.

The Board accordingly recommends that John Glencross be re-elected as a Director at the Annual General Meeting.

John Glencross is Chief Executive and a director of Calculus Capital Limited and is deemed to have an interest in the Calculus Management Agreements and the Performance Incentive Agreement.

None of the other Directors or any persons connected with them had a material interest in the Company's transactions, arrangements nor agreements during the year.

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association.

Corporate Governance

The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining high standards of corporate governance and to the principles of good governance as set out in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in September 2014, a copy of which can be found at www.frc.org.uk.

Pursuant to the Listing Rules of the Financial Conduct Authority, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in the Code have been applied and whether the Company has complied with the provisions of the Code. The Board has established corporate governance arrangements that it believes are appropriate to the business of the Company as a venture capital trust. The Board has reviewed the Code, and considers that it has complied throughout the period, except as disclosed below:

- Directors are not appointed for a specified term as all Directors are non-executive and the Articles of Association require that all Directors retire by rotation at Annual General Meetings of the Company.
- In light of the responsibilities retained by the Board and its Committees and the responsibilities delegated to the Investment Managers, the Administrator, the Registrars and legal advisers, the Company has not appointed a chief executive officer, deputy chairman or senior independent director.
- Given the structure of the Company and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees will be a matter for the full Board.
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function will be reviewed annually.

A full statement on Corporate Governance and the Company's compliance with the UK Corporate Governance Code can be found at

http://www.calculuscapital.com/cms/media/Investec_RA2015_Corporate-Governance-Secured-for-Website-pp.pdf

A report from the Audit Committee can be found on page 25.

Dividend

Details of the C share dividend recommended by the Board are set out in the Strategic Report on page 2 of the Accounts.

Directors' fees

A report on directors' remuneration is set out on pages 26 to 29 of the Accounts.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is provided at the expense of the Company.

Share Capital

The capital structure of the company is set out in note 12 of the Accounts. At the year end, no shares were held in Treasury. No shares were issued or bought back during the year. As mentioned in the Strategic Report, the Company issued 1,812,084 D shares after the year end.

Directors' Report (continued)

Substantial Shareholdings

As at 29 February 2016, the Company had been advised of the following notifiable interests in the voting rights of the Company:

	Ordinary Shares	% of Total Voting Rights
Michael O'Higgins	205,500	3.08

Since the 29th February 2016, Michael O'Higgins has subscribed to 49,750 D shares and now has 3.01% voting rights in the Company.

Management

Calculus Capital Limited is the Venture Capital Investments' portfolio manager (VCT Qualifying Investments). Calculus Capital Limited was appointed as Investment Manager pursuant to an agreement dated 2 March 2010, a supplemental agreement was entered into on 7 January 2011 in relation to the management of the C Share Fund and a further supplemental agreement entered into on 26 October 2015 in relation to the management of the D share fund and covers the addition of company secretarial duties (together, the "Calculus Management Agreements"). Pursuant to the Calculus Management Agreements, Calculus Capital Limited has agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the aggregate gross amounts raised under the Ordinary share and C share offers, and 3.4 per cent of the aggregate gross amounts raised on the D share offer, all from 14 December 2015.

Pursuant to the Calculus Management Agreements, Calculus Capital Limited will receive an annual management fee of 1 per cent of the net asset value of the Ordinary Share Fund and C Share Fund, and 1.75 per cent of the net asset value of the D Share Fund, calculated and payable quarterly in arrears.

Calculus Capital Limited is also entitled to a fee of £15,000 per annum with effect from 1 February 2016 for the provision of company secretarial services.

For the year to 29 February 2016, Calculus Capital Limited waived £10,521 of its fees (2015: nil).

Investec Structured Products was appointed as Investment Manager pursuant to an agreement dated 2 March 2010, and a supplemental agreement was entered into on 7 January 2011 in relation to the management of the C Share Fund (together, the "Investec Management Agreements"). Investec Structured Products does not receive a fee in relation to its appointment under these agreements, although it is entitled to receive a one off commission equal to 0.75 per cent of the amount invested in any Structured Product (excluding those issued by Investec). Pursuant to the Investec Management Agreements, Investec Structured Products had agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the aggregate gross amounts raised under the ordinary share and C share offers until the interim return date of 14 December 2015.

Investec Structured Products' appointment as Investment Manager shall terminate in March 2017 on maturity of the final Structured Product in the C share portfolio.

A Performance Incentive Agreement between the Company, Calculus Capital Limited and Investec Structured Products dated 2 March 2010 in relation to the Ordinary Share Fund has been signed. Investec Structured Products and Calculus Capital Limited will each receive a performance incentive fee payable in cash of an amount equal to 10 per cent of dividends and distributions paid to ordinary shareholders following the payment of such dividends and distributions provided that shareholders have received in aggregate distributions of at least 105p per ordinary share (including the relevant distribution being offered).

A Performance Incentive Agreement between the Company, Calculus Capital Limited and Investec Structured Products dated 7 January 2011 in relation to the C Share Fund has also been signed pursuant to which Investec Structured Products and Calculus Capital Limited will be entitled to performance incentive fees as set out below:

- 10 per cent of C Shareholder Proceeds in excess of 105p up to and including Proceeds of 115p per C share, such amount to be paid within ten business days of the date of payment of the relevant dividend or distribution pursuant to which a return of 115p per C share is satisfied; and
- 10 per cent of C Shareholder Proceeds in excess of 115p per C share, such amounts to be paid within ten business days of the date of payment of the relevant dividend or distribution,

provided in each case that C shareholders have received or been offered the C Share Interim Return of at least 70p per C share on or before 14 March 2017 and at least a further 45p per C share having being received or offered for payment on or before the 14 March 2019. In addition, performance incentive fees in respect of the C Share Fund will only be payable in respect of dividends and distributions paid or offered on or before 14 March 2019.

Continuing Appointment of the Investment Managers

The Board keeps the performance of the Investment Managers under continual review. A formal review of their performance and the terms of their engagement has been carried out and the Board are of the opinion that the continuing appointment of Calculus Capital Limited and Investec Structured Products as Investment Managers is in the interests of shareholders as a whole. The Board is satisfied with the performance of the Company to date. Performance of the Structured Products portfolio is very satisfactory, exceeding initial expectations, and the principal benefits of the Qualifying Investments will accrue in later years. The Board is confident that the VCT qualifying tests will continue to be met.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 16 to the Accounts.

Going Concern

In assessing the going concern basis of accounting, the directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and having reviewed the portfolio, balance sheet and projected income and expenditure for the next twelve months, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing the Accounts.

Long term viability

In assessing the long term viability of the company, the directors have had regard to the guidance issued by the Financial Reporting Council. The Directors have assessed the prospects of the Company for a period of three years, which was selected because the Company's strategic review covers a three-year period. The Board's three-year strategic review considers the Company's income and expenses, dividend policy, liquid investments and ability to make realisations of qualifying investments. These projections are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the Company's principal risks actually occurring. Based on the results of this analysis, the directors have 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 of their assessment. The principal assumptions used are as follows: i) Calculus Capital Limited pays any expenses in excess of 3.0 per cent of the aggregate gross amounts raised under the Ordinary and C share offers and 3.4 per cent of the aggregate gross amounts raised on the D share offer, all from 14 December 2015, as set out on page 22 of the Accounts; ii) the level of dividends paid are at the discretion of the Board; iii) the Company's liquid investments which include cash, money market instruments and quoted shares can be realised as permitted by the Company's investment policy; iv) the illiquid nature of the qualifying portfolio. Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

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.

Global Greenhouse Gas Emissions

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

Annual General Meeting

A formal Notice convening the sixth Annual General Meeting of the Company to be held on 26 July 2016 2016 can be found on pages 67 to 69. The ordinary business of the meeting has been outlined in the formal notice.

Resolutions 8 to 10 will be proposed as special resolutions.

Resolution 8 – the disapplication of pre-emption rights for certain issues of shares

Resolution 8 will sanction in a limited manner the disapplication of pre-emption rights in respect of the allotment of equity securities for cash pursuant to the authority conferred by resolution 7. This authority will expire at the conclusion of the Annual General Meeting to be held in 2017.

Resolution 9 – the purchase by the Company of its own shares, and;

Resolution 9 will give the Company authority to make market purchases of up to 710,295 ordinary shares, 271,631 D shares and 289,471 C shares, representing approximately 14.99 per cent of each of the respective issued share classes in the Company at the date of the Annual General Meeting, such authority to expire at the conclusion of the Annual General Meeting to be held in 2017.

Any shares bought back by the Company will be at a price determined by the Board, but the minimum price will be 1p per share and the maximum price will be in accordance with the Listing Rules and the Buyback and Stabilisation Regulation 2003. Shares bought back will be cancelled or placed into treasury at the discretion of the Directors. The authority to buy back shares will only be used if it is in the interests of all shareholders and shares will only be bought back at a discount to the prevailing net asset value for that class of share. No shares have been bought back under the existing authorities.

Resolution 10 – the holding of general meetings on not less than 14 clear days' notice.

Resolution 10 will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2017, at which it is intended that renewal will be sought.

Recommendation

The Directors consider that all the resolutions to be proposed at the Meetings are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings details of which are set out on page 27.

Developments since the year end

Since the year end 1,812,084 D shares have been allotted.

Other than as mentioned above, there have been no developments since the year end.

Statement of disclosure to the auditor

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware,

(a) there is no relevant audit information of which the Company's Auditor is unaware; and

(b) each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board
Calculus Capital Limited
Company Secretary
20 June 2016

Audit Committee Report

The main responsibilities of the Audit Committee ("the Committee") include monitoring the integrity of the accounts of the Company and reviewing the Company's internal control and risk management systems. The Committee also monitors the independence and objectivity of the external Auditor, reviews the scope and process of the audit undertaken by the external Auditor, and reviews the provision of non-audit services by the external Auditor.

The Committee consists of the three independent Directors and is chaired by Kate Cornish-Bowden. All members are considered to have recent and relevant financial experience. The non-independent Director is also invited to attend the Audit Committee meetings as he is intimately involved in the Company's affairs and has specific knowledge of the investments made by Calculus Capital Limited on the Company's behalf.

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Committee discusses annually whether it would be appropriate to establish an internal audit function, and has agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient.

The Committee met twice during the financial year to consider accounts, review the internal control systems and review the Audit Plan and fees of the external Auditor. The appointed investment manager, Calculus Capital Limited, provided the Committee with quarterly cash flow models detailing the timing of Structured Product sales and Venture Capital Investments.

The Committee worked closely with the investment manager to ensure VCT qualifying status was maintained. Following the early redemptions, the transition of the investments in the Company from a portfolio of primarily quoted Structured Products into a portfolio of primarily unquoted Venture Capital Investments is almost complete, with only one Structured Product remaining in the C share portfolio. By the end of the financial year, over 92 per cent of the Company was invested in a diversified portfolio of Venture Capital Investments.

In preparing the financial statements, the Committee and the Board review the valuation of the venture capital portfolio, the Structured Products portfolio and income recognition investments.

As the venture capital portfolio is primarily invested in unlisted securities, accurate valuation requires the skill, knowledge and judgement of Calculus Capital Limited, who applies industry recognised methods of valuation. Following extensive discussions which took into account the current operating performance and environment of the investee companies, the capital structure and the respective financial position of each company, the Committee is confident that either appropriate discounted cash flow valuations or valid comparative valuations have been applied to the unquoted holdings within the Company. The Investment Manager and the Board consider that the investment valuations are consistent and appropriate.

The Committee considered the changes to the Accounts required by the adoption of FRS 102. The Committee also considered the new Corporate Governance requirement for a long term viability statement. The length of time which the statement should cover was discussed and a period of three years was selected reflecting the Board's strategic time horizon. The Committee debated the assumptions underlying the forecasts and reviewed the impact of the sensitivity analysis.

The Committee reviewed the Audit Plan and fees presented by Grant Thornton UK LLP. Grant Thornton has charged £20,875 for the audit fee (2015: £19,875). The increase in fee from 2015 is due to additional work to review compliance with new regulations. The proposed non-audit fee includes £4,500 (2015: £4,250) for tax services and £1,500 (2015: £1,500) for the presentation of the accounts in iXBRL, computer readable format. Grant Thornton were first appointed as Auditor to the Company in 2010. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the Auditor, the Committee considers the length of tenure of the audit firm, its fees and independence, along with any matters raised during each audit. The Committee has discussed Grant Thornton's objectivity and their experience in the VCT industry, and recommended their continued appointment as external Auditor to the Company.

Kate Cornish-Bowden
Chairman of the Audit Committee
20 June 2016

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. An Ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company’s Auditor, Grant Thornton UK LLP, to audit certain 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 31 to 34.

Statement from the Chairman

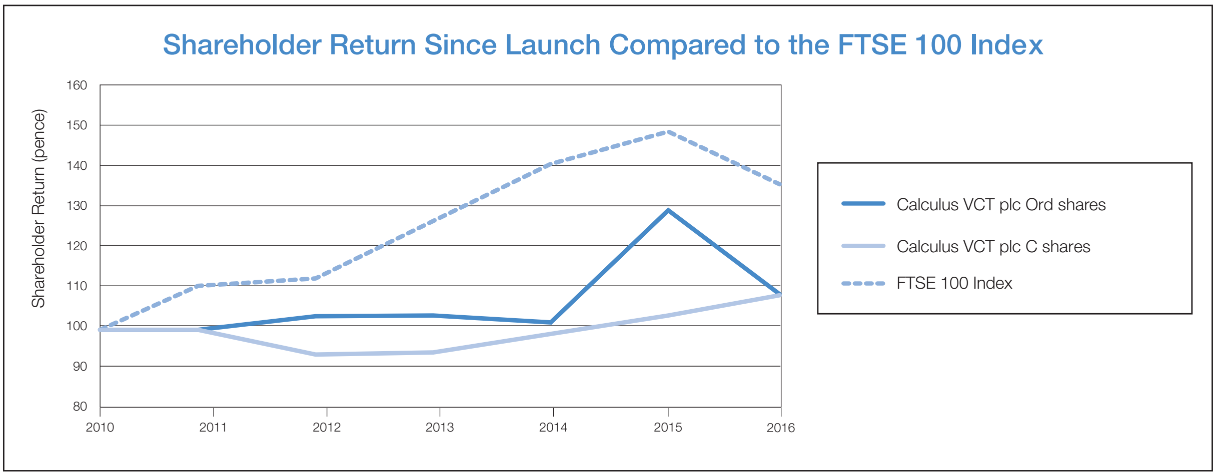
I am pleased to present the Directors’ Remuneration Report for the year ended 29 February 2016.

The Board consists entirely of non-executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to executive Directors. Due to the size and nature of the Board, it is not considered appropriate for the Company to establish a separate remuneration committee, and the remuneration of the Directors is therefore dealt with by the Board as a whole.

During the year ended 29 February 2016, the fees were set at the rate of £20,000 per annum for the Chairman and £15,000 per annum for other Directors. There have been no changes relating to Directors’ remuneration made during the year. There has been no increase in Directors’ fees since the launch of the Company in 2010.

Company Performance

The graph below compares the total return (assuming all dividends are reinvested) to holders of ordinary shares since 8 April 2010 and to holders of C shares since 5 April 2011 (when the ordinary shares and C shares respectively were first admitted to the Official List of The UK Listing Authority) compared to the total shareholder return in the FTSE 100 Index, which is the closest broad index against which to measure the Company’s performance.



Directors' Emoluments for the Year (audited)

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

Director	Year to 29 February 2016 £'000	Year to 28 February 2015 £'000
Michael O'Higgins	**20**	20
Kate Cornish-Bowden	**15**	15
John Glencross	**–**	–
Steve Meeks	**15**	15
	50	50

John Glencross is not entitled to any remuneration from the Company due to his connection with Calculus Capital Limited.

Taxable benefits (audited)

The directors who served during the year received no taxable benefits during the year.

Variable pay (audited)

The directors who served during the year received no variable pay relating to the performance of the Company during the year.

Pensions benefits (audited)

The directors who served during the year received no pension benefits during the year.

Directors' Interests (audited)

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company. The interests of the Directors and any connected persons in the ordinary and C shares of the Company are set out below:

Director	Number of Ordinary Shares held at 29 February 2016	Number of Ordinary Shares held at 28 February 2015	Number of C Shares held at 29 February 2016	Number of C Shares held at 28 February 2015
Michael O'Higgins	205,500	205,500	–	–
Kate Cornish-Bowden	–	–	10,000	10,000
John Glencross	25,000	25,000	–	–
Steven Meeks	20,550	20,550	–	–

No Director has been granted options to acquire shares in the Company.

Since 29 February 2016, Michael O'Higgins has subscribed for 49,750 D shares and John Glencross has subscribed for 9,700 D shares. These shares were allotted on 8 March 2016. Kate Cornish-Bowden and Steve Meeks subscribed for 24,375 and 4,875 D shares respectively. These shares were allotted on 3 May 2016.

Directors' Remuneration Report (continued)

Relative Importance of Spend on Pay

	2016 £'000	2015 £'000	Change
Dividends paid to ordinary shareholders in the year	**1,282**	1,291	(0.7)%
Dividends paid to C shareholders in the year	**87**	87	–
Total remuneration paid to Directors	**50**	50	–

Voting

The Directors' Remuneration Report for the year ended 28 February 2015 was approved by shareholders at the Annual General Meeting held on 21 July 2015. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of Votes	% of Votes Cast
For	66,114	93
Against	5,100	7
At Chairman's discretion	Nil	Nil
Total votes cast	71,214	100
Number of votes withheld	Nil	Nil

Directors' Remuneration Policy

The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of 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. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors.

The fees for the non-executive Directors are determined by the Board within the limit (not to exceed £100,000 per year in aggregate) set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The approval of shareholders would be required to increase the limits set out in the Articles of Association.

	Expected Fees for Year to 28 February 2017 £	Fees for Year to 29 February 2016 £
Chairman basic fee	20,000	20,000
Non-executive Director basic fee	15,000	15,000
Total aggregate annual fees that can be paid	100,000	100,000

Fees for any new Director appointed will be on the above basis. Fees payable in respect of subsequent periods will be determined following an annual review. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board.

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 and in any year if there is to be a change in the Directors' remuneration policy. The Directors' remuneration policy will be next put to shareholders in 2017.

Directors' Service Contracts

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director.

The terms of their appointment provide that Directors shall 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 stand for re-election by shareholders at least every three years after that. Directors who have served on the Board for more than nine years must offer themselves for re-election on an annual basis. The terms also provide that a Director may be removed on not less than three months written notice. Compensation will not be made upon early termination of appointment.

Approval

The Directors' Remuneration Report was approved by the Board on 20 June 2016.

On behalf of the Board
Michael O'Higgins
Chairman

Directors' Responsibilities Statement

Statement of Directors' Responsibilities in respect of the Annual Report and the Accounts

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

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

In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts 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 Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The Accounts are published on the www.calculuscapital.com website, which is a website maintained by one of the Company's investment managers, Calculus Capital Limited. The maintenance and integrity of the website maintained by Calculus Capital Limited is, so far as it relates to the Company, the responsibility of Calculus Capital Limited. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the Accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the Accounts may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the Accounts, prepared in accordance with UK accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Michael O'Higgins
Chairman
20 June 2016

Independent auditor's report to the members of Calculus VCT plc

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its deficit for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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.

Who we are reporting to

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

What we have audited

Calculus VCT plc's financial statements for the year ended 29 February 2016 comprise the income statement, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Overview of our audit approach

- Overall materiality: £30,000, which represents 1% of the Company's net assets; and
- Key audit risks were identified as the valuation of qualifying investments and valuation of structured products.

Independent Auditor's Report (continued)

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Valuation of qualifying investments The Company's business is investing in financial assets with a view to generating long term capital growth and tax free dividends for investors. The Company's investment policy is to invest approximately 75 per cent of the Company's funds in a diversified portfolio of holdings in qualifying investments whether unquoted or traded on the Alternative Investment Market (AIM). Accordingly, the investment portfolio is a significant material item in the financial statements. The recognition and measurement of the unquoted financial assets in the investment portfolio includes significant assumptions and judgements and is therefore a risk that requires particular audit attention.	Our audit work included, but was not restricted to: • considering whether the investments were valued in accordance with the International Private Equity and Venture Capital (IPEVC) guidelines and discussing the valuations of the investee companies with the Investment Manager, including a discussion of the investee companies' management accounts and board packs, and determining whether the valuations were consistent with that data; • assessing whether the accounting policy for valuing investments is in accordance with the relevant reporting standard; • obtaining the valuation workbook prepared by the Investment Manager, reviewing the methodology and calculation for each investment; • holding meetings with the Investment Manager to discuss the assumptions made and performed sensitivity analysis on these assumptions; • comparing the publically available data obtained on the comparator companies to the discount rates, forecasts and other assumptions made by the Investment Manager in the valuations of the investee companies. The company's accounting policy on investment is shown in note 2 and related disclosures are included in note 8. The Audit Committee identified valuation of the venture capital portfolio as a significant matter in its report on page 25, where the Committee also described the action that it has taken to address this issue.
Valuation of structured products The Company's investment policy is to invest approximately 25 per cent of the Company's funds in a portfolio of listed investments and structured products. Accordingly, the structured products portfolio is a significant material item in the financial statements. The recognition and measurement of the structured products in the investment portfolio includes significant assumptions and judgements and is therefore a risk that requires particular audit attention.	Our audit work included, but was not restricted to; • considering the valuation accepted by the investment manager • using our internal actuarial experts to independently recalculate the fair values of the structured product using their own assumptions and compare these to the values accepted by the client; and • obtaining independent confirmation of the holdings in the structured product from the issuance bank. The company's accounting policy on investments is shown in note 2 and related disclosures are included in note 8 . The Audit Committee identified valuation of structured products as a significant matter in its report on page 25, where the Committee also described the action that it has taken to address this issue.

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

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £30,000 which is 1% of net assets. This benchmark is considered the most appropriate as, in our view, it is a key driver of the Company's performance.

Materiality for the current year is lower than the level that we determined for the year ended 28 February 2015 to reflect the decrease in the net asset value of the Company.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Company financial statements. We also determine a lower level of specific materiality for certain areas such as the revenue column of the income statement, Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £1,000 In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

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

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

We are independent of the company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the company's business and is risk based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers.

Accordingly, our audit work included:

- obtaining an understanding of, and evaluating, internal controls at the Company and relevant third-party service providers;
- reviewing of reports on the description, design and operating effectiveness of internal controls at relevant third-party service providers; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Other reporting required by regulations

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;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out at http://www.calculuscapital.com/cms/media/Investec_RA2015_Corporate-Governance-Secured-for-Website-pp.pdf with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Independent Auditor's Report (continued)

Under the Listing Rules, we are required to review:

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

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

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

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

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities for the financial statements and the audit

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

20 June 2016

Income Statement
for the year ended 29 February 2016

	Note	Year Ended 29 February 2016 Revenue Return £'000	Capital Return £'000	Total £'000	Year Ended 28 February 2015 Revenue Return £'000	Capital Return £'000	Total £'000
Ordinary Share Fund							
Losses on investments at fair value	9	**–**	**(572)**	**(572)**	–	(443)	(443)
Gain on disposal of investments	9	**–**	**283**	**283**	–	459	459
Income	3	**54**	**–**	**54**	64	–	64
Investment management fee	4	**(7)**	**(22)**	**(29)**	(10)	(32)	(42)
Other expenses	5	**(120)**	**–**	**(120)**	(111)	–	(111)
Deficit on ordinary activities before taxation		**(73)**	**(311)**	**(384)**	(57)	(16)	(73)
Taxation on ordinary activities	6	**–**	**–**	**–**	–	–	–
Deficit attributable to Ordinary shareholders		**(73)**	**(311)**	**(384)**	(57)	(16)	(73)
Deficit per Ordinary share	8	**(1.5)p**	**(6.6)p**	**(8.1)p**	(1.2)p	(0.3)p	(1.5)p
C Share Fund							
(Losses)/gains on investments at fair value	9	**–**	**(87)**	**(87)**	–	98	98
Loss on disposal of investments	9	**–**	**(35)**	**(35)**	–	(1)	(1)
Investment income	3	**22**	**–**	**22**	25	–	25
Investment management fee	4	**(4)**	**(12)**	**(16)**	(4)	(13)	(17)
Other expenses	5	**(45)**	**–**	**(45)**	(44)	–	(44)
Deficit on ordinary activities before taxation		**(27)**	**(134)**	**(161)**	(23)	84	61
Taxation on ordinary activities	6	**–**	**–**	**–**	–	–	–
(Deficit)/return attributable to C shareholders		**(27)**	**(134)**	**(161)**	(23)	84	61
(Deficit)/return per C share	8	**(1.4)p**	**(6.9)p**	**(8.3)p**	(1.2)p	4.3p	3.1p

Income Statement
for the year ended 29 February 2016 (continued)

	Note	Year Ended 29 February 2016 Revenue Return £'000	Capital Return £'000	Total £'000	Year Ended 28 February 2015 Revenue Return £'000	Capital Return £'000	Total £'000
Total							
Losses on investments at fair value	9	**–**	**(659)**	**(659)**	–	(345)	(345)
Gain on disposal of investments	9	**–**	**248**	**248**	–	458	458
Investment income	3	**76**	**–**	**76**	89	–	89
Investment management fee	4	**(11)**	**(34)**	**(45)**	(14)	(45)	(59)
Other expenses	5	**(165)**	**–**	**(165)**	(155)	–	(155)
(Deficit)/return on ordinary activities before taxation		**(100)**	**(445)**	**(545)**	(80)	68	(12)
Taxation on ordinary activities	6	**–**	**–**	**–**	–	–	–
(Deficit)/return attributable to shareholders		**(100)**	**(445)**	**(545)**	(80)	68	(12)
Deficit per Ordinary share	8	**(1.5)p**	**(6.6)p**	**(8.1)p**	(1.2)p	(0.3)p	(1.5)p
(Deficit)/return per C share	8	**(1.4)p**	**(6.9)p**	**(8.3)p**	(1.2)p	4.3p	3.1p

The total column of these statements on the previous page represents the Income Statement of the Ordinary share fund and C Share Fund. The total column of this statement represents the Company's Income Statement.

The revenue and capital return columns are both prepared in accordance with the AIC SORP.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

There is no other comprehensive income as there were no other gains or losses other than those passing through the Income Statement.

The notes of pages 44 to 66 form an integral part of these Accounts.

Statement of Changes in Equity
for the year ended 29 February 2016

	Share Capital £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
Ordinary Share Fund						
For the year ended 29 February 2016						
1 March 2015	**47**	**2,438**	**700**	**293**	**(330)**	**3,148**
Investment holding losses	**–**	**–**	**–**	**(572)**	**–**	**(572)**
Gain on disposal of investments	**–**	**–**	**283**	**–**	**–**	**283**
Management fee allocated to capital	**–**	**–**	**(22)**	**–**	**–**	**(22)**
Change in accrual in IFA Commission	**–**	**4**	**–**	**–**	**–**	**4**
Revenue return on ordinary activities after tax	**–**	**–**	**–**	**–**	**(73)**	**(73)**
Dividends paid	**–**	**(1,282)**	**–**	**–**	**–**	**(1,282)**
29 February 2016	**47**	**1,160**	**961**	**(279)**	**(403)**	**1,486**
For the year ended 28 February 2015						
1 March 2014	47	3,729	273	736	(273)	4,512
Investment holding losses	–	–	–	(443)	–	(443)
Gain on disposal of investments	–	–	459	–	–	459
Management fee allocated to capital	–	–	(32)	–	–	(32)
Revenue return on ordinary activities after tax	–	–	–	–	(57)	(57)
Dividends paid	–	(1,291)	–	–	–	(1,291)
28 February 2015	47	2,438	700	293	(330)	3,148
C Share Fund						
For the year ended 29 February 2016						
1 March 2015	**19**	**1,541**	**72**	**235**	**(128)**	**1,739**
Investment holding losses	**–**	**–**	**–**	**(87)**	**–**	**(87)**
Loss on disposal of investments	**–**	**–**	**(35)**	**–**	**–**	**(35)**
Management fee allocated to capital	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Change in accrual in IFA Commission	**–**	**1**	**–**	**–**	**–**	**1**
Revenue return on ordinary activities after tax	**–**	**–**	**–**	**–**	**(27)**	**(27)**
Dividends paid	**–**	**(87)**	**–**	**–**	**–**	**(87)**
29 February 2016	**19**	**1,455**	**25**	**148**	**(155)**	**1,492**
For the year ended 28 February 2015						
1 March 2014	19	1,628	86	137	(105)	1,765
Investment holding gains	–	–	–	98	–	98
Loss on disposal of investments	–	–	(1)	–	–	(1)
Management fee allocated to capital	–	–	(13)	–	–	(13)
Revenue return on ordinary activities after tax	–	–	–	–	(23)	(23)
Dividends paid	–	(87)	–	–	–	(87)
28 February 2015	19	1,541	72	235	(128)	1,739

Statement of Changes in Equity
for the year ended 29 February 2016 (continued)

	Share Capital £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
Total						
For the year ended 29 February 2016						
1 March 2015	**66**	**3,979**	**772**	**528**	**(458)**	**4,887**
Investment holding losses	**–**	**–**	**–**	**(659)**	**–**	**(659)**
Gain on disposal of investments	**–**	**–**	**248**	**–**	**–**	**248**
Management fee allocated to capital	**–**	**–**	**(34)**	**–**	**–**	**(34)**
Change in accrual in IFA Commission	**–**	**5**	**–**	**–**	**–**	**5**
Revenue return on ordinary activities after tax	**–**	**–**	**–**	**–**	**(100)**	**(100)**
Dividends paid	**–**	**(1,369)**	**–**	**–**	**–**	**(1,369)**
29 February 2016	**66**	**2,615**	**986**	**(131)**	**(558)**	**2,978**
For the year ended 28 February 2015						
1 March 2014	66	5,357	359	873	(378)	6,277
Investment holding losses	–	–	–	(345)	–	(345)
Gain on disposal of investments	–	–	458	–	–	458
Management fee allocated to capital	–	–	(45)	–	–	(45)
Revenue return on ordinary activities after tax	–	–	–	–	(80)	(80)
Dividends paid	–	(1,378)	–	–	–	(1,378)
28 February 2015	66	3,979	772	528	(458)	4,887

The notes on pages 44 to 66 an integral part of these Accounts.

Statement of Financial Position at 29 February 2016

	Note	29 February 2016 £'000	28 February 2015 £'000
Ordinary Shares			
Fixed assets			
Investments at fair value through profit and loss	9	**1,492**	3,061
Current assets			
Debtors	10	**37**	62
Cash at bank and on deposit		**6**	107
Creditors: amount falling due within one year			
Creditors	11	**(49)**	(82)
Net current (liabilities)/assets		**(6)**	87
Non-current liabilities			
IFA trail commission		**–**	–
Net assets		**1,486**	3,148
Capital and reserves			
Called-up share capital	12	**47**	47
Special reserve		**1,160**	2,438
Capital reserve – realised		**961**	700
Capital reserve – unrealised		**(279)**	293
Revenue reserve		**(403)**	(330)
Equity shareholders' funds		**1,486**	3,148
Net asset value per ordinary share – basic	13	**31.4p**	66.4p

Statement of Financial Position at 29 February 2016 (continued)

	Note	29 February 2016 £'000	28 February 2015 £'000
C Shares			
Fixed assets			
Investments at fair value through profit and loss	9	**1,437**	1,649
Current assets			
Debtors	10	**48**	26
Cash at bank and on deposit		**43**	103
Creditors: amount falling due within one year			
Creditors	11	**(36)**	(36)
Net current assets		**55**	93
Non-current liabilities			
IFA trail commission		**–**	(3)
Net assets		**1,492**	1,739
Capital and reserves			
Called-up share capital	12	**19**	19
Special reserve		**1,455**	1,541
Capital reserve – realised		**25**	72
Capital reserve – unrealised		**148**	235
Revenue reserve		**(155)**	(128)
Equity shareholders' funds		**1,492**	1,739
Net asset value per C share – basic	13	**77.3p**	90.1p

	Note	29 February 2016 £'000	28 February 2015 £'000
Total			
Fixed assets			
Investments at fair value through profit and loss	9	**2,929**	4,710
Current assets			
Debtors	10	**85**	88
Cash at bank and on deposit		**49**	210
Creditors: amount falling due within one year			
Creditors	11	**(85)**	(118)
Net current assets		**49**	180
Non-current liabilities			
IFA trail commission		**–**	(3)
Net assets		**2,978**	4,887
Capital and reserves			
Called-up share capital	12	**66**	66
Special reserve		**2,615**	3,979
Capital reserve – realised		**986**	772
Capital reserve – unrealised		**(131)**	528
Revenue reserve		**(558)**	(458)
Equity shareholders' funds		**2,978**	4,887
Net asset value per ordinary share – basic	13	**31.4p**	66.4p
Net asset value per C share – basic	13	**77.3p**	90.1p

The notes on pages 44 to 66 form an integral part of these Accounts.

The financial statements on pages 35 to 66 were approved by the Board of directors of Calculus VCT plc and were authorised for issue on 20 June 2016 and were signed on its behalf by:

Michael O'Higgins

Chairman

Registered No. 07142153 England & Wales

Statement of Cashflows
for the year ended 29 February 2016

	Note	Ordinary Fund		C Share Fund	
		Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Cash flows from operating activities					
Investment income received		**54**	70	**21**	27
Investment management fees		**(41)**	(79)	**(21)**	(22)
Other cash payments		**(112)**	(99)	**(63)**	(40)
Net cash flow from operating activities	14	**(99)**	(108)	**(63)**	(35)
Cash flow from investing activities					
Purchase of investments		**–**	(3)	**–**	–
Sale of investments		**1,280**	1,531	**90**	95
Net cash flow from investing activities		**1,280**	1,528	**90**	95
Cash flow from financing activities					
Equity dividend paid		**(1,282)**	(1,291)	**(87)**	(87)
Net cash flow from financing activities		**(1,282)**	(1,291)	**(87)**	(87)
(Decrease)/increase in cash and cash equivalents		**(101)**	129	**(60)**	(27)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at the beginning of year		**107**	(22)	**103**	130
Net cash (decrease)/increase		**(101)**	129	**(60)**	(27)
Cash and cash equivalents at the year end		**6**	107	**43**	103

	Note	Total Year Ended 29 February 2016 £'000	 Year Ended 28 February 2015 £'000
Cash flows from operating activities			
Investment income received		**75**	97
Investment management fees		**(62)**	(101)
Other cash payments		**(175)**	(139)
Cash flow from operating activities	14	**(162)**	(143)
Cash flow from investing activities			
Purchase of investments		**–**	(3)
Sale of investments		**1,370**	1,626
Net cash flow from investing activities		**1,370**	1,623
Cash flow from financing activities			
Equity dividend paid		**(1,369)**	(1,378)
Net cash flow from financing activities		**(1,369)**	(1,378)
(Decrease)/increase in cash and cash equivalents		**(161)**	102
Analysis of changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of year		**210**	108
Net cash (decrease)/increase		**(161)**	102
Cash and cash equivalents at the year end		**49**	210

The notes on pages 44 to 66 form an integral part of these Accounts.

Notes to the Accounts

1. Company information

The Company is incorporated in England and Wales and operates under the Companies Act 2006 (the Act) and the regulations made under the Act as a public company limited by shares, with registered number 07142153. The registered office of the Company is 104 Park Street, London, W1K 6NF.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared on a basis compliant with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and with the Act. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial Instruments as specified in the accounting policies below. The Directors have prepared the financial statements on a basis compliant with the recommendations of the Statement of Recommended Practice November 2014 ("the SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC").

This is the first year in which the financial statements have been prepared under FRS102. However there are no changes to any prior year balances.

The adoption of FRS 102 has introduced some presentational changes. The statement of cash flows now refers to cash or cash equivalents.

The financial statements are presented in Sterling (£).

Expenses are allocated between the Ordinary share fund and the C share fund on the basis of the ratio of the net asset value of the previous month unless the expense is attributable in full to one of the funds.

The Ordinary Share Fund and C Share Fund share bank accounts. Each funds' share of the bank accounts is based on actual receipts and payments. These cash flows are allocated according to the accounting policy for income and expenses respectively.

Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

Preparations of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are in the valuation of unquoted investments. The valuation methodologies used when valuing unquoted investments provide a range of possible values. Judgments are used to estimate where in the range the fair value lies. The sensitivity analysis in note 16 demonstrates the impact on the portfolio of applying alternative values in the upside and downside.

As at 29 February 2016 the value of unquoted investments included within the Company's investment portfolio was £1,491,739 (2015: £2,063,403) for the Ordinary portfolio and £787,981 (2015: £792,143) on the C share portfolio. These investments are valued in accordance with the accounting policy disclosed under note 9 investments.

Investments

The Company has adopted FRS 102 sections 11 and 12 for the recognition of financial instruments. The Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value. Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of directors.

Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment, which are expensed and included in the capital column of the Income Statement.

After initial recognition, investments, which are classified as at fair value through profit or loss, are measured at fair value. Gains or losses on investments classified as at fair value through profit or loss are recognised in the capital column of the Income Statement, and allocated to the capital reserve – unrealised or realised as appropriate.

Aggregate transaction and dealing costs included in disposals and additions are disclosed in note 9 to the financial statements, as recommended by the SORP. All purchases and sales of quoted investments are accounted for on the trade date basis. All purchases and sales of unquoted investments are accounted for on the date that the sale and purchase agreement becomes unconditional.

For quoted investments and money market instruments fair value is established by reference to bid, or last, market prices depending on the convention of the exchange on which the investment is quoted at the close of business on the balance sheet date.

Structured Products are valued by reference to the FTSE 100 Index, with mid prices for the Structured Products provided by the product issuers. An adjustment is made to these prices to take into account any bid/offer spreads prevalent in the market at each valuation date. These spreads are either determined by the issuer or recommended by the Structured Products Manager, Investec Structured Products (a trading name of Investec Bank plc).

Unquoted investments are valued using an appropriate valuation technique so as to establish what the transaction price would have been at the balance sheet date. Such investments are valued in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines. Primary indicators of fair value are derived from earnings or sales multiples, using discounted cash flows, recent arm's length market transactions by independent third parties, from net assets, or where appropriate, at price of recent investments.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents does not include liquidity fund investments as the Company does not consider the risk associated with changes in value to be insignificant.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price.

Income

Dividends receivable on equity shares are recognised as revenue on the date on which the shares or units are marked as ex-dividend. Where no ex-dividend date is available, the revenue is recognised when the Company's right to receive it has been established.

Interest receivable from fixed income securities and premiums on loan stock investments and preference shares is recognised using the effective interest rate method. Interest receivable and redemption premiums are allocated to the revenue column of the Income Statement.

Interest receivable on bank deposits is included in the financial statements on an accruals basis. Provision is made against this income where recovery is doubtful.

Other income is credited to the revenue column of the Income Statement when the Company's right to receive the income is established.

Notes to the Accounts (continued)

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the Income Statement as follows:

Expenses are charged through revenue in the Income Statement except as follows:

- costs which are incidental to the acquisition or disposal of an investment are taken to the capital column of the Income Statement.
- expenses are charged to the capital column in the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect investment management fees have been allocated 75 per cent to the capital column and 25 per cent to the revenue column in the Income Statement, being in line with the Board's expected long-term split of returns, in the form of capital gains and revenue respectively, from the investment portfolio of the Company.
- expenses associated with the issue of shares are deducted from the share premium account. Annual IFA trail commission covering a five year period since share allotment has been provided for in the Accounts as, due to the nature of the Company, it is probable that this will be payable. The commission is apportioned between current and non-current liabilities.

Expenses incurred by the Company in excess of the agreed cap, currently 3 per cent of the gross amount raised from the offer for subscription of ordinary shares and C shares respectively for the 2009/2010, 2010/2011 and 2011/2012 tax years (excluding irrecoverable VAT, annual trail commission and performance incentive fees), could be clawed back from Investec Structured Products until 14 December 2015 and Calculus Capital Limited thereafter. Any clawback is treated as a credit against the expenses of the Company. Any future expenses incurred by the D shares above the cap of 3.4% of the gross amount raised for the D share fund can be clawed back from Calculus Capital Limited.

Capital reserve

The realised capital return component of the return for the year is taken to the distributable capital reserves and the unrealised capital component of the return for the year is taken to the non-distributable capital reserves within the Statement of Changes in Equity.

Special reserve

The special reserve was created by the cancellation of the Ordinary share fund's share premium account on 20 October 2010. A further cancellation of the share premium account occurred on 23 November 2011 for both the Ordinary share fund and C share fund. The special reserve is a distributable reserve created to be used by the Company inter alia to write off losses, fund market purchases of its own ordinary and C shares, make distributions and/or for other corporate purposes.

The Company was formerly an investment company under section 833 of the Companies Act 2006. On 18 May 2011, investment company status was revoked by the Company. This was done in order to allow the Company to pay dividends to shareholders using the special reserve.

Taxation

Deferred tax must be recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversals of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

No taxation liability arises on gains from sales of fixed asset investments by the Company by virtue of its venture capital trust status. However, the net revenue (excluding UK dividend income) accruing to the Company is liable to corporation tax at the prevailing rates.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve – realised and a corresponding amount is charged against revenue. The relief is the amount by which corporation tax payable is reduced as a result of capital expenses.

Dividends

Dividends to shareholders are accounted for in the period in which they are paid or approved in general meetings. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they are paid, or have been approved by shareholders in the case of a final dividend and become a liability of the Company.

Share buybacks

Where shares are purchased for cancellation, the consideration paid, including any directly attributable incremental costs, is deducted from distributable reserves. As required by the Companies Act 2006, the equivalent of the nominal value of shares cancelled is transferred to capital redemption reserve.

3. Income

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
UK dividends	**2**	–
UK unfranked loan stock interest	**52**	64
	54	64
Total income comprises:		
Interest	**52**	64
Dividends	**2**	–
Other income	**–**	–
	54	64
C Share Fund		
UK dividends	**1**	–
UK unfranked loan stock interest	**21**	25
	22	25
Total income comprises:		
Interest	**21**	25
Dividends	**1**	–
Other income	**–**	–
	22	25

Notes to the Accounts (continued)

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Total		
UK dividends	**3**	–
UK unfranked loan stock interest	**73**	89
	76	89
Total income comprises:		
Interest	**73**	89
Dividends	**3**	–
Other income	**–**	–
	76	89

All income arose in the United Kingdom.

The Board considered operating segments and considered there to be one, that of investing in financial assets.

4. Investment Management Fee

	Year Ended 29 February 2016			Year Ended 28 February 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
Investment management fee	**7**	**22**	**29**	10	32	42
C Share Fund						
Investment management fee	**4**	**12**	**16**	4	13	17
Total						
Investment management fee	**11**	**34**	**45**	14	45	59

No performance fee was paid during the year.

For the year ended 29 February 2016, Calculus Capital Limited waived £9,896 (2015: £nil) of its fees. At 29 February 2016, there was £6,585 due to Calculus Capital Limited (2015: due to Calculus Capital Limited £27,376).

Details of the terms and conditions of the investment management agreement are set out in the Directors' Report.

5. Other expenses

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
Directors' fees	**31**	35
Secretarial and accounting fees	**53**	61
Auditor's remuneration		
- audit services	**13**	14
- taxation compliance services	**4**	4
Other	**44**	50
Clawback of expenses in excess of 3% cap repayable from the Manager	**(25)**	(53)
	120	111
C Share Fund		
Directors' fees	**19**	15
Secretarial and accounting fees	**33**	25
Auditor's remuneration		
- audit services	**8**	6
- taxation compliance services	**3**	2
Other	**25**	19
Clawback of expenses in excess of 3% cap repayable from the Manager	**(43)**	(23)
	45	44
Total		
Directors' fees	**50**	50
Secretarial and accounting fees	**86**	86
Auditor's remuneration		
- audit services	**21**	20
- taxation compliance services	**7**	6
Other	**69**	69
Clawback of expenses in excess of 3% cap repayable from the Manager	**(68)**	(76)
	165	155

Further details of Directors' fees can be found in the Directors' Remuneration Report on page 26 to 29 of the Accounts.

Notes to the Accounts (continued)

6. Taxation

	Year Ended 29 February 2016 Revenue £'000	Capital £'000	Total £'000	Year Ended 28 February 2015 Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
Loss on ordinary activities before tax	**(73)**	**(311)**	**(384)**	(57)	(16)	(73)
Theoretical tax at UK Corporation Tax rate of 20.1% (2015: 21.2%)	**(15)**	**(63)**	**(78)**	(12)	(3)	(15)
Timing differences: loss not recognised, carried forward	**15**	**4**	**19**	12	6	18
Effects of non-taxable gains/(losses)	**–**	**59**	**59**	–	(3)	(3)
Tax charge	**–**	**–**	**–**	–	–	–
C Share Fund						
(Loss)/profit on ordinary activities before tax	**(27)**	**(134)**	**(161)**	(23)	84	61
Theoretical tax at UK Corporation Tax rate of 20.1% (2015: 21.2%)	**(5)**	**(27)**	**(32)**	(5)	18	13
Timing differences: loss not recognised, carried forward	**5**	**2**	**7**	5	3	8
Effects of non-taxable gains/(losses)	**–**	**25**	**25**	–	(21)	(21)
Tax charge	**–**	**–**	**–**	–	–	–
Total						
(Loss)/profit on ordinary activities before tax	**(100)**	**(445)**	**(545)**	(80)	68	(12)
Theoretical tax at UK Corporation Tax rate of 20.1% (2015: 21.2%)	**(20)**	**(90)**	**(110)**	(17)	15	(2)
Timing differences: loss not recognised, carried forward	**20**	**6**	**26**	17	9	26
Effects of non-taxable gains/(losses)	**–**	**84**	**84**	–	(24)	(24)
Tax charge	**–**	**–**	**–**	–	–	–

On 1 April 2015, the Corporation Tax rate decreased from 21% to 20%. The rate remained at 20% for the remainder of the reporting period.

At 29 February 2016, the Company had £706,973 (28 February 2015: £568,335) of excess management expenses to carry forward against future taxable profits.

The Company's deferred tax asset of £127,255 (28 February 2015: £113,667) has not been recognised due to the fact that it is unlikely the excess management expenses will be set off in the foreseeable future.

7. Dividends

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
Declared and paid: 5.25p per ordinary share in respect of the year ended 28 February 2015 (2014: 5.25p)	**249**	249
Declared and paid: 21.8p per ordinary share in respect of the year ended 29 February 2016 (2015: 22p)	**1,033**	1,042
C Share Fund		
Declared and paid: 4.5p per C share in respect of the year ended 28 February 2015 (2014: 4.5p)	**87**	87
Proposed final dividend: 4.5p per C share in respect of the year ended 29 February 2016 (2015: 4.5p)	**87**	87

The proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and have not been included as a liability in these Accounts.

8. Return per Share

	Year Ended 29 February 2016			Year Ended 28 February 2015		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per ordinary share	**(1.5)**	**(6.6)**	**(8.1)**	(1.2)	(0.3)	(1.5)
Return per C share	**(1.4)**	**(6.9)**	**(8.3)**	(1.2)	4.3	3.1

Ordinary Share Fund

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £73,187 (28 February 2015: loss £57,139) and on 4,738,463 ordinary shares (28 February 2015: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital loss for the year of £384,093 (28 February 2015: loss £15,463) and on 4,738,463 ordinary shares (28 February 2015: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

Total return per ordinary share is based on the total loss on ordinary activities after taxation of £386,916 (28 February 2015: loss £72,602) and on 4,738,463 ordinary shares (28 February 2015: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

C Share Fund

Revenue return per C share is based on the net revenue loss on ordinary activities after taxation of £27,317 (28 February 2015: loss £22,734) and on 1,931,095 C shares (28 February 2015: 1,931,095), being the weighted average number of C shares in issue during the year.

Capital return per C share is based on the net capital loss for the year of £134,405 (28 February 2015: gain £83,457) and on 1,931,095 C shares (28 February 2015: 1,931,095), being the weighted average number of C shares in issue during the year.

Total return per C share is based on the total loss for the year of £161,722 (28 February 2015: gain £60,723) and on 1,931,095 C shares (28 February 2015: 1,931,095), being the weighted average number of C shares in issue during the year.

9. Investments

	Year Ended 29 February 2016			
	Structured Product Investments £'000	VCT Qualifying Investments £'000	Other Investments £'000	Total £'000
Ordinary Share Fund				
Opening book cost	490	2,277	1	2,768
Opening investment holding gains/(losses)	419	(126)	–	293
Opening valuation	909	2,151	1	3,061
Movements in year:				
Purchases at cost	–	–	–	–
Sales proceeds	(925)	(355)	–	(1,280)
Realised gains/(losses) on sales	435	(152)	–	283
Decrease in investment holding gains/(losses)	(419)	(153)	–	(572)
Movements in year	(909)	(660)	–	(1,569)
Closing valuation	–	1,491	1	1,492
Closing book cost	–	1,770	1	1,771
Closing investment holding losses	–	(279)	–	(279)
Closing valuation	–	1,491	1	1,492
C Share Fund				
Opening book cost	328	1,085	1	1,414
Opening investment holding gains	210	25	–	235
Opening valuation	538	1,110	1	1,649
Movements in year:				
Purchases at cost	–	–	–	–
Sales proceeds	–	(90)	–	(90)
Realised losses on sales	–	(35)	–	(35)
Decrease in investment holding gains/(losses)	(19)	(68)	–	(87)
Movements in year	(19)	(193)	–	(212)
Closing valuation	519	917	1	1,437
Closing bookcost	328	960	1	1,289
Closing investment holding gains/(losses)	191	(43)	–	148
Closing valuation	519	917	1	1,437

	Year Ended 29 February 2016			
	Structured Product Investments £'000	VCT Qualifying Investments £'000	Other Investments £'000	Total £'000
Total				
Opening book cost	818	3,362	2	4,182
Opening investment holding gains/(losses)	629	(101)	–	528
Opening valuation	1,447	3,261	2	4,710
Movements in year:				
Purchases at cost	–	–	–	–
Sales proceeds	(925)	(445)	–	(1,370)
Realised gains on sales	435	(187)	–	248
Decrease in investment holding gains/(losses)	(438)	(221)	–	(659)
Movements in year	(928)	(853)	–	(1,781)
Closing valuation	519	2,408	2	2,929
Closing book cost	328	2,730	2	3,060
Closing investment holding gains/(losses)	191	(322)	–	(131)
Closing valuation	519	2,408	2	2,929

In the year to 29 February 2016, Hembuild Group Limited was written down by £189,421 due to its entering administration. Brigantes Energy Limited and Corfe Energy Limited were written down by £161,852 and £106,548 respectively due to the fall in oil price.

There have not been any transaction costs in the year to 29 February 2016, nor in the year to 28 February 2015.

Note 16 to the financial statements provides a detailed analysis of investments held at fair value through profit or loss.

10. Debtors

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
Prepayments and accrued income	**12**	9
Clawback of expenses in excess of 3% cap payable by the Manager	**25**	53
	37	62
C Share Fund		
Prepayments and accrued income	**5**	3
Clawback of expenses in excess of 3% cap payable by the Manager	**43**	23
	48	26
Total		
Prepayments and accrued income	**17**	12
Clawback of expenses in excess of 3% cap payable by the Manager	**68**	76
	85	88

Notes to the Accounts (continued)

11. Creditors

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
IFA trail commission	**–**	11
Management fees	**7**	19
Audit fees	**15**	14
Directors' fees	**4**	6
Administration fees	**2**	10
Other creditors	**21**	22
	49	82
C Share Fund		
IFA trail commission	**2**	5
Management fees	**4**	8
Audit fees	**10**	6
Directors' fees	**4**	2
Administration fees	**2**	4
Other creditors	**14**	11
	36	36
Total		
IFA trail commission	**2**	16
Management fees	**11**	27
Audit fees	**25**	20
Directors' fees	**8**	8
Administration fees	**4**	14
Other creditors	**35**	33
	85	118

12. Share Capital

	29 February 2016		28 February 2015	
	Number	£'000	Number	£'000
Ordinary Share Fund				
Number of shares in issue	**4,738,463**	**47**	4,738,463	47
C Share Fund				
Number of shares in issue	**1,931,095**	**19**	1,931,095	19
Total				
		66		66

Since the year end the Company has issued 1,812,084 D shares for a total consideration of £1,866,353.

Under the Articles of Association, a resolution for the continuation of the Company as a VCT will be proposed at the Annual General Meeting falling after the tenth anniversary of the last allotment (from time to time) of shares in the Company and thereafter at five-yearly intervals.

13. Net Asset Value per Share

	29 February 2016	28 February 2015
Ordinary Share Fund		
Net asset value per ordinary share	**31.4p**	66.4p

The basic net asset value per ordinary share is based on net assets of £1,485,829 (28 February 2015: £3,147,994) and on 4,738,463 ordinary shares (28 February 2015: 4,738,463), being the number of ordinary shares in issue at the end of the year.

	29 February 2016	28 February 2015
C Share Fund		
Net asset value per C share	**77.3p**	90.1p

The basic net asset value per C share is based on net assets of £1,492,097 (28 February 2015: £1,739,311) and on 1,931,095 C shares (28 February 2015: 1,931,095), being the number of C shares in issue at the end of the year.

Notes to the Accounts (continued)

14. Reconciliation of Net Loss before Tax to Cash Flow from Operating Activities

	Year Ended 29 February 2016 £'000	Year Ended 28 February 2015 £'000
Ordinary Share Fund		
Loss for the year	**(384)**	(73)
Losses/(gains) on investments	**289**	(16)
Decrease in debtors	**25**	11
Decrease in creditors	**(33)**	(30)
Change in IFA commission accrual	**4**	–
Cash flow from operating activities	**(99)**	(108)
C Share Fund		
Loss/(profit) for the year	**(161)**	61
Losses/(gains) on investments	**122**	(97)
(Increase)/decrease in debtors	**(22)**	3
Decrease in creditors	**(3)**	(2)
Change in IFA commission accrual	**1**	–
Cash flow from operating activities	**(63)**	(35)
Total		
Loss for the year	**(545)**	(12)
Losses/(gains) on investments	**411**	(113)
Decrease in debtors	**3**	14
Decrease in creditors	**(36)**	(32)
Change in IFA commission accrual	**5**	–
Cash flow from operating activities	**(162)**	(143)

15. Financial Commitments

At 29 February 2016, the Company did not have any financial commitments which had not been accrued for.

16. Financial Instruments

The Company's financial instruments comprise securities and cash and liquid resources that arise directly from the Company's operations.

The principal risks the Company faces in its portfolio management activities are:

- Market price risk
- Liquidity risk

The Company does not have exposure to foreign currency risk.

With many years' experience of managing the risks involved in investing in Structured Products and Venture Capital Investments respectively, both the Investec Structured Products team and the Calculus Capital Limited team, together with the Board, have designed the Company's structure and its investment strategy to reduce risk as much as possible. The policies for managing these risks are summarised below and have been applied throughout the period under review.

a) Market price risk

Structured Products

The return and valuation of the Company's investment in Structured Products is currently linked to the FTSE 100 Index by way of a fixed return that is payable as long as the Final Index Level is no lower than the Initial Index Level.

The current investment in Structured Products will either be capital protected or capital at risk on a one-to-one basis where the FTSE 100 Index falls by more than 50 per cent and the Final Index Level is below the Initial Index Level. If the FTSE 100 Index does fall by more than 50 per cent at any time during the investment period and fails to recover at maturity, the capital will be at risk on a maximum one-to-one basis (Capital at Risk ("CAR")) (e.g. if the FTSE 100 Index falls by more than 50 per cent during the investment period and on maturity is down 25 per cent, capital within that Structured Product will be reduced by 25 per cent).

The tables in the Investment Manager's Review (Structured Products) provide details of the Initial Index Level at the date of investment and the maturity date for the remaining Structured Product. On 29 February 2016, the FTSE 100 Index closed at 6,097.09.

The Final Index Level is calculated using 'averaging', meaning that the average is taken of the closing levels of the FTSE 100 on each business day over the last two to six months of the Structured Product plan term (the length of the averaging period differs for each plan).

The Investment Manager of the Structured Products portfolio and the Board review this risk on a regular basis. The use of averaging to calculate the return can reduce adverse effects of a falling market or sudden market falls shortly before maturity. Equally, it can reduce the benefits of an increasing market or sudden market rises shortly before maturity.

As at 29 February 2016, the Company's investment in Structured Products was valued at £519,023 (C Share Fund). A 10 per cent increase in the level of the FTSE 100 Index at 29 February 2016, given that all other variables remained constant, would have increased net assets by £31,089 (C Share Fund). A 10 per cent decrease would have reduced net assets by £55,609 (C Share Fund). If the net assets had been higher by £31,089 throughout the year, then the investment management fee due to Calculus Capital Limited would have been increased by £310; if the net assets had been lower by £55,609 lower throughout the year, then the investment management fee due to Calculus Capital Limited would have decreased by £556.

The Directors consider that an increase or decrease in the aggregate value of investments by 10 per cent or more is reasonably possible.

The failure of a counterparty to discharge its obligations under a transaction could result in the Company suffering a loss. In its role as the Investment Manager of the Structured Products portfolio and to diversify counterparty risk, Investec Structured Products only invested in Structured Products issued by approved issuers. In addition, the maximum exposure to any one counterparty (or underlying counterparty) was limited to 15 per cent of the assets of the Company at the time of investment.

Notes to the Accounts (continued)

Counterparty risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amount of financial assets best represents the maximum credit risk exposure at the Balance Sheet date.

As at 29 February 2016, the Company's credit risk exposure, by credit rating of the Structured Product issuer, was as follows:

Credit Risk Rating (Moody's unless otherwise indicated)	29 February 2016 £'000	29 February 2016 % of Portfolio	28 February 2015 £'000	28 February 2015 % of Portfolio
Ordinary Share Fund				
A2	**–**	**–**	–	–
Baa3	**–**	**–**	909	29.7%
	–	**–**	909	29.7%
C Share Fund				
A2	**519**	**36.1%**	–	–
Baa3	**–**	**–**	538	32.6%
	519	**36.1%**	538	32.6%
Total				
A2	**519**	**17.7%**	–	–
Baa3	**–**	**–**	1,447	30.7%
	519	**17.7%**	1,447	30.7%

Qualifying Investments

Market risk embodies the potential for losses and includes interest rate risk and price risk.

The management of market price risk is part of the investment management process. The portfolio is managed in accordance with policies in place as described in more detail in the Chairman's Statement and Investment Manager's Review (Qualifying Investments).

The Company's strategy on the management of investment risk is driven by the Company's investment objective as outlined above. Investments in unquoted companies and AIM-traded companies, by their nature, involve a higher degree of risk than investments in the main market. Some of that risk can be mitigated by diversifying the portfolio across business sectors and asset classes.

Interest is earned on cash balances and money market funds and is linked to the banks' variable deposit rates. The Board does not consider interest rate risk to be material. Interest rates arising on loan stock instruments is not considered significant as the main risk on these investments are credit risk and market price risk. The interest rate earned on the loan stock instruments is disclosed below:

	Effective interest rate on 29 February 2016 %
Antech Limited	12.0
Human Race Group Limited	12.0
Solab Group Limited	8.0

At the year end, no loan stock interest was overdue.

An analysis of financial assets and liabilities, which identifies the risk of the Company's holding of such items, is provided. The Company's financial assets comprise equity, loan stock, cash and debtors. The interest rate profile of the Company's financial assets is given in the table below:

	As at 29 February 2016		As at 28 February 2015	
	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000
Ordinary Share Fund				
Loan stock	**350**	**–**	687	–
Money market funds	**–**	**1**	–	1
Cash	**–**	**6**	–	107
	350	**7**	687	108
C Share Fund				
Loan stock	**200**	**–**	200	–
Money market funds	**–**	**1**	–	1
Cash	**–**	**43**	–	103
	200	**44**	200	104
Total				
Loan stock	**550**	**–**	887	–
Money market funds	**–**	**2**	–	2
Cash	**–**	**49**	–	210
	550	**51**	887	212

The variable rate is based on the banks' deposit rate, and applies to cash balances held and the money market funds. The benchmark rate which determines the interest payments received on interest bearing cash balances is the Bank of England base rate, which was 0.5 per cent as at 29 February 2016.

Any movement in interest rates is deemed to have an insignificant effect on the Structured Products.

Credit risk is considered to be part of market risk.

Where an investment is made in loan stock issued by an unquoted company, it is made as part of an overall equity and debt package. The recoverability of the debt is assessed as part of the overall investment process and is then monitored on an ongoing basis by the Investment Manager who reports to the Board on any recoverability issues.

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.

All the assets of the Company which are traded on AIM are held by Investec Wealth & Investments, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board and the Investment Manager monitor the Company's risk by reviewing the custodian's internal control reports.

b) Liquidity risk

The Company's liquidity risk is managed on an ongoing basis by the Investment Managers. 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 as they fall due.

Structured Products

If the Structured Product is redeemed before the end of the term, the Company may get back less than the amount originally invested. The value of the Structured Product will be determined by the price at which the investment can actually be sold on the relevant dealing date. The Board does not consider this risk to be significant as the planned investment period for the Structured Product will end on 17 March 2017.

There may not be a liquid market in the Structured Product and there may never be two competitive market makers, making it difficult for the Company to realise its investment. Risk is increased further where there is a single market maker who is also the issuer. The Board sought to mitigate this risk by only investing in approved issuers of Structured Products, and by limiting exposure to any one issuer (or underlying issuer).

Qualifying Investments

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which may be illiquid. As a result, the Company may not be able to realise quickly some of its investments 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 Board seeks to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and readily realisable assets, which are sufficient to meet any funding commitments that may arise.

Under its Articles of Association, the Company has the ability to borrow a maximum amount equal to 25 per cent of its gross assets. As at 29 February 2016, the Company had no borrowings.

c) Capital management

The capital structure of the Company consists of cash held and shareholders' equity. Capital is managed to ensure the Company has adequate resources to continue as a going concern, and to maximise the income and capital return to its shareholders, while maintaining a capital base to allow the Company to operate effectively in the market place and sustain future development of the business. To this end the Company may use gearing to achieve its objectives. The Company's assets and borrowing levels are reviewed regularly by the Board.

d) Fair value hierarchy

Investments held at fair value through profit or loss are valued in accordance with IPEV guidelines.

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV guidelines.

As required by the Standard, an analysis of financial assets and liabilities, which identifies the risk of the Company's holding of such items, is provided. The Standard requires an analysis of investments carried at fair value based on the reliability and significance of the information used to measure their fair value. In order to provide further information on the valuation techniques used to measure assets carried at fair value, we have categorised the measurement basis into a "fair value hierarchy" as follows:

– Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price. The Company's investments in AIM quoted equities and money market funds are classified within this category.

– Valued using models with significant observable market parameters – “Level 2”

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company’s investments in Structured Products are classified within this category.

– Valued using models with significant unobservable market parameters – “Level 3”

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company’s unquoted equities and loan stock are classified within this category. As explained in note 1, unquoted investments are valued in accordance with the IPEV guidelines.

The table below shows assets measured at fair value categorised into the three levels referred to above. During the year there were no transfers between Levels 1, 2 or 3.

Ordinary Share Fund

	Financial Assets at Fair Value through Profit or Loss At 29 February 2016			
	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Structured Products	**–**	**–**	**–**	**–**
Unquoted equity	**–**	**–**	**1,141**	**1,141**
Quoted equity	**–**	**–**	**–**	**–**
Money market funds	**1**	**–**	**–**	**1**
Loan stock	**–**	**–**	**350**	**350**
	1	**–**	**1,491**	**1,492**

	Financial Assets at Fair Value through Profit or Loss At 28 February 2015			
	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Structured Products	–	909	–	909
Unquoted equity	–	–	1,376	1,376
Quoted equity	88	–	–	88
Money market funds	1	–	–	1
Loan stock	–	–	687	687
	89	909	2,063	3,061

Notes to the Accounts (continued)

C Share Fund

	Financial Assets at Fair Value through Profit or Loss At 29 February 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	**–**	**519**	**–**	**519**
Unquoted equity	**–**	**–**	**588**	**588**
Quoted equity	**129**	**–**	**–**	**129**
Money market funds	**1**	**–**	**–**	**1**
Loan stock	**–**	**–**	**200**	**200**
	130	**519**	**788**	**1,437**

	Financial Assets at Fair Value through Profit or Loss At 28 February 2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	538	–	538
Unquoted equity	–	–	592	592
Quoted equity	318	–	–	318
Money market funds	1	–	–	1
Loan stock	–	–	200	200
	319	538	792	1,649

Total

	Financial Assets at Fair Value through Profit or Loss At 29 February 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	**–**	**519**	**–**	**519**
Unquoted equity	**–**	**–**	**1,729**	**1,729**
Quoted equity	**129**	**–**	**–**	**129**
Money market funds	**2**	**–**	**–**	**2**
Loan stock	**–**	**–**	**550**	**550**
	131	**519**	**2,279**	**2,929**

	Financial Assets at Fair Value through Profit or Loss At 28 February 2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	1,447	–	1,447
Unquoted equity	–	–	1,968	1,968
Quoted equity	406	–	–	406
Money market funds	2	–	–	2
Loan stock	–	–	887	887
	408	1,447	2,855	4,710

In order to maintain fair value hierarchy disclosures in line with the prior year, the Company has early adopted the changes to FRS 102 published by the FRC in March 2016.

Where the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement, information on this sensitivity is provided below. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of the unquoted investments.

The assumptions changed for the sensitivity analysis are set out below:

Assumption	Impact on Upside £	Impact on downside £
Discount rate	26,927	25,172
Forecast 2016 results	58,151	60,453
	85,078	85,625

Applying the downside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be £63,198 or 4.2 per cent lower (2015: £99,041 or 4.8 per cent lower), for the C Share Fund would be £22,427 or 2.9 per cent lower (2015: £55,017 or 7.0 per cent lower), and in total it would be £85,625 or 3.8 per cent lower (2015: £154,058 or 5.4 per cent lower). Using the upside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be increased by £63,284 or 4.2 per cent (2015: £115,445 or 5.6 per cent per cent), for the C Share Fund it would be increased by £21,794 or 2.8 per cent (2015: £54,062 or 6.8 per cent), and in total it would be increased by £85,078 or 3.7 per cent (2015: £169,507 or 5.9 per cent).

17. Related Parties Transactions

Calculus Capital Limited receives an investment manager's fee from the Company. As disclosed in Note 4, for the year ended 29 February 2016, Calculus Capital Limited earned £29,037 in relation to the ordinary share portfolio (2015: £41,672) and £16,409 (2015: £17,496) in relation to the C share portfolio. Calculus Capital Limited also earned a company secretarial fee of £625 (2015: £nil) for the Ordinary share portfolio but waived its fee of £625 (2015: £nil) on the C shares.

Calculus Capital Limited has taken on the expenses cap from 15 December 2015. In the year to 29 February 2016, Calculus Capital Limited waived £9,896 of investment management fees.

Investec Structured Products, an Investment Manager to the Company, is entitled to a performance incentive fee. Investec Structured Products will receive an arrangement fee of 0.75 per cent of the amount invested in each Structured Product. This arrangement fee shall be paid to Investec Structured Products by the issuer of the relevant Structured Product. No arrangement fee will be paid to Investec Structured Products in respect of any decision to invest in Investec-issued Structured Products. Investec Structured Products has agreed not to earn an annual management fee from the Company.

18. Transactions with Investment Managers

John Glencross, a Director of the Company, is Chief Executive and a director of Calculus Capital Limited, one of the Company's Investment Managers. He does not receive any remuneration from the Company. He is a director of Terrain Energy Limited, and was previously a director of Hembuild Group Limited and Human Race Group Limited, companies in which the Company has invested.

Calculus Capital Limited receives a fee from certain portfolio companies. In the year the 29 February 2016, Calculus Capital Limited charged a monitoring fee to Antech Limited, Solab Group Limited, Hembuild Group Limited, Metropolitan Safe Custody Limited, MicroEnergy Generation Services Limited, Quai Administration Services Limited, Terrain Energy Limited, The One Place Capital Limited and Tollan Energy Limited.

Calculus Capital Limited charged a fee for the provision of a director to Brigantes Energy Limited, Corfe Energy Limited, Dryden Human Capital Group Limited, Solab Group Limited, Metropolitan Safe Custody Limited, Pico's Limited, Quai Administration Services Limited, Terrain Energy Limited and The One Place Capital Limited.

Calculus Capital Limited also charged Terrain Energy Limited for the provision of office support services.

The amount received by Calculus Capital Limited which relates to the Company's investment was £1,807 (2015: £1,932) from Antech Limited, £191 (2015: £751) from Brigantes Energy Limited, £113 (2015: £449) from Corfe Energy Limited, £56 (2015: £285) from Dryden Human Capital Group Limited, £1,832 from Solab Group Limited (2015: £3,009), £3,430 from Human Race Group Limited (2015: £3,530), £405 (2015: £3,612) from Hembuild Group Limited, £2,516 (2015: £2,483) from Metropolitan Safe Custody Limited, £1,461 (2015: £1,189) from MicroEnergy Generation Services Limited, £305 (2015: £397) from Pico's Limited, £1,438 (2015: £1,596) from Quai Administration Services Limited, £793 (2015: £983) from Terrain Energy Limited, £944 (2015: £1,215) from The One Place Capital Limited and £1,418 (2015: £328) from Tollan Energy Limited (all excluding VAT).

19. Post balance sheet events

Since the year end, an allotment of 876,181 D Shares in respect of the 2015/2016 tax year took place on 8 March 2016 at an average issue price of £1.0264 per share. A second allotment of 644,598 D shares in respect of 2015/2016 tax year took place on 4 April 2016 at an average issue price of £1.0333 per share. A third allotment of 291,305 D shares in respect of the 2016/2017 tax year took place on 3 May 2016 at an average issue price of £1.0333 per share.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the sixth ANNUAL GENERAL MEETING of Calculus VCT plc (the "Company") will be held at the offices of Calculus Capital Limited, 104 Park Street, London, W1K 6NF at 11.00 am on 26 July 2016 to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions:

1. To receive and adopt the Strategic Report, Directors' Report and Auditors' Report and the audited Accounts for the year ended 29 February 2016.
2. To receive and approve the Directors' Remuneration Report for the year ended 29 February 2016.
3. To declare a final dividend of 4.5 p per C share of 1p each.
4. To re-elect Mr John Glencross as a Director.
5. To re-appoint Grant Thornton UK LLP as Auditor to the Company to hold office until the conclusion of the next annual general meeting of the Company.
6. To authorise the Directors to determine the remuneration of the Auditor.
7. THAT, in addition to existing authorities, the Directors be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company;

   (i) in respect of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares"), with an aggregate nominal value of up to but not exceeding an amount equal to 10 per cent of the issued Ordinary Share capital;

   (ii) in respect of the C shares of 1p each in the capital of the Company ("C Shares"), with an aggregate nominal value of up to but not exceeding an amount equal to 10 per cent of the issued C Share capital; and

   in each case at the date of passing the resolution and in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting to be held in 2017 save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted and issued after such expiry and the Directors shall be entitled to allot shares pursuant to any such offer or agreement as if this authority had not expired.
8. THAT, in addition to all other existing authorities, the directors be and are generally and unconditionally authorised in accordance with section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall expire on the conclusion of the annual general meeting of the Company to be held in 2017.
9. THAT, in substitution for existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

   (a) the aggregate number of ordinary shares and/or C shares and/or D shares which may be purchased shall not exceed 710,205, 289,471 or 271,631 respectively or, if lower, such number of shares of the relevant class as shall equal 14.99 per cent of the issued share capital of that class;

   (b) the minimum price which may be paid per share is 1p, the nominal value thereof;

   (c) the maximum price which may be paid per share is an amount equal to the higher of (a) 105 per cent of the average of the middle market quotation per share (of the relevant class) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased; and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;

   (d) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2017, unless such authority is renewed prior to such time; and

   (e) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares pursuant to such contract.

Notice of Annual General Meeting

10. THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice.

By order of the Board
Calculus Capital Limited
Secretary
20 June 2016

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 22 July 2016 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.
4. A personalised form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, Capita Asset Services, at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
5. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies.
6. Ordinary shares, C shares and D shares carry equal voting rights and a member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder.
7. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
8. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 2 and 3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
9. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
10. As at the date of this notice, the Company's issued share capital and total voting rights amounted to 8,481,642 shares, being 4,738,463 ordinary shares, 1,931,095 C shares and 1,812,084 D shares, each carrying one vote each.
11. Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.
12. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

13. By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.

14. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the meeting. A resolution may properly be moved at the meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.

15. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at the meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.

16. The Annual Report incorporating this notice of meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the dates of this notice will be available on the website of Calculus Capital Limited, www.calculuscapital.com.

17. None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting.

Shareholder Information

Annual General Meeting

This year's Annual General Meeting of the Company will be held at the offices of Calculus Capital Limited, 104 Park Street, London, W1K 6NF on 26 July 2016 at 11.00 am.

Key Dates for 2016

Company's year end	29 February 2016
Annual results announced	20 June 2016
Annual General Meeting	26 July 2016
Dividends payable	5 August 2016
Company's half year end	31 August 2016
Half yearly results announced	October 2016

Payment of Dividends

Cash dividends will be sent by cheque to the first-named shareholder on the share register at their registered address, together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ("BACS"). This may be arranged by contacting the Company's Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 9.00 am to 5.30 pm Monday to Friday) or by visiting the website at www.capitaregistrars.com/shareholders.

Price and Performance Information

The Company's Ordinary shares, C shares and D shares are listed on the London Exchange and share prices can be found on their website, www.londonstockexchange.com. The Company's net asset value is announced quarterly and can also be viewed on the London Stock Exchange website or the Calculus Capital Limited website, www.calculuscapital.com.

Share Register Enquiries

The Company's Registrars, Capita Asset Services, maintain the share register. In the event of queries regarding your shareholding, please contact the Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 9.00 am to 5.30 pm Monday to Friday) or by visiting the website at www.capitaregistrars.com/shareholders.

Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must:

(a) not be a close company;

(b) have each class of its ordinary share capital listed on the London Stock Exchange;

(c) derive its income wholly or mainly from shares or securities;

(d) have at least 70 per cent by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent by VCT Value must be in eligible shares;

(e) have at least 10 per cent by VCT Value of each Venture Capital Investment in eligible shares;

(f) not have more than 15 per cent by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and

(g) not retain more than 15 per cent of its income derived from shares and securities in any accounting period.

The requirement set out in paragraph (d) above has been amended for funds raised from 6 April 2011, such that at least 70 per cent by VCT Value of a VCT's investments in shares or securities in qualifying investments must be in eligible shares. For funds raised from 6 April 2011, 'eligible shares' means shares which do not carry any right to be redeemed or a preferential right to assets on a winding-up or to dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person).

Approval as a VCT

A VCT must be approved at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HM Revenue & Customs is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such funds need to meet such tests.

However, to aid the launch of a VCT, HM Revenue & Customs may give provisional approval if satisfied that conditions (b), (c), (f) and (g) above will be met throughout the current or subsequent accounting period and condition (d) above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

Withdrawal of Approval

Approval of a VCT (full or provisional) may be withdrawn by HM Revenue & Customs if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

Withdrawal of full approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied. Withdrawal of provisional approval has the effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

Glossary of Terms

C Share Interim Return

The total of the C Shareholder Proceeds made or offered for payment on or before the C Share Interim Return Date.

C Share Interim Return Date

14 March 2017.

C Share Fund

The net assets of the Company attributable to the C shares (including any income and/or revenue arising from or relating to such assets).

C Shareholder Proceeds

Amounts paid by way of dividends or other distributions, share buy backs and any other proceeds or value received by or offered to, or deemed to be received by or offered to, by C shareholders in the Company on or before the C Share Target Return Date, excluding any income tax relief on subscription.

C Share Target Return

The total of the C Shareholder Proceeds made or offered for payment on or before the C Share Target Return Date.

C Share Target Return Date

14 March 2019.

D Share Fund

The net assets of the Company attributable to the D shares (including any income and/or revenue arising from or relating to such assets).

Final Index Level

The closing (or average closing) level of the relevant underlying indices at the end of the relevant Index Observation Period for a Structured Product.

Index Observation Period

The relevant period from when the Initial Index Level is observed to when the Final Index Level is observed for a Structured Product.

Initial Index Level

The closing (or average closing) level of the relevant underlying indices at the start of the relevant Index Observation period for a Structured Product.

IPEV Guidelines

The International Private Equity and Venture Capital Valuation Guidelines, used for the valuation of unquoted investments.

Net Asset Value or NAV per share

Shareholders' funds expressed as an amount per share. Shareholders' funds are the total value of a company's assets, at current market value, having deducted all prior charges at their par value (or at their market value).

Ordinary Share Interim Return

The total of Ordinary Shareholder Proceeds made or offered for payment on or before the Ordinary Share

Interim Return Date.

Ordinary Share Interim Return Date

14 December 2015.

Ordinary Share Fund

The net assets of the Company attributable to them ordinary shares (including any income and/or revenue arising from or relating to such assets).

Ordinary Shareholder Proceeds

Amounts paid by way of dividends or other distributions, share buy backs and any other proceeds or value received by or offered to, or deemed to be received by or offered to, by ordinary shareholders in the Company, excluding any income tax relief on subscription.

Structured Products

Notes and/or deposits and/or securities whose cash flow characteristics reflect the performance of an index or indices (which may or may not be linked to a market).

VCT Value

The value of an investment calculated in accordance with section 278 of the Income Tax Act 2007 (as amended).

Venture Capital Investments or Qualifying Investments

An unquoted (or AIM-traded) company which satisfies the requirements of Part 4, Chapter 6 of the Income Tax Act 2007 (as amended).

Company Information

Directors
Michael O'Higgins (Chairman)
Kate Cornish-Bowden
Arthur John Glencross
Steven Guy Meeks

Registered Office
104 Park Street
London
W1K 6NF
Telephone: 020 7493 4940

Company Number
07142153

Structured Products Investment Manager
Investec Structured Products
2 Gresham Street
London EC2V 7QP
Telephone: 020 7597 4000
Website: www.investecstructuredproducts.com

Venture Capital Investments Manager
Calculus Capital Limited
104 Park Street
London W1K 6NF
Telephone: 020 7493 4940
Website: www.calculuscapital.com

Fund Administrator
Capita Sinclair Henderson Limited
(Trading as Capita Asset Services)
Beaufort House
51 New North Road
Exeter EX4 4EP

Company Secretary
Calculus Capital Limited
104 Park Street
London
W1K 6NF

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Sponsor and Broker
Nplus1 Singer Advisory LLP
One Hanover Street
London W1S 1YZ

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0871 664 0300

(Calls cost 10p per minute plus network extras.
Lines are open Monday to Friday 9.00 am to 5.30 pm)

NP0416-2068

NORTHPOINT