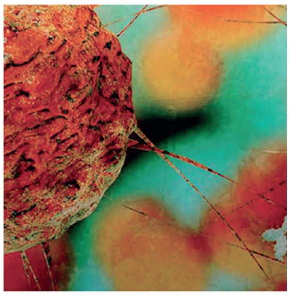
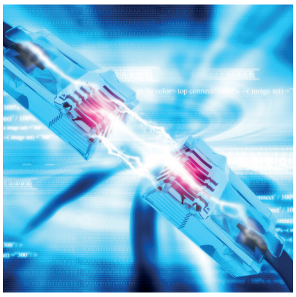
Calculus
CAPITAL

Calculus VCT plc





Annual Financial Report
For the year ended 28 February 2017

(Registered in England and Wales under company number 07142153)

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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.

Financial Highlights	Ordinary Share Fund	
	12 Months to 28 February 2017	12 Months to 29 February 2016
Total return per share	(3.72)p	(8.11)p
Net asset value per share	20.63p	31.36p
Cumulative dividends paid	77.05p	70.05p
Accumulated Shareholder Value	97.68p	101.41p
Share price	14.50p	37.00p
Premium/(discount) to NAV	(29.71)%	17.98%
Recommended final dividend	*	-

Financial Highlights	C Share Fund	
	12 Months to 28 February 2017	12 Months to 29 February 2016
Total return per share	0.85p	(8.37)p
Net asset value per share	26.02p	77.27p
Cumulative dividends paid	70.10p	18.00p
Accumulated Shareholder Value	96.12p	95.27p
Share price	51.50p	90.00p
Premium/(discount) to NAV	97.92%	16.47%
Recommended final dividend	*	4.50p

Financial Highlights	D Shares	
	Period to 28 February 2017	12 Months to 29 February 2016
Total return per share	(6.55)p	-
Net asset value per share	92.43p	-
Cumulative dividends paid	-	-
Accumulated Shareholder Value	92.43p	-
Share price	100.00p	-
Premium/(discount) to NAV	8.19%	-
Recommended final dividend	4.25p	-

* Ordinary and C shareholders will receive their pro rata entitlement to the final recommended dividend announced on the D shares by virtue of the share class merger.
In addition, a special dividend has been announced in relation to the year to 28 February 2018 of 7.0 pence and 3.0 pence per Ordinary and C share respectively.

Examples of Recent Investments

Air Leisure Group Limited, based in Gloucestershire, operates trampoline parks in the UK and Continental Europe, trading under the brand name Jumptastic.

Origin Broadband Limited, based in Doncaster, has its own infrastructure and now has the sixth largest broadband network in the UK. This gives it greater control over the underlying circuits and equipment, thereby allowing it to provide a more responsive service than a reseller.

Weeding Technologies Limited, based in Cambridgeshire, produces equipment and consumables that treat weeds and moss using environmentally friendly hot foam, rather than herbicides such as glyphosate, which the WHO's cancer agency describes in 2015 as probably carcinogenic to humans.

Park Street Shipping Limited has been established to purchase and operate secondhand dry bulk vessels. Calculus set up the business in conjunction with Clarksons, the world's leading provider of integrated shipping services, and Nordic Hamburg, a technical manager which runs a fleet of over 30 ships with in house technical and crewing services.

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 pleased to present your Company's results for the year ended 28 February 2017.

The net asset value per Ordinary share was 20.6 pence as at 28 February 2017 (2016: 31.4 pence). Total dividends paid to date are 77.1 pence giving accumulated shareholder value of 97.7 pence (2016: 101.4 pence). Total dividends include a special dividend of 7.0 pence paid to Ordinary shareholders in November 2016 following the profitable sales of both Metropolitan Safe Custody Limited and Human Race Group Limited.

The net asset value per C share was 26.0 pence as at 28 February 2017 (2016: 77.3 pence). Total dividends paid to date are 70.1 pence giving accumulated shareholder value of 96.1 pence per share (2016: 95.3 pence). Total dividends include a final dividend paid in August 2016 of 4.5 pence per share and a special dividend paid in February 2017 of 47.6 pence per share following the sale of the final Structured Product from the portfolio and the sale of equity holdings in Metropolitan Safe Custody Limited, Venn Life Science Holdings plc, Scancell Holdings plc and Solab Group Limited loan stock.

The net asset value of the D shares as at 28 February 2017 was 92.4 pence (31 August 2016: 97.6 pence). Of the 7,511,697 D shares at the year end, 3,813,555 shares are eligible for the final dividend for the year ended 28 February 2017 and 3,698,142 shares are not eligible for this dividend. Eligible shareholders are those who invested prior to 1 January 2017. Taking account of the recommended dividend of 4.25 pence per share, the attributable NAV as at 28 February 2017 for the D shares is 94.52 pence per share for those entitled to the dividend and 90.27 pence per share for those who are not entitled to the dividend (investors who invested after 1 January 2017). The fall in the net asset value of the D shares was due to a fall in the AIM quoted share prices of certain qualifying investments. We believe these investments to have made considerable progress in the period during which they have been held and it is disappointing not to see this reflected in their AIM share prices.

To date the Company has pursued a policy of returning capital to Ordinary and C shareholders as early as possible. Although the targeted income expectations of investors have been exceeded, the early sale and distribution of some of the more profitable and liquid investments before these had had an opportunity to build value has reduced the potential for further capital growth.

The D share offer was first launched in late 2015 and has successfully raised the maximum sought of £7.1 million. Following the resignation of Investec as joint investment manager, the Company has set out a less aggressive future dividend policy which aims to pay a tax free dividend of 4.5% of net asset value. The success of the recent offering shows the investor enthusiasm for a venture capital trust offering with a more appropriate mix of income and capital growth.

The net asset values of the Ordinary shares, C shares and the D shares were 20.6, 26.0 and 92.1 pence per share respectively as at 31 March 2017.

Non Qualifying Portfolio

The final structured product in the C share portfolio was sold in February 2017 to raise funds towards paying the special interim dividend. The structured product returned 82% on cost. Investec ceased to act as Manager when the final structured product was sold.

The D share portfolio has invested £880,000 in each of three money market funds in order to earn interest while qualifying investments are made. Further details can be found in the Investment Portfolio section which follows the Investment Manager's report.

Venture Capital Investments

Calculus Capital Limited manages the portfolio of VCT qualifying investments made by the Company.

During the year, a number of realisations were made from the Ordinary and C share portfolios. In September 2016, Metropolitan Safe Custody Limited was sold from the Ordinary and C share portfolios achieving a return of 81% including dividends. Also in September 2016, Human Race Group Limited was sold to Amaury Sports Organisation (ASO), the owner de Tour de France, achieving a return of 32%.

At the end of 2016, Corfe Energy Limited and Dryden Human Capital Group Limited were both sold from the Ordinary share portfolio for nominal value. These investment were valued at £19,000 in aggregate at 31 August 2016.

Solab Group Limited (previously Hampshire Cosmetics Limited) redeemed £20,000 of its loan stock at par from the C share portfolio and both Venn Life Science Holdings plc and Scancell Holdings plc were sold from the C share portfolio to the D share portfolio at market value in order raise funds for the special interim dividend on the C shares.

The D share portfolio made ten qualifying investments in the year, further details of which can be found in the Investment Manager's report which follows this statement.

Share Class Merger

At the Extraordinary General Meetings in November 2015, 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. As the final structured product was sold from the C share portfolio in February 2017, the Directors are pleased to announce that the share class merger has now been scheduled to take place on 30 May 2017 (or on a date as soon as possible thereafter when HMRC clearance for the share class merger is received) based on the respective adjusted 28 February 2017 net assets values of the share classes adjusted to reflect the special dividends to be paid to the holders of Ordinary and C shares prior to the merger and to account for the additional dilution in relation to Eligible D Shares. The board believe the merged share class will benefit all shareholders. Not only will costs be reduced, but all shareholders will benefit from access to a diversified and larger portfolio of growing companies.

D Share Issue

The Board was pleased to announce that, in connection with the offer for subscription for D shares of 1p each that opened on 25 November 2016, full subscription was reached by 2 February 2017 and the offer closed early. Aggregate subscriptions received from the issue of D shares are £7.1 million.

Dividend

In line with our policy to return cash to shareholders, the Directors are pleased to announce a special dividend of 7 pence per Ordinary share which will be paid on 16 June 2017 to shareholders on the register on 19 May 2017 and will take cumulative dividends paid to 84.05 pence per Ordinary share.

The Directors are also pleased to announce a special dividend of 3 pence per C share which will be paid on 16 June 2017 to shareholders on the register on 19 May 2017 and will take cumulative dividends paid to 73.1 pence per C share.

The Directors are also pleased to announce a final dividend of 4.25 pence per D share to be paid to all Eligible D Shareholders. Subject to shareholder approval, the D share dividend will be paid on 4 August 2017 to Eligible D Shareholders on the register on 14 July 2017. The D share dividend will be paid after the share class merger out of the combined distributable reserves.

Outlook

The UK economy remains strong though it is difficult to assess what impact the commencement of formal 'Brexit' negotiations may have and a general election has been called for 8th June 2017. Overall, although uncertainties may have increased, the outlook for young growing companies remains positive and should support future growth in the portfolio and provide opportunities for new investment.

Michael O'Higgins
Chairman
11 May 2017

Strategic Report (continued)

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 28 February 2017, the qualifying percentage for the combined Ordinary and C Share portfolios was 100 per cent. The new D Shares issued in 2016 and in the year to 28 February 2017 will need to meet the test from 1 March 2019.

During the year under review, there were two profitable divestments. Metropolitan Safe Custody Limited and Human Race Group Limited which were sold from the Ordinary and C Shares portfolios. Corfe Energy Limited ("Corfe") and Dryden Human Capital Group Limited ("Dryden") were sold from the Ordinary Shares portfolio at a loss. The original investment costs of Corfe and Dryden were approximately £76,000 and £100,000 respectively.

During the year under review, the D Share portfolio made ten qualifying investments, as we seek to build a diversified portfolio.

- In April 2016, £50,000 was invested in immunotherapy company Scancell Holdings plc ("Scancell"). The D Share portfolio then acquired a further £64,000 of shares in Scancell from the C share portfolio.
- In July 2016, £75,000 was invested in personalised medicine and biotechnology company Genedrive plc ("Genedrive").
- in September 2016, £75,000 was invested in Manchester based drug discovery and development company, C4X Discovery Holdings plc ("C4X").
- In November 2016, the D Shares invested in £150,000 loan stock in Terrain Energy Limited ("Terrain").

In December 2016, three investments were completed.

- £100,000 was invested in trampoline park operator Air Leisure Group Limited (trading as Jumptastic).
- £100,000 was invested in internet and phone services provider, Origin Broadband Limited ("Origin").
- £100,000 was invested In cleantech company Weeding Technologies Limited ("Weedingtech").

In February 2017, two investments were completed.

- The D share portfolio acquired the holding in Venn Life Sciences Holdings plc ("Venn") from the C shares portfolio.
- £150,000 was invested in Park Street Shipping Limited ("Park Street"), a company operating in the second hand dry bulk vessel market.

Further detail on the qualifying investments can be found below.

Air Leisure Group Limited ("Jumptastic") - D share portfolio

In the period under review, the Company made an unquoted investment in Air Leisure Group Limited. Air Leisure Is the owner and the operator of trampoline parks In the UK and Europe. The company's first site opened in Gloucester in October 2015, trading under the brand name Jumptastic. Its second site in Denmark opened in February 2017. These sites incorporate approximately 90 interlinked trampolines and the Gloucester site has traded profitably since inception. The team has a strong pipeline of potential sites identified across Scandinavia which it will look to open in 2017 and 2018.

Latest Unaudited Results (group)**	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	28 Feb					
Turnover	643	n/a	Total cost	–	–	100
Pre-tax profit	88	n/a	Income recognised in year/period	–	–	–
Net assets	159	n/a	Equity valuation	–	–	100
			Loan stock valuation	–	–	–
Valuation basis: Last price paid			Total valuation	–	–	100
			Total voting rights*	–	–	1.7%

* Other funds managed by Calculus Capital Limited have combined voting rights of 48.3 per cent.

** These are the results of Air Leisure UK Limited, Jumptastic's trading subsidiary. No accounts have yet been filed for Jumptastic, a holding company which was incorporated in April 2016.

AnTech Limited ("AnTech") - Ordinary share portfolio

AnTech Limited is a specialist oil and gas engineering company both manufacturing products and providing services for directional coiled tube drilling. AnTech's Products Division supplies customised and standard products used mainly in production; its largest product category is technically advanced well head outlets. Sales from this division have declined over the last 2 years because of pressure on its customers from the low oil price but recent months have seen an increase in both sales and sales enquiries suggesting that the trend may have changed.

Its Coiled Tube Drilling Services Division has developed a new generation of directional drilling tools. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life. As well as extensive testing, these tools have been used twice commercially with good results to date.

Latest Audited Results (group)	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Aug	31 Aug				
Turnover	2,130	3,796	Total cost	270	–	–
Pre-tax (loss)/profit	(1,152)	217	Income recognised in year/period	18	–	–
Net assets	7,673	6,130	Equity valuation	142	–	–
Valuation basis: DCF and comparable companies & transactions			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.

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

The failure and cost overrun of Woodburn Forest-1 on PL1/10 and the withdrawal its funding partners from P1918 have put Brigantes in a difficult situation. As such, its directors have agreed to sell the company's remaining assets and liquidate the company. It is not expected that there will be a return to shareholders. The initial cost of Investment was £127,000.

Latest Results	Unaudited 2016 £'000	Audited 2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Jul	31 Jul				
Turnover	23	45	Total cost	127	–	–
Pre-tax loss	309	225	Income recognised in year/period	–	–	–
Net assets	213	511	Equity valuation	–	–	–
Valuation basis: Expected return to shareholders			Loan stock valuation	–	–	–
			Total valuation	–	–	–
			Voting rights*	3.33%	–	–

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

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

C4X Discovery Holdings plc ("C4X") - D share portfolio

In September 2016, the Company invested £75,000 on behalf of the D Shareholders in C4X as part of a £3 million equity investment by funds managed by Calculus Capital Limited. C4X is an innovative company in the discovery, design and development of small molecule drugs. The company was spun out of the University of Manchester in July 2007. During 2016, the company enhanced its drug discovery engine through acquisitions and continued to broaden its portfolio of proprietary drug programmes. Approximately two-thirds of new drugs originate from smaller biotech companies. C4X continues to build and progress its pipeline of programmes in a variety of therapeutic areas including addiction, diabetes, inflammatory diseases and cancer.

Latest Audited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Jul	31 Jul				
Turnover	279	312	Total cost	–	–	75
Pre-tax loss	6,757	3,814	Income recognised in year/period	–	–	–
Net assets	4,305	7,968	Equity valuation	–	–	66
Valuation basis: bid price			Loan stock valuation	–	–	–
			Total valuation	–	–	66
			Voting rights*	–	–	0.2%

Genedrive plc - D share portfolio

Beyond the human healthcare market, funded trials for white spot detection in farmed shrimp have yielded very positive results. Sales of the TB assay have been slow due to sample preparation complexities in the field specifically related to the TB assay. Genedrive's HCV assay to identify Hepatitis C achieved outstanding results in an independent trial of 950 patients and the company has applied European CE certification. Pathogen detection projects, most notably for the US Department of Defense, have underpinned revenue growth in the period.

Latest Audited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	30 June	30 June				
Turnover	5,060	4,520	Total cost	–	–	75
Pre-tax loss	6,497	3,424	Income recognised in year/period	–	–	–
Net assets	3,750	9,540	Equity valuation	–	–	36
Valuation basis: bid price			Loan stock valuation	–	–	–
			Total valuation	–	–	36
			Voting rights*	–	–	0.5%

MicroEnergy Generation Services Limited (“MicroEnergy”) - Ordinary share portfolio

MicroEnergy owns and operates a fleet of 166 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 2017 was c. 530,000kWh - materially lower than the previous year (806,000kWh) due to poor wind resource (the average UK wind speed was 19% below the ten year mean in the October to December 2016 quarter) and performance issues emerging with Chinese manufactured Huaying HY5 turbines comprising c.23% of the fleet.

Latest Audited Results	2016 £’000	2015 £’000	Investment Information	Ordinary Share Fund £’000	C Share Fund £’000	D Share Fund £’000
Year ended	31 Mar	31 Mar				
Turnover	300	173	Total cost	150	–	–
Pre-tax profit/(loss)	7	(31)	Income recognised in year/period	–	–	–
Net assets	2,740	2,683	Equity valuation	123	–	–
			Loan stock valuation	–	–	–
Valuation basis: Discounted cash flow			Total valuation	123	–	–
			Voting rights*	5.12%	–	–

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

Origin Broadband Limited (“Origin”) - D share portfolio

The Company invested £100,000 in Origin in December 2016, a provider of internet and phone services, based in Yorkshire. Since launch in 2011, when Origin acquired for no cost part of the Digital Europe network built with EU and government funding which Digital Europe was proposing to close, Origin has developed its own infrastructure and now has the sixth largest broadband network in the UK measured by points of presence. As an operator of its own physical network, Origin is able to deal directly with Openreach, the BT division that maintains the UK’s main telecoms network. This gives the company greater control over the underlying circuits and equipment; allowing it to provide a better service level than a pure reseller and making it easier to give commitments on speed. The company’s core network is composed of over 50 points of presence, together with diverse network links to locations including Manchester, London and datacentres including Telecity North and Telecity 8/9 Harbour Exchange.

Origin is seen as an agile alternative to the unwieldy corporate giants, with a focus on providing faster broadband speeds, a competitive pricing model and first-class customer service. Current clients include Amazon – where Origin is the preferred provider for all new warehouse and corporate sites, NHS Sheffield and various UK universities.

Latest Audited Results	2015 £’000	2014 £’000	Investment Information	Ordinary Share Fund £’000	C Share Fund £’000	D Share Fund £’000
Year ended	30 Nov	30 Nov				
Turnover	730	888	Total cost	–	–	100
Pre-tax (loss)/profit	(1,335)	51	Income recognised in year/period	–	–	–
Net assets	49	1,096	Equity valuation	–	–	100
			Loan stock valuation		–	–
Valuation basis: Last price paid			Total valuation	–	–	100
			Voting rights*	–	–	0.3%

* Other funds managed by Calculus Capital Limited have combined voting rights of 0.3 per cent.

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

Park Street Shipping Limited ("Park Street") - D share portfolio

Funds managed by Calculus Capital invested £4.75m in Park Street in February 2017, of which £150,000 came from the Company. Park Street was established to purchase and operate second hand dry bulk vessels. Calculus Capital Limited set up the business in conjunction with Clarksons, the world's leading provider of integrated shipping services, and Nordic Hamburg, a technical manager which runs a fleet of over 30 ships with in-house technical and crewing services.

We believe the current investment environment in the shipping industry is attractive, with second hand asset prices at historic lows and charter rates which are rising off historic lows. Park Street Shipping has already purchased MV Nordic London, a 7 year old, South Korean built, 35,000 dwt Handysize bulk carrier, with an average age of 11 years for the class. Younger vessels are more economical to run, attracting premium charter rates and lower operating expenses. These factors, in addition to the reputation of South Korean shipyards, should ensure a strong resale market for the vessel as the market recovers. Nordic Hamburg and Clarksons have an equity interest.

Handysize vessels are smaller bulk carriers, often, as is the case with MV Nordic London, equipped with their own cranes. This, and their shallow draught, allows them to transport a wide variety of bulk commodities to a large selection of ports around the world. The flexibility this provides gives a degree of insulation from weak growth in major dry bulk trade volumes, as Handysize vessels are also able to transport minor bulk (such as steel, fertiliser, grains, etc.), a group of commodities that saw growth across 2016. Simon Beechinor, a Master Mariner with significant experience as CEO and Commercial Operations Director of several maritime companies, has been recruited as a director and has responsibility for commercial management and technical oversight.

Financials are not available for Park Street Shipping Limited.

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

Offering tailor-made burritos, tacos and salads, Benito's Hat is a Mexican-themed restaurant brand centred on an authentic experience and high-quality food, at an affordable price point. The brand has a devoted customer following and has won many accolades from food critics. In light of an overheated commercial property market in London, the business has focused mainly on improving its existing estate rather than new site openings. Heads of terms have been agreed for a new site outside London as the business looks to continue its expansion.

Latest Audited Results (group)	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	26 Jul	26 Jul	Total cost			
Turnover	4,831	4,740	Total cost	–	50	–
Pre-tax loss	595	548	Income recognised in year/period	–	–	–
Net assets	1,829	2,424	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. In October 2016 Punter Southall Aspire, the leading workplace pensions and savings business, selected Quai as the out-sourced investment administrator for its forthcoming Master Trust. At the same time, Punter Southall Aspire made a strategic investment in Quai, taking a small minority stake. Punter Southall Aspire provides actuarial advice, pensions' consultancy, administration, risk and investment services for pension scheme trustees, employers, private clients, Lloyd's insurers and other institutions. In total the Punter Southall Aspire group administers pensions for more than 320,000 members and manages £24bn of assets.

Latest Results (group)	Unaudited 2016 £'000	Audited 2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Oct	31 Oct				
Turnover	919	692	Total cost	–	150	–
Pre-tax loss	1,761	1,705	Income recognised in year/period	–	–	–
Net assets/(liabilities)	(91)	(694)	Equity valuation	–	150	–
Valuation basis: Comparable companies, comparable transactions & DCF			Loan stock valuation	–	–	–
			Total valuation	–	150	–
			Voting rights	–	2.50%	–

Scancell Holdings plc ("Scancell") - D share portfolio

Scancell is developing two distinct immune-oncology platforms, ImmunoBody® and Moditope®, each with broad applications. Both platforms are targeting multi-billion dollar markets. SCIB1 (based on the ImmunoBody® platform) has achieved unprecedented survival rates in a phase I/II clinical trial covering twenty patients for malignant melanoma. The initial results show survival and progression free data well beyond established norms. A phase II combination trial of SCIB1 together with Keytruda, a checkpoint inhibitor, is planned to commence out of Massachusetts General Hospital in Boston and include Harvard Medical School, MD Anderson, Memorial Sloan Kettering and the Division of Medical Oncology at University of Colorado. The two drugs work in different ways and Keytruda is relatively toxic whilst SCIB-1 is far less so on evidence to date. It is believed that a combination treatment of the two drugs will significantly increase the success rate in the treatment of advanced melanoma beyond current norms without significant additional toxicity. A phase I trial for Modi-1 (based on the Moditope® platform) targeting triple negative breast cancer, osteosarcoma and ovarian cancer is scheduled for 2018. Scancell is also developing SCIB2 (based on the ImmunoBody® platform) for the treatment of non-small cell lung cancer (NSCLC) in combination with a checkpoint inhibitor. In January 2017, Scancell announced a collaboration with The Addario Lung Cancer Medical Institute and the Bonnie J. Addario Lung Cancer Foundation to evaluate the use of SCIB2 to treat NSCLC.

Latest Audited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	30 Apr	30 Apr				
Turnover	–	–	Total cost	–	–	115
Pre-tax loss	3,030	2,828	Income recognised in year/period	–	–	–
Net assets	9,992	6,754	Equity valuation	–	–	104
Valuation basis: bid price			Loan stock valuation	–	–	–
			Total valuation	–	–	104
			Voting rights*	–	–	0.1%

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

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

Solab is a long established manufacturer of fragrances, shampoos and skincare products for third party customers, including Penhaligon's and Philip Kingsley.

This cosmetics business has been affected by difficult market conditions generally and by a significant reduction in volumes from its largest customer, The Body Shop, as a result of L'Oreal's decision to in-source manufacturing to French factories following its acquisition of The Body Shop. New business from third parties has, to date, partially replaced that lost turnover and Solab has also had some success in enlarging existing customer accounts. Solab has introduced several initiatives to increase revenues further and is currently installing a new highly automated production line targeting high volume, continuous production runs. These initiatives are expected to return the cosmetics business to profitability in 2017.

Latest Results (group)	Unaudited 2016 £'000	Audited 2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Dec	31 Dec				
Turnover	18,940	21,912	Total cost	100	130	–
Pre-tax loss	382	330	Income recognised in year/period	–	9	–
Net assets	2,152	2,474	Equity valuation	183	75	–
Valuation basis: Comparable companies, comparable transactions & DCF			Loan stock valuation	–	80	–
			Total valuation	183	155	–
			Voting rights*	4.45%	1.81%	–

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

Terrain Energy Limited ("Terrain") - Ordinary, C and D share portfolio

Terrain has interests in eleven petroleum licences: Keddington, Kirklington, Dukes Wood, Burton on the Wolds, Whisby and Louth in the East Midlands, Larne in Northern Ireland, Brockham and Lidsey in the Weald Basin and Egmating and Starnberger See in Germany. The Whisby-6 well was successfully drilled in 2016 and encountered a good oil-saturated basal sandstone with initial production of 168 barrels of oil per day ("bopd") (of which Terrain receives 85%). The operator is currently working to optimise production from this well following a waxing issue. The company is producing from wells at Keddington and Whisby; Brockham and Lidsey are currently shut-in pending drilling or, in the case of Brockham, analysis of recent drilling results. A new well at Lidsey is due to be drilled in 2017, with Keddington and Louth to follow in 2018. Terrain sold half of its interest in the Brockham licence to Angus Energy (the operator) in December 2016 (reducing Terrain's interest to 10%) in return for a cash consideration and carrying Terrain's remaining interest in the licence for the costs associated with the well. Angus has the option for a similar transaction in relation to Lidsey which would mean Terrain's costs would also be carried for this well. From the evidence so far, the drilling at Brockham appears to indicate a similar structure to the oil bearing Kimmeridge sections in the nearby Horse Hill-1 well (this well produced over 1600bopd on test). A geothermal well at Holzkirchen, which is on the Egmating licence, drilled in 2016 encountered overpressured gas which had to be flared for 4 days before the well was brought back under control. This could be a significant discovery on Terrain's licence - interpretation of the limited data available to date suggests the potential for as much as 75BCF of gas to be present at approximately 4000 metres (equivalent to approximately 10 million barrels of oil). A first well on the Larne 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.

Latest Audited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Dec	31 Dec				
Turnover	540	110	Total cost	100	50	150
Pre-tax loss	470	590	Income recognised in year/period	–	–	5
Net assets	6,850	6.040	Equity valuation	159	74	–
Valuation basis: Comparable companies and DCF			Loan stock valuation	–	–	150
			Total valuation	159	74	150
			Voting rights	1.15%	0.53%	0.00%

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

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

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. Money Dashboard has built a database of over 100,000 users whose financial transactions from all their accounts (bank current and savings accounts, credit cards, store cards, etc.) are automatically updated in one secure place, providing these consumers with a free-to-use view of their financial lives. Money Dashboard aggregates this data on an anonymous basis to analyse consumer spending trends which can be sold to institutional investors and others (the Data Insights product). Over the last 12 months, new product developments have included introducing (1) a white label version of the core Money Dashboard product for financial advisers, which will increase the database size by accessing the adviser's customers; and (2) a new mortgage affordability assessment product for mortgage brokers, which not only reduces the broker's workload by automating the process, but also provides an audit trail for this regulator-required assessment. Separately, cash flow generation has significantly improved both from a reduced cost base and from growth in the Data Insights' pipeline underpinned by large recurring contracts with global institutional investor clients.

Money Dashboard won the Best Personal Finance App at the British Bank Awards 2017.

Latest Unaudited Results (group)	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	30 Apr	30 Apr				
Turnover	509	219	Total cost	–	127	–
Pre-tax loss	1,250	2,446	Income recognised in year/period	–	–	–
Net assets	5	478	Equity valuation	–	95	–
Valuation basis: DCF and comparable company analysis			Loan stock valuation	–	–	–
			Total valuation	–	95	–
			Voting rights*	–	1.16%	–

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. Due to a change in legislation some of Tollan's systems are now considered oversized and the company has been conducting a programme to reduce the size of these systems before 31st March 2017 when the Renewables Obligation (RO) closes to all new generating capacity. The systems have demonstrated stable generation levels for the last two years of c. 975,000kWh per year but total generation will be reduced to c. 720,000kWh per annum following the resizing programme. The valuation has been adjusted downwards to reflect this.

Latest Audited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Mar	31 Mar				
Turnover	180	174	Total cost	150	–	–
Pre-tax profit	4	16	Income recognised in year/period	–	–	–
Net assets	2,205	2,205	Equity valuation	123	–	–
Valuation basis: Discounted cash flow			Loan stock valuation	–	–	–
			Total valuation	123	–	–
			Voting rights	6.4%	–	–

Venn Life Sciences Holdings plc ("Venn") - D share portfolio

Venn is a Contract Research Organisation providing drug development, clinical trial management and resourcing solutions to pharmaceutical, biotechnology and medical device organisations. With dedicated operations in France, Germany, the Netherlands, the UK and Ireland providing Europe-wide representation, Venn specialises in rapid deployment and management of multisite projects. Following a number of small acquisitions to complete its product offering and geographic footprint in previous years, 2016 represented a year of strong growth for Venn with sales of €18m (2015: €11m). The strong momentum enjoyed by the business in 2016 has continued into 2017 to date, with new business contracts signed to the value €5.7m in the first two months of the year.

In October 2016 Venn announced the divestiture of its subsidiary Innovenn UK Limited, an innovation vehicle dedicated to the development and marketing of healthcare products and technologies, in particular Labskin, a living skin model and an anti-acne formulation. The transaction will allow Venn to concentrate on its core activities of drug development and clinical research services, as well as strengthening its cash position.

Latest Audited Results	2016 EUR '000	2015 EUR '000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Dec	31 Dec				
Turnover*	17,909	11,468	Total cost	–	–	55
Pre-tax (loss)/ profit*	(913)	200	Income recognised in year/period	–	–	–
Net assets	10,432	9,906	Equity valuation	–	–	45
			Loan stock valuation	–	–	–
Valuation basis: bid price			Total valuation	–	–	45
			Voting rights*	–	–	0.7%

* Continuing operations only.

Weeding Technologies Limited ("Weedingtech") - D share portfolio

Weedingtech is a cleantech company focused on replacing toxic herbicides, particularly in the municipal market, but with potential in the agricultural and domestic markets. Weedingtech's technology treats weed and moss using environmentally friendly hot foam (which keeps the heat on long enough to kill the weed or moss) rather than herbicides such as Glyphosate.

Increasingly, governments and regulators around the world are considering, or are already, banning the use of certain chemical herbicides (e.g. glyphosate, as used in Roundup, which studies have shown to be potentially carcinogenic) amid concerns about the risks they pose to human health and the environment. Globally, the herbicide market is estimated to grow at 6% a year to reach $31bn by 2020 (Allied Market Research, October 2014), with glyphosate accounting for around three quarters of the total. As such there is huge potential for herbicide-free alternatives to increase their share as concerns around glyphosate grow.

Funds managed by Calculus Capital Limited invested £3m into Weedingtech in December 2016 of which £100,000 came from the Company on behalf of the D Shareholders.

Latest Unaudited Results	2016 £'000	2015 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
Year ended	31 Dec	31 Dec				
Turnover	1,260	702	Total cost	–	–	100
Pre-tax loss	1,464	1,024	Income recognised in year/period	–	–	–
Net assets	2,460	495	Equity valuation	–	–	100
			Loan stock valuation	–	–	–
Valuation basis: Last price paid			Total valuation	–	–	100
			Voting rights	–	–	0.7%

* Other funds managed by Calculus Capital Limited have combined voting rights of 0.7 per cent.

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

Developments since the year end

In March 2017 an investment of £70,000 was made in Quai Administration Services Limited on behalf of the D share portfolio.

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

Calculus Capital Limited
11 May 2017

Investment Portfolio as at 28 February 2017

Ordinary Share Fund

Company	Book Cost £'000	Valuation £'000	% of Portfolio
Unquoted equity investments			
Solab Group Limited	100	183	20.8
Terrain Energy Limited	100	159	18.0
AnTech Limited	120	142	16.1
MicroEnergy Generation Services Limited	150	123	14.0
Tollan Energy Limited	150	123	14.0
Brigantes Energy Limited*	127	–	–
Unquoted loan notes			
AnTech Limited	150	150	17.0
Non-qualifying equity investments*	(2)	–	–
Total unquoted qualifying investments	895	880	99.9
Non-qualifying investments			
Aberdeen Sterling Liquidity Fund	1	1	0.1
Non-qualifying equity investments*	2	–	–
Total non-qualifying	3	1	0.1
Total investments	898	881	100.0

*The valuations of Brigantes Energy Limited includes a small purchase made which was a non-qualifying investment.

C Share Fund

Company	Book Cost £'000	Valuation £'000	% of Portfolio
Unquoted equity investments			
Quai Administration Services Limited	150	150	28.1
The One Place Capital Limited	127	95	17.8
Solab Group Limited	50	75	14.1
Terrain Energy Limited	50	74	13.9
Pico's Limited	50	58	10.9
Unquoted loan notes			
Solab Group Limited	80	80	15.0
Total unquoted qualifying investments	507	532	99.8
Non-qualifying investments			
Aberdeen Sterling Liquidity Fund	1	1	0.2
Other non-qualifying investments	–	–	–
Total non-qualifying	1	1	0.2
Total investments	508	533	100.0

Investment Portfolio as at 28 February 2017 (continued)

D Share Fund

Company	Book Cost £'000	Valuation £'000	% of Portfolio
Quoted equity investments			
Scancell Holdings plc	115	104	2.9
C4X Discovery Holdings plc	75	66	1.9
Venn Life Sciences Holdings plc	55	45	1.3
Genedrive plc	75	36	1.0
Unquoted equity investments			
Park Street Shipping Limited	150	150	4.3
Air Leisure Group Limited	100	100	2.9
Origin Broadband Limited	100	100	2.9
Weeding Technologies Limited	100	100	2.9
Unquoted loan notes			
Terrain Energy Limited	150	150	4.3
Total qualifying investments	920	851	24.4
Non-qualifying investments			
Fidelity Sterling Liquidity Fund	881	881	25.2
Aberdeen Sterling Liquidity Fund	880	880	25.2
Goldman Sachs Liquidity Fund	880	880	25.2
Total non-qualifying	2,641	2,641	75.6
Total investments	3,561	3,492	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 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; 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 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 Investment Manager, 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.

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 five years, which was selected because this is the minimum holding period for the newly issued D shares. The Board's 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 five-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 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.

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 Qualifying Investments from different sectors.

Other Statutory Information (continued)

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.

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 after 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 on page 1. 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 Investment Manager and financial information is produced on a monthly basis. The Investment Manager monitors VCT regulation and presents its findings to the Board on a quarterly basis. The Investment Manager builds 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.

- Qualifying 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.

- 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 Manager (details of the management agreement 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 28 February 2017.

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
11 May 2017

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 is also Chairman of the Channel Islands Competition and Regulatory Authorities

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, Kate is an experienced equity portfolio manager having managed funds on behalf of both retail investors and pensions funds. Prior to joining Morgan Stanley, Kate spent two years as a research analyst at M&G Investment Management.

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 Holdings Limited. 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 Limited and was formerly a director of Human Race Group Limited. 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 Manager

Directors' Report

The Directors present their Annual Report and Accounts for the year ended 28 February 2017

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.

Michael O'Higgins and Steve Meeks will retire by rotation and stand for re-election at the forthcoming 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, Steve Meeks and Michael O'Higgins be re-elected as Directors 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 Manager, 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/Corporate-Governance-Statement-2017.pdf

A report from the Audit Committee can be found on page 24.

Dividends

Details of the dividends 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 25 to 28 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. During the year 7,511,697 D shares were issued. No shares were bought back during the year.

Directors' Report (continued)

Substantial Shareholdings

As at 28 February 2017, there were no notifiable interests in the voting rights of the Company.

Management

Calculus Capital Limited is the qualifying Investments' portfolio manager. 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 (plus VAT where applicable) for the provision of company secretarial services.

For the year to 28 February 2017, Calculus Capital Limited charged £62,838 in management fees, £18,000 in company secretarial fees, and contributed £20,492 to the expenses cap such that net fees earned were £60,346 (2016: charged £45,446 in management fees, £1,250 in company secretarial fees and contributed £10,521 to the expenses cap).

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' appointment as Investment Manager terminated in February 2017 when the final Structured Product in the C share portfolio was sold.

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 Manager

The Board keeps the performance of Calculus Capital Limited under continual review. A formal review of the Investment Manager's 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 as Investment Manager is in the interests of shareholders as a whole. The Board is satisfied with the performance of the Company to date. 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 a period of twelve months from the date these financial statements were approved, 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.

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

The notice convening an Annual General Meeting is set out on a separate document which explains the business to be considered.

Developments since the year end

On 7 April 2017, a further 160,810 D Ordinary shares were issued at an average price of 96.39 pence per share.

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
11 May 2017

Audit Committee Report

The main responsibilities of the Audit Committee ("the Committee") which are detailed in the Terms of Reference and available on the Company's website 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, John Glencross 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 sale of the final Structured Product from the C share portfolio in February 2017, the transition of the Company from a portfolio of primarily quoted Structured Products at the Company's inception into a portfolio of qualifying unquoted venture capital and AIM listed investments is complete. At 28 February 2017, 100 per cent of the Ordinary and C shares combined portfolio and over 39 per cent of the Company's combined portfolio was invested in a diversified portfolio of Venture Capital Investments. In accordance with new VCT legislation introduced in April 2016, funds awaiting investment opportunities have been invested in liquid non-qualifying investments such as cash, money market funds and listed securities,

In preparing the financial statements, the Committee reviewed the valuation of the venture capital portfolio. 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 (International Private Equity and Venture Capital Valuation guidelines) 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 Corporate Governance requirement for a long term viability statement. The length of time which the statement should cover was discussed and a period of five years was selected reflecting the Board's strategic time horizon. The assumptions underlying the forecasts including the expected cash requirements, and the level of investment realisations and investment income assumed during the period were considered. The Committee is confident that the Company will continue to operate and meet its liabilities over the period.

The findings of the annual audit by Grant Thornton were discussed and the Committee is pleased to confirm that there was nothing material or unusual to report. The Committee also reviewed the Audit Plan and fees presented by Grant Thornton UK LLP. Grant Thornton has charged £22,375 for the audit fee (2016: £20,875). The increase in the fee from 2016 is due to additional work to review the additional share class. Recent legislative changes dictate that audit firms are no longer allowed to provide clients with tax services, therefore Grant Thornton is no longer able to provide non-audit services to the Company. A new firm will be appointed to provide non-audit services in due course. Grant Thornton was 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
11 May 2017

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 30 to 33.

Statement from the Chairman

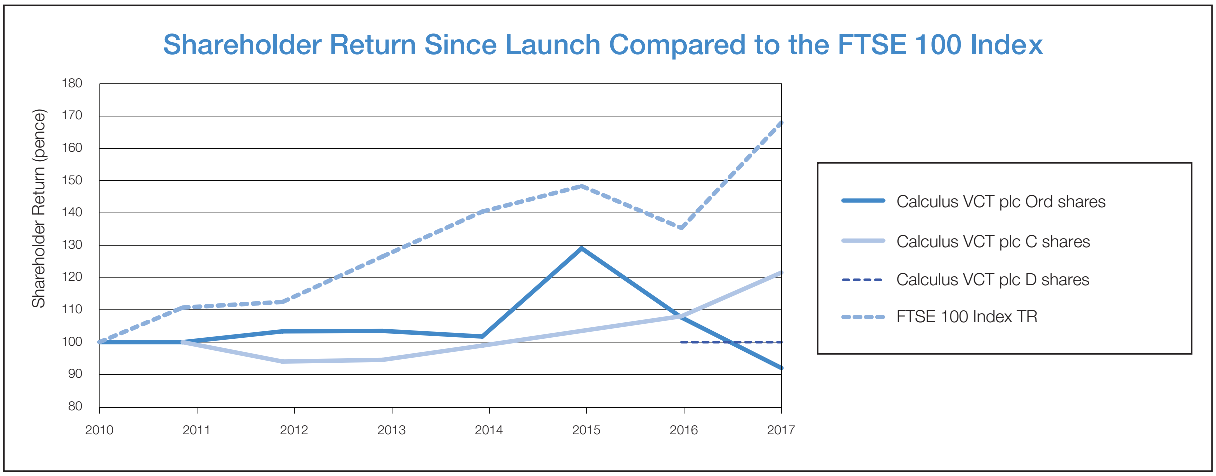
I am pleased to present the Directors' Remuneration Report for the year ended 28 February 2017.

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 28 February 2017, 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) and to holders of D shares since 9 March 2016 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' Remuneration Report (continued)

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 28 February 2017 £'000	Year to 29 February 2016 £'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 28 February 2017	Number of Ordinary shares held at 29 February 2016	Number of C shares held at 28 February 2017	Number of C shares held at 29 February 2016	Number of D shares held at 28 February 2017	Number of D shares held at 29 February 2016
Michael O'Higgins	**205,500**	205,500	**–**	–	**49,750**	–
Kate Cornish-Bowden	**–**	–	**10,000**	10,000	**24,375**	–
John Glencross	**25,000**	25,000	**–**	–	**9,700**	–
Steven Meeks	**20,550**	20,550	**–**	–	**4,875**	–

On 7 April 2017, Kate Cornish-Bowden subscribed to a further 10,491 D shares.

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

Relative Importance of Spend on Pay

	2017 £'000	2016 £'000	Change
Dividends paid to Ordinary shareholders in the year	**332**	1,282	(74.1)%
Dividends paid to C shareholders in the year	**1,006**	87	1,056.3%
Dividends paid to D shareholders in the year	**–**	–	–
Total remuneration paid to Directors	**50**	50	–

Voting

The Directors' Remuneration Report for the year ended 29 February 2016 was approved by shareholders at the Annual General Meeting held on 26 July 2016 The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of Votes	% of Votes Cast
For	679,648	99
Against	Nil	Nil
At Chairman's discretion	4,900	1
Total votes cast	684,548	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 2018 £	Fees for Year to 28 February 2017 £
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 would be in line with the Director's Remuneration Policy. 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 Director's remuneration policy was last approved by 100 per cent of votes cast at the Annual General Meeting in 2014. Accordingly ordinary resolution 3 to approve the Directors' remuneration policy is being put to shareholders at the forthcoming Annual General Meeting.

Directors' Remuneration Report (continued)

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 11 May 2017.

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 the Company's investment manager, 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 including the Strategic 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
11 May 2017

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 28 February 2017 and of its loss 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 28 February 2017 comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cashflows 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: £85,000, which represents approximately 1% of the company's net assets; and
- The key audit risk was identified as the valuation of qualifying investments.

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 achieving long term investment returns for private investors including tax free dividends. The company's investment policy is to invest approximately 75 per cent of their 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 valuation of qualifying investments in the investment portfolio includes significant assumptions and judgements and is therefore a significant risk that requires special 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 investment is in accordance with the relevant reporting standard, being FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; • Obtaining the valuation workbook prepared by the investment manager for each investment, and reviewing the methodology and calculation; • Holding meetings with the investment manager to discuss the assumptions made, and performing sensitivity analysis on these assumptions; • Using our internal valuation specialists to assist in determining whether valuation methodologies used by the investment manager were reasonable for the type of investment; and • Comparing the publically available data obtained on 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 investments, including the valuation of investments, is shown in note 2 and related disclosures are included in note 9. The Audit Committee identified the valuation of the venture capital portfolio as a significant issue in its report on page 24, 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 £85,000, which is approximately 1% of the company's net assets. This benchmark is considered the most appropriate because it is considered the key driver of the company's performance. No revision to the materiality determined at the planning stage of our audit was necessary as we judged that it remained appropriate in the context of the company's actual financial results for the year ended 28 February 2017.

Materiality for the current year is higher than the level that we determined for the year ended 29 February 2016 to reflect the increase 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. 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 £4,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent Auditor's Report to the members of Calculus VCT plc (continued)

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 focused on:

- Obtaining an understanding of, and evaluating, internal controls at the company and relevant third-party service providers;
- Reviewing 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 opinions on other matters prescribed by the Companies Act 2006 are 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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.

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability, set out on pages 22 and 17 respectively; 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 29, 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

11 May 2017

Income Statement
for the year ended 28 February 2017

	Note	Year Ended 28 February 2017			Year Ended 29 February 2016		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Ordinary Share Fund							
Gains/(losses) on investments at fair value	9	**–**	**262**	**262**	–	(572)	(572)
(Loss)/gain on disposal of investments	9	**–**	**(398)**	**(398)**	–	283	283
Income	3	**35**	**–**	**35**	54	–	54
Investment management fee	4	**(3)**	**(10)**	**(13)**	(7)	(22)	(29)
Other expenses	5	**(62)**	**–**	**(62)**	(120)	–	(120)
Deficit before taxation		**(30)**	**(146)**	**(176)**	(73)	(311)	(384)
Taxation	6	**–**	**–**	**–**	–	–	–
Deficit attributable to Ordinary shareholders		**(30)**	**(146)**	**(176)**	(73)	(311)	(384)
Deficit per Ordinary share	8	**(0.6)p**	**(3.1)p**	**(3.7)p**	(1.5)p	(6.6)p	(8.1)p
C Share Fund							
Losses on investments at fair value	9	**–**	**(123)**	**(123)**	–	(87)	(87)
Gain/(loss) on disposal of investments	9	**–**	**184**	**184**	–	(35)	(35)
Income	3	**17**	**–**	**17**	22	–	22
Investment management fee	4	**(4)**	**(11)**	**(15)**	(4)	(12)	(16)
Other expenses	5	**(47)**	**–**	**(47)**	(45)	–	(45)
Return/(deficit) before taxation		**(34)**	**50**	**16**	(27)	(134)	(161)
Taxation	6	**–**	**–**	**–**	–	–	–
Return/(deficit) attributable to C shareholders		**(34)**	**50**	**16**	(27)	(134)	(161)
Return/(deficit) per C share	8	**(1.8)p**	**2.6p**	**0.8p**	(1.4)p	(6.9)p	(8.3)p
D Share Fund							
Losses on investments at fair value	9	**–**	**(69)**	**(69)**	–	–	–
Gain on disposal of investments	9	**–**	**–**	**–**	–	–	–
Income	3	**10**	**–**	**10**	–	–	–
Investment management fee	4	**(9)**	**(26)**	**(35)**	–	–	–
Other expenses	5	**(84)**	**–**	**(84)**	–	–	–
Deficit before taxation		**(83)**	**(95)**	**(178)**	–	–	–
Taxation	6	**–**	**–**	**–**	–	–	–
Deficit attributable to D shareholders		**(83)**	**(95)**	**(178)**	–	–	–
Deficit per D share	8	**(3.1)p**	**(3.5)p**	**(6.6)p**	–p	–p	–p

	Note	Year Ended 28 February 2017 Revenue Return £'000	Capital Return £'000	Total £'000	Year Ended 29 February 2016 Revenue Return £'000	Capital Return £'000	Total £'000
Total							
Gains/(losses) on investments at fair value	9	**–**	**70**	**70**	–	(659)	(659)
(Loss)/gain on disposal of investments	9	**–**	**(214)**	**(214)**	–	248	248
Income	3	**62**	**–**	**62**	76	–	76
Investment management fee	4	**(16)**	**(47)**	**(63)**	(11)	(34)	(45)
Other expenses	5	**(193)**	**–**	**(193)**	(165)	–	(165)
Deficit before taxation		**(147)**	**(191)**	**(338)**	(100)	(445)	(545)
Taxation	6	**–**	**–**	**–**	–	–	–
Deficit attributable to shareholders		**(147)**	**(191)**	**(338)**	(100)	(445)	(545)
Deficit per Ordinary share	8	**(0.6)p**	**(3.1)p**	**(3.7)p**	(1.5)p	(6.6)p	(8.1)p
Return/(deficit) per C share	8	**(1.8)p**	**2.6p**	**0.8p**	(1.4)p	(6.9)p	(8.3)p
Deficit per D share	8	**(3.1)p**	**(3.5)p**	**(6.6)p**	–p	–p	–p

The total column of these statements on the previous page represents the Income Statement of the Ordinary share fund, C share fund and D 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 on pages 43 to 63 form an integral part of these Accounts.

Statement of Changes in Equity
for the year ended 28 February 2017

	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
Ordinary Share Fund							
For the year ended 28 February 2017							
1 March 2016	**47**	**–**	**1,160**	**961**	**(279)**	**(403)**	**1,486**
Investment holding gains	**–**	**–**	**–**	**–**	**262**	**–**	**262**
Loss on disposal of investments	**–**	**–**	**–**	**(398)**	**–**	**–**	**(398)**
Management fee allocated to capital	**–**	**–**	**–**	**(10)**	**–**	**–**	**(10)**
Revenue return after tax	**–**	**–**	**–**	**–**	**–**	**(30)**	**(30)**
Dividends paid	**–**	**–**	**(332)**	**–**	**–**	**–**	**(332)**
28 February 2017	**47**	**–**	**828**	**553**	**(17)**	**(433)**	**978**
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 after tax	–	–	–	–	–	(73)	(73)
Dividends paid	–	–	(1,282)	–	–	–	(1,282)
29 February 2016	47	–	1,160	961	(279)	(403)	1,486
C Share Fund							
For the year ended 28 February 2017							
1 March 2016	**19**	**–**	**1,455**	**25**	**148**	**(155)**	**1,492**
Investment holding losses	**–**	**–**	**–**	**–**	**(123)**	**–**	**(123)**
Gain on disposal of investments	**–**	**–**	**–**	**184**	**–**	**–**	**184**
Management fee allocated to capital	**–**	**–**	**–**	**(11)**	**–**	**–**	**(11)**
Revenue return after tax	**–**	**–**	**–**	**–**	**–**	**(34)**	**(34)**
Dividends paid	**–**	**–**	**(1,006)**	**–**	**–**	**–**	**(1,006)**
28 February 2017	**19**	**–**	**449**	**198**	**25**	**(189)**	**502**
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 after tax	–	–	–	–	–	(27)	(27)
Dividends paid	–	–	(87)	–	–	–	(87)
29 February 2016	19	–	1,455	25	148	(155)	1,492

	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
D Share Fund							
For the year ended 28 February 2017							
1 March 2016	–	–	–	–	–	–	–
Investment holding losses	–	–	–	–	(69)	–	(69)
Gain on disposal of investments	–	–	–	–	–	–	–
New share issue	75	7,420	–	–	–	–	7,495
Expenses of share issue	–	(374)	–	–	–	–	(374)
Management fee allocated to capital	–	–	–	(26)	–	–	(26)
Revenue return after tax	–	–	–	–	–	(83)	(83)
Dividends paid	–	–	–	–	–	–	–
28 February 2017	75	7,046	–	(26)	(69)	(83)	6,943
For the year ended 29 February 2016							
1 March 2015	–	–	–	–	–	–	–
Investment holding losses	–	–	–	–	–	–	–
Loss on disposal of investments	–	–	–	–	–	–	–
Management fee allocated to capital	–	–	–	–	–	–	–
Change in accrual in IFA Commission	–	–	–	–	–	–	–
Revenue return after tax	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–
29 February 2016	–	–	–	–	–	–	–
Total							
For the year ended 28 February 2017							
1 March 2016	66	–	2,615	986	(131)	(558)	2,978
Investment holding gains	–	–	–	–	70	–	70
Loss on disposal of investments	–	–	–	(214)	–	–	(214)
New share issue	75	7,420	–	–	–	–	7,495
Expense of share issue	–	(374)	–	–	–	–	(374)
Management fee allocated to capital	–	–	–	(47)	–	–	(47)
Revenue return after tax	–	–	–	–	–	(147)	(147)
Dividends paid	–	–	(1,338)	–	–	–	(1,338)
28 February 2017	141	7,046	1,277	725	(61)	(705)	8,423
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 after tax	–		–	–	–	(100)	(100)
Dividends paid	–		(1,369)	–	–	–	(1,369)
29 February 2016	66		2,615	986	(131)	(558)	2,978

The notes on pages 43 to 63 an integral part of these Accounts.

Statement of Financial Position at 28 February 2017

	Note	28 February 2017 £'000	29 February 2016 £'000
Ordinary Shares			
Fixed assets			
Investments at fair value through profit and loss	9	**881**	1,492
Current assets			
Debtors	10	**4**	37
Cash at bank and on deposit		**118**	6
Creditors: amount falling due within one year			
Creditors	11	**(25)**	(49)
Net current assets/(liabilities)		**97**	(6)
Net assets		**978**	1,486
Capital and reserves			
Called-up share capital	12	**47**	47
Share premium		**–**	–
Special reserve		**828**	1,160
Capital reserve – realised		**553**	961
Capital reserve – unrealised		**(17)**	(279)
Revenue reserve		**(433)**	(403)
Equity shareholders' funds		**978**	1,486
Net asset value per Ordinary share – basic	13	**20.6p**	31.4p

	Note	28 February 2017 £'000	29 February 2016 £'000
C Shares			
Fixed assets			
Investments at fair value through profit and loss	9	**533**	1,437
Current assets			
Debtors	10	**2**	48
Cash at bank and on deposit		**6**	43
Creditors: amount falling due within one year			
Creditors	11	**(39)**	(36)
Net current (liabilities)/assets		**(31)**	55
Net assets		**502**	1,492
Capital and reserves			
Called-up share capital	12	**19**	19
Share premium		**–**	–
Special reserve		**449**	1,455
Capital reserve – realised		**198**	25
Capital reserve – unrealised		**25**	148
Revenue reserve		**(189)**	(155)
Equity shareholders' funds		**502**	1,492
Net asset value per C share – basic	13	**26.0p**	77.3p

	Note	28 February 2017 £'000	29 February 2016 £'000
D Shares			
Fixed assets			
Investments at fair value through profit and loss	9	**3,492**	–
Current assets			
Debtors	10	**8**	–
Cash at bank and on deposit		**3,658**	–
Creditors: amount falling due within one year			
Creditors	11	**(215)**	–
Net current assets		**3,451**	–
Net assets		**6,943**	–
Capital and reserves			
Called-up share capital	12	**75**	–
Share premium		**7,046**	–
Special reserve		**–**	–
Capital reserve – realised		**(26)**	–
Capital reserve – unrealised		**(69)**	–
Revenue reserve		**(83)**	–
Equity shareholders' funds		**6,943**	–
Net asset value per D share – basic	13	**92.4p**	–p

Statement of Financial Position at 28 February 2017 (continued)

	Note	28 February 2017 £'000	29 February 2016 £'000
Total			
Fixed assets			
Investments at fair value through profit and loss	9	**4,906**	2,929
Current assets			
Debtors	10	**14**	85
Cash at bank and on deposit		**3,782**	49
Creditors: amount falling due within one year			
Creditors	11	**(279)**	(85)
Net current assets		**3,517**	49
Net assets		**8,423**	2,978
Capital and reserves			
Called-up share capital	12	**141**	66
Share premium		**7,046**	–
Special reserve		**1,277**	2,615
Capital reserve – realised		**725**	986
Capital reserve – unrealised		**(61)**	(131)
Revenue reserve		**(705)**	(558)
Equity shareholders' funds		**8,423**	2,978
Net asset value per Ordinary share – basic	13	**20.6p**	31.4p
Net asset value per C share – basic	13	**26.0p**	77.3p
Net asset value per D share – basic	13	**92.4p**	–p

The notes on pages 43 to 63 form an integral part of these Accounts.

The financial statements on pages 34 to 63 were approved by the Board of directors of Calculus VCT plc and were authorised for issue on 11 May 2017 and were signed on its behalf by:

Michael O'Higgins

Chairman

Registered No. 07142153 England & Wales

Statement of Cashflows
for the year ended 28 February 2017

	Note	Ordinary Fund		C Share Fund	
		Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Cash flows from operating activities					
Investment income received		**38**	54	**18**	21
Investment management fees		**(17)**	(41)	**(4)**	(21)
Other cash payments		**(52)**	(112)	**(10)**	(63)
Net cash flow from operating activities	14	**(31)**	(99)	**4**	(63)
Cash flow from investing activities					
Purchase of investments		**–**	–	**–**	–
Sale of investments		**475**	1,280	**965**	90
Net cash flow from investing activities		**475**	1,280	**965**	90
Cash flow from financing activities					
Equity dividend paid		**(332)**	(1,282)	**(1,006)**	(87)
Net cash flow from financing activities		**(332)**	(1,282)	**(1,006)**	(87)
Increase/(decrease) in cash and cash equivalents		**112**	(101)	**(37)**	(60)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at the beginning of year		**6**	107	**43**	103
Net cash increase/(decrease)		**112**	(101)	**(37)**	(60)
Cash and cash equivalents at the year end		**118**	6	**6**	43

Statement of Cashflows
for the year ended 28 February 2017 (continued)

		D Share Fund		Total	
	Note	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Cash flows from operating activities					
Investment income received		**3**	–	**59**	75
Deposit interest received		**1**	–	**1**	–
Investment management fees		**(19)**	–	**(40)**	(62)
Other cash payments		**(45)**	–	**(107)**	(175)
Cash flow from operating activities	14	**(60)**	–	**(87)**	(162)
Cash flow from investing activities					
Purchase of investments		**(3,561)**	–	**(3,561)**	–
Sale of investments		**–**	–	**1,440**	1,370
Net cash flow from investing activities		**(3,561)**	–	**(2,121)**	1,370
Cash flow from financing activities					
D Share issue		**7,546**	–	**7,546**	–
Expense of D share issue		**(267)**	–	**(267)**	–
Equity dividend paid		–	–	**(1,338)**	(1,369)
Net cash flow from financing activities		**7,279**	–	**5,941**	(1,369)
Increase/(decrease) in cash and cash equivalents		**3,658**	–	**3,733**	(161)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at the beginning of year		**–**	–	**49**	210
Net cash increase/(decrease)		**3,658**	–	**3,733**	(161)
Cash and cash equivalents at the year end		**3,658**	–	**3,782**	49

The notes on pages 43 to 63 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 Directors have prepared the financial statements on a basis compliant with the recommendations of the Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC").

The financial statements are presented in Sterling (£).

Expenses are allocated between the Ordinary share fund, C share fund and the D 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, the C share fund and the D 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 (being a period 12 months from the date these financial statements were approved). 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. Judgements 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 28 February 2017 the value of unquoted investments included within the Company's investment portfolio was £880,512 (2016: £1,491,739) for the Ordinary share portfolio, £531,744 (2016: £787,981) for the C share portfolio and £599,990 (2016: £nil) on the D share portfolio.

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

Notes to the Accounts (continued)

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.

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 were held at 29 February 2016 but have been sold as at 28 February 2017. Structured Products were valued by reference to the FTSE 100 Index, with mid prices for the Structured Products provided by the product issuers. An adjustment was made to these prices to take into account any bid/offer spreads prevalent in the market at each valuation date. These spreads were 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.

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 and 3.4 per cent of the gross amount raised from the offer for subscription of D shares (excluding irrecoverable VAT, annual trail commission and performance incentive fees), could be clawed back from Calculus Capital Limited from 14 December 2015. Any clawback is treated as a credit against the expenses of the Company.

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.

Share premium

The share premium is the excess paid by shareholders on share allotments above the nominal value of the share. There is currently a share premium account on the D shares portfolio only. In order to allow the Ordinary and C shares portfolios to pay dividends to shareholders using a distributable capital reserve, the special reserve was created on the cancellation of the share premium account on 20 October 2010 for Ordinary shares and 23 November 2011 for C shares.

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, and 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 the capital redemption reserve.

3. Income

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
UK dividends	**2**	2
UK unfranked loan stock interest	**33**	52
	35	54
Total income comprises:		
Interest	**33**	52
Dividends	**2**	2
	35	54
C Share Fund		
UK dividends	**1**	1
UK unfranked loan stock interest	**16**	21
	17	22
Total income comprises:		
Interest	**16**	21
Dividends	**1**	1
	17	22

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
D Share Fund		
UK dividends	**–**	–
UK unfranked loan stock interest	**5**	–
Liquidity Fund Interest	**4**	–
Bank interest	**1**	–
	10	–
Total income comprises:		
Interest	**10**	–
Dividends	**–**	–
	10	–
Total		
UK dividends	**3**	3
UK unfranked loan stock interest	**54**	73
Liquidity Fund interest	**4**	–
Bank interest	**1**	–
	62	76
Total income comprises:		
Interest	**59**	73
Dividends	**3**	3
	62	76

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 28 February 2017			Year Ended 29 February 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
Investment management fee	**3**	**10**	**13**	7	22	29
C Share Fund						
Investment management fee	**4**	**11**	**15**	4	12	16
D Share Fund						
Investment management fee	**9**	**26**	**35**	–	–	–
Total						
Investment management fee	**16**	**47**	**63**	11	34	45

No performance fee was paid during the year.

For the year ended 28 February 2017, Calculus Capital Limited contributed £20,492 to the expenses of the Company such that its net management fee for the C shares was zero (2016: £9,896 fees waived). At 28 February 2017, there was £32,949 due to Calculus Capital Limited for management fees (2016: £6,585 due to Calculus Capital Limited).

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

Notes to the Accounts (continued)

5. Other expenses

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
Directors' fees	**14**	31
Calculus secretarial fee*	**5**	1
Capita secretarial and accounting fees**	**10**	52
Auditor's remuneration		
- audit services	**6**	13
- taxation compliance services	**–**	4
Other	**27**	44
Clawback of expenses in excess of 3% cap repayable from the Manager	**–**	(25)
	62	120
C Share Fund		
Directors' fees	**15**	19
Calculus secretarial fee*	**5**	1
Capita secretarial and accounting fees**	**12**	32
Auditor's remuneration		
- audit services	**7**	8
- taxation compliance services	**–**	3
Other	**28**	25
Clawback of expenses in excess of 3% cap repayable from the Manager	**(20)**	(43)
	47	45
D Share Fund		
Directors' fees	**21**	–
Calculus secretarial fee*	**8**	–
Capita secretarial and accounting fees**	**16**	–
Auditor's remuneration		
- audit services	**9**	–
- taxation compliance services	**–**	–
Other	**30**	–
Clawback of expenses in excess of 3.4% cap repayable from the Manager	**–**	–
	84	–
Total		
Directors' fees	**50**	50
Calculus secretarial fee*	**18**	2
Capita secretarial and accounting fees**	**38**	84
Auditor's remuneration		
- audit services	**22**	21
- taxation compliance services	–	7
Other	**85**	69
Clawback of expenses in excess of 3% cap (3.4% cap D share) repayable from the Manager	**(20)**	(68)
	193	165

* Calculus Capital took over Company Secretarial duties from 1 February 2016.
** Capita Sinclair Henderson Limited were Company Secretary and Administrators to 31 January 2016 and Administrators only from 1 February 2016.

Further details of directors' fees can be found in the Directors' Remuneration Report on page 25 to 28 of the Accounts.

For the year ended 28 February 2017, Calculus Capital Limited contributed £20,492 to the expenses of the Company such that its net Company secretarial fee for the C shares was nil (2016: £750 fees waived).

6. Taxation

	Year Ended 28 February 2017			Year Ended 29 February 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
Loss before tax	**(30)**	**(146)**	**(176)**	(73)	(311)	(384)
Theoretical tax at UK Corporation Tax rate of 20.0% (2016: 20.1%)	**(6)**	**(29)**	**(35)**	(15)	(63)	(78)
Timing differences: loss not recognised, carried forward	**6**	**2**	**8**	15	4	19
Effects of non-taxable gains	**-**	**27**	**27**	–	59	59
Tax charge	**–**	**–**	**–**	–	–	–
C Share Fund						
Profit/(loss) before tax	**(34)**	**50**	**16**	(27)	(134)	(161)
Theoretical tax at UK Corporation Tax rate of 20.0% (2016: 20.1%)	**(7)**	**10**	**3**	(5)	(27)	(32)
Timing differences: loss not recognised, carried forward	**7**	**2**	**9**	5	2	7
Effects of non-taxable gains	**-**	**(12)**	**(12)**	–	25	25
Tax charge	**–**	**–**	**–**	–	–	–
D Share Fund						
Loss before tax	**(83)**	**(95)**	**(178)**	–	–	–
Theoretical tax at UK Corporation Tax rate of 20.0% (2016: 20.1%)	**(17)**	**(19)**	**(36)**	–	–	–
Timing differences: loss not recognised, carried forward	**17**	**5**	**22**	–	–	–
Effects of non-taxable gains	**–**	**14**	**14**	–	–	–
Tax charge	**–**	**–**	**–**	–	–	–
Total						
Loss before tax	**(147)**	**(191)**	**(338)**	(100)	(445)	(545)
Theoretical tax at UK Corporation Tax rate of 20.0% (2016: 20.1%)	**(30)**	**(38)**	**(68)**	(20)	(90)	(110)
Timing differences: loss not recognised, carried forward	**30**	**9**	**39**	20	6	26
Effects of non-taxable gains	**-**	**29**	**29**	–	84	84
Tax charge	**–**	**–**	**–**	–	–	–

The rate remained at 20% for the year to 28 February 2017.

At 28 February 2017, the Company had £904,125 (29 February 2016: £706,973) of excess management expenses to carry forward against future taxable profits.

The Company's deferred tax asset of £153,701 (29 February 2016: £127,255) 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 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
Declared and paid: 7.00p per Ordinary share in respect of the year ended 28 February 2017 (2016: 5.25p)	**332**	249
Declared special dividend: 7.00p per Ordinary share in respect of the year to 28 February 2018 (2016: 21.80p)	**332**	1,033
C Share Fund		
Declared and paid: 4.50p per C share in respect of the year ended 28 February 2017 (2016: 4.50p)	**87**	87
Declared and paid: 47.60p per C share in respect of the year ended 28 February 2017 (2016: 0.00p)	**919**	–
Declared special dividend: 3.00p per C share in respect of the year to 28 February 2018 (2017: nil)	**58**	–
D Share Fund		
Proposed final dividend: 4.25p per Eligible D share in respect of the year ended 28 February 2017 (2016: 0.00p)	**162**	–

The proposed D share dividend, if approved by shareholders, will be paid to all D shareholders who invested prior to 1 January 2017 (including those arising from holders who subscribed for Ordinary shares and C shares). Investors who subscribed to D shares in 2017 will be eligible for dividends from the year ending 28 February 2018. The D share dividend will be paid after the share class merger out of the combined distributable reserves.

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

Ordinary and C shareholders will receive their pro rata entitlement to the final recommended dividend announced on the D shares by virtue of the share class merger.

8. Return per Share

	Year Ended 28 February 2017			Year Ended 29 February 2016		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	**(0.6)**	**(3.1)**	**(3.7)**	(1.5)	(6.6)	(8.1)
Return per C share	**(1.8)**	**2.6**	**0.8**	(1.4)	(6.9)	(8.3)
Return per D share	**(3.1)**	**(3.5)**	**(6.6)**	–	–	–

Ordinary Share Fund

Revenue return per Ordinary share is based on the net revenue loss after taxation of £30,481 (29 February 2016: loss £73,187) and on 4,738,463 Ordinary shares (29 February 2016: 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 £145,957 (29 February 2016: loss £310,906) and on 4,738,463 Ordinary shares (29 February 2016: 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 after taxation of £176,438 (29 February 2016: loss £384,093) and on 4,738,463 Ordinary shares (29 February 2016: 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 after taxation of £33,187 (29 February 2016: loss £27,317) and on 1,931,095 C shares (29 February 2016: 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 gain for the year of £49,541 (29 February 2016: loss £134,405) and on 1,931,095 C shares (29 February 2016: 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 gain for the year of £16,354 (29 February 2016: loss £161,722) and on 1,931,095 C shares (29 February 2016: 1,931,095), being the weighted average number of C shares in issue during the year.

D Share Fund

Revenue return per D share is based on the net revenue loss after taxation of £83,062 (29 February 2016: £nil) and on 2,720,280 D shares (29 February 2016: nil), being the weighted average number of D shares in issue during the year.

Capital return per D share is based on the net capital loss for the year of £95,039 (29 February 2016: £nil) and on 2,720,280 D shares (29 February 2016: nil), being the weighted average number of D shares in issue during the year.

Total return per D share is based on the total loss for the year of £178,101 (29 February 2016: £nil) and on 2,720,280 D shares (29 February 2016: nil), being the weighted average number of D shares in issue during the year.

Notes to the Accounts (continued)

9. Investments

	Year Ended 28 February 2017			
	Structured Product Investments £'000	VCT Qualifying Investments £'000	Other Investments £'000	Total £'000
Ordinary Share Fund				
Opening book cost	–	1,767	4	1,771
Opening investment holding losses	–	(277)	(2)	(279)
Opening valuation	–	1,490	2	1,492
Movements in year:				
Purchases at cost	–	–	–	–
Sales proceeds	–	(475)	–	(475)
Realised losses on sales	–	(397)	(1)	(398)
Decrease in investment holding losses	–	262	–	262
Movements in year	–	(610)	(1)	(611)
Closing valuation	–	880	1	881
Closing book cost	–	895	3	898
Closing investment holding losses	–	(15)	(2)	(17)
Closing valuation	–	880	1	881
C Share Fund				
Opening book cost	328	960	1	1,289
Opening investment holding gains/(losses)	191	(43)	–	148
Opening valuation	519	917	1	1,437
Movements in year:				
Purchases at cost	–	–	–	–
Sales proceeds	(597)	(368)	–	(965)
Realised gains/(losses) on sales	269	(85)	–	184
Decrease in investment holding gains/(losses)	(191)	68	–	(123)
Movements in year	(519)	(385)	–	(904)
Closing valuation	–	532	1	533
Closing book cost	–	507	1	508
Closing investment holding gains	–	25	–	25
Closing valuation	–	532	1	533

	Year Ended 28 February 2017			
	Structured Product Investments £'000	VCT Qualifying Investments £'000	Other Investments £'000	Total £'000
D Share Fund				
Opening book cost	–	–	–	–
Opening investment holding gains	–	–	–	–
Opening valuation	–	–	–	–
Movements in year:				
Purchases at cost	–	920	2,641	3,561
Sales proceeds	–	–	–	–
Realised gains on sales	–	–	–	–
Decrease in investment holding losses	–	(69)	–	(69)
Movements in year	–	851	2,641	3,492
Closing valuation	–	851	2,641	3,492
Closing book cost	–	920	2,641	3,561
Closing investment holding losses	–	(69)	–	(69)
Closing valuation	–	851	2,641	3,492
Total				
Opening book cost	328	2,727	5	3,060
Opening investment holding gains/(losses)	191	(320)	(2)	(131)
Opening valuation	519	2,407	3	2,929
Movements in year:				
Purchases at cost	–	920	2,641	3,561
Sales proceeds	(597)	(843)	–	(1,440)
Realised gains/(losses) on sales	269	(482)	(1)	(214)
Increase in investment holding gains/(losses)	(191)	261	–	70
Movements in year	(519)	(144)	2,640	1,977
Closing valuation	–	2,263	2,643	4,906
Closing book cost	–	2,322	2,645	4,967
Closing investment holding losses	–	(59)	(2)	(61)
Closing valuation	–	2,263	2,643	4,906

In the year to 28 February 2017, Corfe Energy Limited and Brigantes Energy Limited, both in the Ordinary portfolio were written down by £153,600 cumulatively due to disappointing performance of their licence interests. Corfe Energy Limited was sold in December 2016 at written down book value.

There have not been any transaction costs in the year to 28 February 2017, nor in the year to 29 February 2016.

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

Notes to the Accounts (continued)

10. Debtors

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
Prepayments and accrued income	**4**	12
Clawback of expenses in excess of 3% cap payable by the Manager	**–**	25
	4	37
C Share Fund		
Prepayments and accrued income	**2**	5
Clawback of expenses in excess of 3% cap payable by the Manager	**–**	43
	2	48
D Share Fund		
Prepayments and accrued income	**8**	–
Clawback of expenses in excess of 3.4% cap payable by the Manager	**–**	–
	8	–
Total		
Prepayments and accrued income	**14**	17
Clawback of expenses in excess of 3% cap (3.4% D share) payable by the Manager	**–**	68
	14	85

11. Creditors

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
Management fees	**2**	7
Audit fees	**7**	15
Directors' fees	**1**	4
Secretarial fees	**1**	–
Administration fees	**1**	2
Other creditors	**13**	21
	25	49
C Share Fund		
IFA trail commission	**–**	2
Management fees	**15**	4
Audit fees	**8**	10
Directors' fees	**2**	4
Secretarial fees	**1**	–
Administration fees	**2**	2
Other creditors	**11**	14
	39	36
D Share Fund		
Management fees	**16**	–
Audit fees	**12**	–
Directors' fees	**5**	–
Secretarial fees	**3**	–
Administration fees	**6**	–
Other creditors	**173**	–
	215	–
Total		
IFA trail commission	**–**	2
Management fees	**33**	11
Audit fees	**27**	25
Directors' fees	**8**	8
Secretarial fees	**5**	–
Administration fees	**9**	4
Other creditors	**197**	35
	279	85

Notes to the Accounts (continued)

12. Share Capital

	28 February 2017		29 February 2016	
	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
D Share Fund				
Number of shares in issue	**7,511,697**	**75**	–	–
Total		**141**		66

All D shares are fully paid, rank pari passu and carry one vote per share.

Since the year end the Company has issued 160,810 D shares for a total consideration of £155,005.

The D shares that were issued prior to 1 January 2017 rank for the dividend of 4.25 pence per share that has been announced and will be paid on 4 August 2017 subject to the shareholder approval. The D shares subscribed for after 1 January 2017 will not be eligible for a dividend until 2018.

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

	28 February 2017	29 February 2016
Ordinary Share Fund		
Net asset value per Ordinary share	**20.6p**	31.4p

The basic net asset value per Ordinary share is based on net assets of £977,699 (29 February 2016: £1,485,829) and on 4,738,463 Ordinary shares (29 February 2016: 4,738,463), being the number of Ordinary shares in issue at the end of the year.

	28 February 2017	29 February 2016
C Share Fund		
Net asset value per C share	**26.0p**	77.3p

The basic net asset value per C share is based on net assets of £502,438 (29 February 2016: £1,492,097) and on 1,931,095 C shares (29 February 2016: 1,931,095), being the number of C shares in issue at the end of the year.

	28 February 2017	29 February 2016
D Share Fund		
Net asset value per D share	**92.4p**	–p

The basic net asset value per D share is based on net assets of £6,942,952 (29 February 2016: £nil) and on 7,511,697 D shares (29 February 2016: nil), being the number of D shares in issue at the end of the year.

14. Reconciliation of Net Gain/(loss) before Tax to Cash Flow from Operating Activities

	Year Ended 28 February 2017 £'000	Year Ended 29 February 2016 £'000
Ordinary Share Fund		
Loss for the year	**(176)**	(384)
Losses on investments	**136**	289
Decrease in debtors	**33**	25
Decrease in creditors	**(24)**	(33)
Change in IFA commission accrual	**–**	4
Cash flow from operating activities	**(31)**	(99)
C Share Fund		
Gain/(loss) for the year	**16**	(161)
(Gains)/losses on investments	**(61)**	122
Decrease/(increase) in debtors	**46**	(22)
Increase/(decrease) in creditors	**3**	(3)
Change in IFA commission accrual	**–**	1
Cash flow from operating activities	**4**	(63)
D Share Fund		
Loss for the year	**(178)**	–
Losses on investments	**69**	–
Increase in debtors	**(8)**	–
Increase in creditors	**57**	–
Cash flow from operating activities	**(60)**	–
Total		
Loss for the year	**(338)**	(545)
Losses on investments	**144**	411
Decrease in debtors	**71**	3
Increase/(decrease) in creditors	**36**	(36)
Change in IFA commission accrual	**–**	5
Cash flow from operating activities	**(87)**	(162)

15. Financial Commitments

At 28 February 2017, 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.

a) Market price risk

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 28 February 2017 %
Antech Limited	12.0
Solab Group Limited	12.0
Terrain Energy Limited	12.0

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 28 February 2017		As at 29 February 2016	
	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	**150**	**–**	350	–
Money market funds	**–**	**1**	–	1
Cash	**–**	**118**	–	6
	150	**119**	350	7
C Share Fund				
Loan stock	**80**	**–**	200	–
Money market funds	**–**	**1**	–	1
Cash	**–**	**6**	–	43
	80	**7**	200	44
D Share Fund				
Loan stock	**150**	**–**	–	–
Money market funds	**–**	**2,641**	–	–
Cash	**–**	**3,658**	–	–
	150	**6,299**	–	–
Total				
Loan stock	**380**	**–**	550	–
Money market funds	**–**	**2,643**	–	2
Cash	**–**	**3,782**	–	49
	380	**6,425**	550	51

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 0.25 per cent as at 28 February 2017.

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.

Notes to the Accounts (continued)

b) Liquidity risk

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

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses as they fall due.

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 28 February 2017, 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 were classified within this category in the year to 29 February 2016. The final Structured Product was sold in February 2017.

– 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.

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

Ordinary Share Fund

	Financial Assets at Fair Value through Profit or Loss At 28 February 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	**–**	**–**	**730**	**730**
Quoted equity	**–**	**–**	**–**	**–**
Money market funds	**1**	**–**	**–**	**1**
Loan stock	**–**	**–**	**150**	**150**
	1	**–**	**880**	**881**

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

C Share Fund

	Financial Assets at Fair Value through Profit or Loss At 28 February 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	**–**	**–**	**452**	**452**
Quoted equity	**–**	**–**	**–**	**–**
Money market funds	**1**	**–**	**–**	**1**
Loan stock	**–**	**–**	**80**	**80**
	1	**–**	**532**	**533**

	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

Notes to the Accounts (continued)

D Share Fund

	Financial Assets at Fair Value through Profit or Loss At 28 February 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	**–**	**–**	**450**	**450**
Quoted equity	**251**	**–**	**–**	**251**
Money market funds	**2,641**	**–**	**–**	**2,641**
Loan stock	**–**	**–**	**150**	**150**
	2,892	**–**	**600**	**3,492**

	Financial Assets at Fair Value through Profit or Loss At 29 February 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	–	–	–	–
Quoted equity	–	–	–	–
Money market funds	–	–	–	–
Loan stock	–	–	–	–
	–	–	–	–

Total

	Financial Assets at Fair Value through Profit or Loss At 28 February 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	**–**	**–**	**1,632**	**1,632**
Quoted equity	**251**	**–**	**–**	**251**
Money market funds	**2,643**	**–**	**–**	**2,643**
Loan stock	**–**	**–**	**380**	**380**
	2,894	**–**	**2,012**	**4,906**

	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

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	12,000	(15,000)
Forecast 2017 results	80,425	(178,064)
	92,425	(193,064)

Applying the downside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be £118,367 or 13.4 per cent lower (2016: £63,198 or 4.2 per cent lower), the C Share Fund would be £74,697 or 14.1 per cent lower (2016: £22,427 or 2.9 per cent lower), the D Share Fund would be £0 or 0.0 per cent lower (2016: £nil or 0.0 per cent lower), and in total it would be £193,064 or 8.5 per cent lower (2016: £85,625 or 3.8 per cent lower). Using the upside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be increased by £45,387 or 5.2 per cent (2016: £63,284 or 4.2 per cent per cent), the C Share Fund would be increased by £47,037 or 8.9 per cent (2016: £21,794 or 2.8 per cent), the D Share Fund would be increased by £0 or 0.0 per cent (2016: £nil or 0.0 per cent), and in total it would be increased by 92,425 or 4.1 per cent (2016: £85,078 or 3.7 per cent).

17. Related Parties' Transactions

The Directors have all subscribed for D shares in the year, details of which can be found on page 26 of the Report and Accounts.

Calculus Capital Limited receives an investment manager's fee from the Company. As disclosed in Note 4, for the year ended 28 February 2017, Calculus Capital Limited earned £13,217 in relation to the Ordinary share portfolio (2016: £29,037), £14,781 (2016: £16,409) in relation to the C share portfolio and £34,840 (2016: £nil) in relation to the D share portfolio. Calculus Capital Limited also earned a company secretarial fee of £5,058 (2016: £625) for the Ordinary share portfolio, £5,538 (2016: £625) for the C shares portfolio and £7,655 (2016: £nil) for the D share portfolio.

Calculus Capital Limited has taken on the expenses cap from 15 December 2015. In the year to 28 February 2017, Calculus Capital Limited contributed £20,492 towards the expenses (2016: £9,896 fees waived).

All related party transactions were carried out on an arm's length basis.

18. Transactions with the Investment Manager

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

Calculus Capital Limited receives a fee from certain portfolio companies. In the year to 28 February 2017, Calculus Capital Limited charged a monitoring fee to Antech Limited, Solab Group Limited, Human Race 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 Solab Group Limited, Metropolitan Safe Custody Limited, Human Race Group Limited, Pico's Limited, Quai Administration Services Limited, Terrain Energy Limited and The One Place Capital Limited.

In the year to 28 February 2017, the Calculus Capital Limited charged Air Leisure Group Limited, Weeding Technologies Limited, Origin Broadband Limited and Park Street Shipping Limited an arrangement fee.

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 £948 (2016: £1,807) from Antech Limited, £1,479 from Solab Group Limited (2016: £1,832), £2,599 from Human Race Group Limited (2016: £3,430), £885 (2016: £2,516) from Metropolitan Safe Custody Limited, £1,554 (2016: £1,461) from MicroEnergy Generation Services Limited, £389 (2016: £305) from Pico's Limited, £924 (2016: £1,438) from Quai Administration Services Limited, £802 (2016: £793) from Terrain Energy Limited, £817 (2016: £944) from The One Place Capital Limited and £1,611 (2016: £1,418) from Tollan Energy Limited, £3,000 (2016: nil) from Air Leisure Group Limited, £3,000 (2016: nil) from Origin Broadband Limited, £3,000 (2016: nil) from Weeding Technologies Limited and £4,500 (2016: nil) from Park Street Shipping Limited (all excluding VAT).

19. Post balance sheet events

Since the year end, an allotment of 160,810 D shares in respect of the 2017/2018 tax year took place on 7 April 2017 at an average issue price of £0.9639 per share.

Shareholder Information

Annual General Meeting

The notice to convene the 2017 Annual General Meeting will be sent out separately.

Key Dates for 2017

Company's year end	28 February 2017
Annual results announced	11 May 2017
Annual General Meeting	Notice of meeting to be circulated separately
Dividends payable	16 June 2017 (Ordinary and C shares) 4 August 2017 (Eligible D shares)
Company's half year end	31 August 2017
Half yearly results announced	October 2017

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 0131 243 7210 or by visiting the website at www.city.uk.com.

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, The City Partnership (UK) Limited, maintain the share register. In the event of queries regarding your shareholding, please contact the Registrars on 0131 243 7210 or by visiting the website at www.city.uk.com.

Shareholder Information

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

Accumulated Shareholder Value

The sum of the current NAV and cumulative dividends paid to date.

C Share Interim Return

The total of the C Shareholder Proceeds made or offered for payment on or before 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 14 March 2019, excluding any income tax relief on subscription.

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).

Eligible D Share

All D Shares, including those that have converted from Ordinary or C shares, other than those allotted on 31 January 2017, 9 February 2017 and 7 April 2017.

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 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).

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

Qualifying Investments Manager

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Telephone: 020 7493 4940
Website: www.calculuscapital.com

Fund Administrator

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Company Secretary

Calculus Capital Limited
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Auditor

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Sponsor and Broker

Nplus1 Singer Advisory LLP
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Registrars

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Telephone: 0131 243 7210