**Calculus VCT plc**

**Legal Entity Identifier: 2138005SMDWLMMNPVA90**

**Annual Financial Report for the year ended 28 February 2019**

The Annual Report and Financial Statements ("Annual Report and Accounts") for the year ended 28 February 2019 and the Notice of Annual General Meeting will be posted to shareholders shortly and will be available for inspection at 104 Park Street , London, W1K 6NF, the Company's registered office, and will be available in electronic format for download on www.calculuscapital.com/calculus-vct/ , a website maintained by the Company's Investment Manager, Calculus Capital Limited. A copy of the Annual Report and Accounts will also be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: http://www.morningstar.co.uk/uk/NSM.

Page numbers and cross-references in the announcement below refer to page numbers and cross-references in the PDF of the Annual Report and Accounts.

**Financial Highlights**

| | Year to 28 February 2019 |
|---|---|
| Net asset value per share | 75.84p |
| Final dividend proposed | 3.40p |
| Total return per share | (7.27)p |

**Our Aim**

Calculus VCT is a tax efficient listed company which aims to achieve long-term returns including tax-free dividends, for investors.

**Investment Objective**

To invest primarily in a diverse portfolio of UK growth companies whether unquoted or traded on AIM.

Investments are made selectively across a range of sectors in companies that have the potential for long- term growth. Our investment is intended to support those companies to grow, innovate and scale up.

**Dividend Objective**

Your board aims to maintain a regular tax free annual dividend of 4.5% of NAV mindful of the need to maintain net asset value. The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and cannot be guaranteed.

**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 2019. It has been an active year for the Company with ten new investments made on behalf of the qualifying portfolio and over £5.5m new Ordinary shares allotted during the year.

Having been a Board Member for 9 years and Chairman for over 8 years, it seems to me to be good corporate governance that I should retire from the Board and I will do so at the conclusion of this year's AGM. It has been a pleasure being a part of Calculus VCT plc, supporting the growth and development of some potentially outstanding British companies such as synthetic biology company, Synpromics Limited and technology company, Blu Wireless Technology Limited. The VCT has also led investments with a social and environmental impact such as Every1Mobile Limited which is providing digital communications solutions to international development agencies and NGOs as well as commercial enterprises across Africa, and Weeding Technologies Limited which is providing an alternative to potentially carcinogenic chemical herbicides. The portfolio comprises many promising companies and I am proud of what we have accomplished.

I am pleased to introduce my successor, Jan Ward CBE. Jan, who founded her own engineering company now active in eleven countries, brings strategic and operational experience gained over more than thirty years in the energy, petrochem and power industries. Jan's experience of growth companies will be a valuable contribution to the Company.

**Results for the year**

The net asset value per Ordinary share at 28 February 2019 was 75.8 pence, compared to 87.0 pence as at 28 February 2018, this is after paying a dividend of 4 pence per share. The most significant movements in the qualifying portfolio were caused by Air Leisure Group Limited which has gone into administration and therefore was written down in full during the year.

Scancell Holdings plc, which is AIM quoted, lost 50% of its value, equating to a loss of value of over £180,000 for the VCT. Whilst progress in life sciences companies can most definitely be non-linear, it is disappointing that Scancell's share price does not reflect clear progress made during the year. Terrain Energy Limited conducted some initial testing of the Brockham well with inconclusive results, so an additional test is being performed at a further cost; this has caused the valuation to be written down by 15% in the year to 28 February 2019. These losses in the portfolio overshadowed some significant progress made by other portfolio companies.

Both Every1Mobile Limited and Open Energy Market Limited (OEM) have increased in value by 15%. Every1Mobile has grown 60% year on year, in line with its expansion plan; while OEM is hitting its targets with bookings in the year to January 19 showing strong year-on-year growth. OEM is well positioned to continue on its growth trajectory and as such the valuation has been increased.

Further information on the portfolio can be found in the investment manager's report following this statement.

**Venture Capital Investments**

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

The Company made a number of new and follow on investments, which are set out in the Investment Manager's report. It also made two disposals: £150,000 was received from the redemption of loan stock in Antech Limited and £44,000 was received from the sale of Origin Broadband Limited.

During the year Tollan Energy Limited sold its portfolio of solar panels and made a capital distribution to the VCT of 65 pence per share. The company is currently being wound up and further payments are expected in the region of 8 pence per share.

**Issue of new Ordinary shares**

At the general meeting on 9 October 2018 shareholders approved the launch of a further offer for subscription for Ordinary shares, with the shares to be issued in the 2018/19 and 2019/20 tax years. 6,827,656 new Ordinary shares were allotted during the year raising over £5.5m.

**Share buy backs**

During the year the Company bought back and cancelled 48,000 Ordinary shares. The Company continues to review opportunities to carry out share buybacks at a discount of no greater than 10% to the NAV.

**Dividend**

The Directors are pleased to announce a final dividend of 3.4 pence per Ordinary share to be paid to all Ordinary shareholders.

Subject to shareholder approval, the Ordinary share dividend will be paid on 26 July 2019 to shareholders on the register on 5 July 2019.

**The Board**

In addition to Jan Ward, I am also pleased to welcome Claire Olsen to the board. Claire joined the Company on the 3rd January 2019. Claire has a background in financial services marketing and research and is currently an independent consultant. Steve Meeks and Diane Seymour-Williams have stepped down from the board during the year. Their services have been invaluable, the Company and I thank them for their contributions. Further details about the board are given in the Directors report.

**Outlook**

Brexit is undoubtedly causing some uncertainty; however, it is our view that on the whole the companies in our portfolio are not experiencing material difficulties as a result of the political situation. Many of the companies in the portfolio have business models based on global markets and hence stronger trade relationships outside of Europe than within.

Calculus Capital continues to identify attractive investment opportunities and the Board aims to further grow the VCT and build a diversified portfolio for investors in the coming years.

**Developments since the year end**

Since the year end, the Company has made three further qualifying investments: a further £100,000 has been invested in Wheelright Limited loan notes; a further £300,000 has been invested in Blu Wireless and £300,000 has been invested in Wazoku Limited.

Wazoku is an idea management company with an impressive client list including the United Kingdom Ministry of Defence (MoD), Waitrose, Microsoft and HSBC. The Wazoku platform helps organisations transform raw ideas generated by the workforce into actionable innovation, with the aim of realising untapped business opportunities, identifying areas for improvement, making savings and boosting revenue.

Since the year end the Company has also made a further allotment of Ordinary shares. On 5th April 2019, a further 2,076,361 Ordinary shares were allotted at an average price of 78.54p per share.

Michael O'Higgins, Chairman
9 May 2019

## INVESTMENT MANAGER'S REVIEW

**(Qualifying Investments)**

The net assets of £13,971,482 were as follows:

| Asset class | NAV (£000s) | % of NAV | Number of investee companies/funds |
|---|---|---|---|
| Unquoted company investments | 5,533 | 40 | 25 |
| AIM traded company investments | 408 | 3 | 5 |
| Liquidity Fund investments | 5,652 | 40 | 3 |
| Other Liquid assets | 2,378 | 17 | - |
| **Totals** | **13,971** | **100** | |

During the year, the Company made ten qualifying investments, as we seek to build a diversified portfolio, including:

**Arecor Limited**

Arecor is a life sciences company focussed on the development of superior biopharmaceutical products via the application of its patented Arestat™ formulation technology platform. In addition to a strong pipeline of partnership opportunities, Arecor is using its pipeline to develop a portfolio of proprietary products for diabetes care. In December 2018, funds managed by Calculus Capital invested £2 million of which the VCT invested £100,000 (as part of a £6 million funding round), which will be used to fund the development of three lead proprietary diabetes products into Phase I clinical trials, strengthen the management and sales team, and drive growth in its technology partnering business. In March 2019, Arecor announced regulatory approval to initiate a phase I clinical trial for its ultra-rapid acting insulin product.

**C4X Discovery Limited**

C4X Discovery (C4XD) is a drug discovery and development company that uses cutting-edge technology to design and create drug candidates. C4XD has programmes across a number of therapeutic areas including inflammation, neurodegeneration, immune-oncology and diabetes. In March 2018, C4XD licensed its candidate for the treatment of addiction to Indivior plc, resulting in the receipt of a $10 million upfront payment with the potential for up to $284 million in further milestones and royalties. In October 2018, funds managed by Calculus invested a further £1.5 million of which the VCT invested £50,000 (as part of a £10.0m round) in the Company, which will be used to support the acceleration of the pipeline portfolio and for the further expansion of the Company's commercial capability.

**CloudTrade Limited**

CloudTrade provides a solution to a problem faced by many medium to larger sized enterprises – how to smoothly and efficiently process invoices and other business documents received in multiple different formats. CloudTrade's patented software receives e-documents on behalf of the customer via a dedicated email address. Relevant information is automatically extracted with 100% accuracy from the email, with no manual intervention, converted to EDI or XML format and injected directly into the client's accounting or processing system. Calculus invested £2 million of which the VCT invested £200,000 as part of a £2.2 million investment round in CloudTrade in July 2018. The Company will invest the new capital primarily in sales, marketing and delivery.

**Duvas Technologies Limited**

In August 2018, £208,000 was invested in Duvas Technologies Limited. Duvas develops and produces specialised emissions detection equipment using ultra-violet (UV) spectroscopy. Duvas' highly sensitive detection technology enables remote sensing and identification of airborne chemicals at a "parts per billion" level. The Duvas core technology includes software and algorithms, together with an expanding 'gas library' of gas signatures that allow Duvas to programme its devices to recognise such gases. The company's first commercial, patented UV spectroscopy unit is called the DV3000, which has obtained CE marking for sales in Europe and is also being sold in China and the US. Duvas' primary target is the petrochemical industry where tighter regulation is driving demand growth.

**Essentia Analytics Limited**

Essentia Analytics provides decision analytics in order to improve the performance of asset managers. Essentia's proprietary software conducts a full algorithmic analysis, using machine learning of all past investment decisions, to identify each individual portfolio manager's behavioural biases. The software then continuously monitors their portfolio including individual stock performance and trading and creates proactive behavioural nudges to help the fund manager improve his or her alpha performance. Calculus Capital invested £2.5 million in the company in January 2019 of which the VCT invested £200,000. The investment will be used to expand the product offering and drive growth by strengthening the US and European sales and marketing capability.

**Mologic Limited**

Mologic is a Point of Care diagnostics company which is developing a new generation of diagnostic devices to improve accuracy or target diseases for which Point of Care diagnosis is underdeveloped, with the first two products having received an EU CE mark. In addition to the product development pipeline, the company has a number of contract research partnering programmes utilising the team's core expertise in diagnostics development and novel analytical techniques. The Bill & Melinda Gates Foundation has provided substantial grant funding to Mologic to develop advanced rapid diagnostics capable of 1pg/ml sensitivity. Calculus Capital first invested in 2015; to support its development efforts. The company raised a further £4 million in April 2018 which was led by Foresight with funds managed by Calculus investing £500,000 including £200,000 from the VCT. The funds are being used to support the launch of further diagnostics (including neglected tropical diseases) and international expansion of the Contract Research business.

**MIP Diagnostics Limited**

MIP Diagnostics is a novel affinity reagent company. Founded in 2015 as a spin out from the University of Leicester to commercialise various forms of Molecularly Imprinted Polymers (MIPs), sometimes called 'plastic antibodies'. The Company's proprietary technology includes a novel method to make nanoMIPs which circumvents the drawbacks of traditional MIP manufacturing methods. The robust nature of MIPs and nanoMIPs make them ideal reagents for a wide range of applications including point-of-care diagnostics and in field-based testing. The Calculus VCT invested £200,000 in MIP in October 2018. The investment will enable the company to further develop in house assets for future licensing, increase revenues, bring products to market and continue development of the platform.

**Oxford BioTherapeutics Limited**

In July 2018 £200,000 was invested in Oxford BioTherapeutics (OBT), a clinical stage oncology company committed to the discovery and development of novel therapies for various cancer types. OBT has a strong pipeline of immune-oncology (IO) therapies, which are used to re-engage and recruit the body's immune system to attack cancer cells. Moreover, OBT has two unique development platforms to support the discovery of novel therapeutics. OBT announced in December 2018 that it had received Investigational New Drug (IND) clearance from the US FDA for OBT076, an experimental treatment for women with high risk HER2 negative breast cancer, as well as other solid tumours expressing this target antigen including gastric, lung, bladder and ovarian cancer. The Company has raised over £5 million in additional funding from UK and Chinese institutional investors since our investment and is looking to raise a larger round in mid-2019 prior to an IPO in 2020, following positive OBT076 clinical readouts.

**Pico's Limited ("Benito's Hat")**

In July 2018, Calculus Capital completed a further £1 million investment into Benito's Hat, of which the Company invested £150,000. Benito's Hat is a Mexican-themed fast casual restaurant business which launched its first site in the West End of London in 2008. Benito's Hat has since opened eight further sites including Covent Garden, Oxford Circus, Farringdon, Selfridges Kitchen, Leadenhall Street and Bromley, as well as two new sites in Oxford and Leicester. This investment will fund the roll-out of further restaurant openings to reach new customers across London and the UK.

**WheelRight Limited**

WheelRight has developed and commercially proven a fully automatic drive-through tyre check system capable of measuring tyre pressure and temperature, tread depth and weight-in-motion, as well as identifying tyre defects and reading the tyre sidewall data. The number of deployed systems has doubled in the year and the company is now reviewing which of the possible target markets (commercial fleet, open fleet/retail, government/regulatory) to focus on and the best strategy for this. Calculus VCT invested £100,000 equity in November 2018 and made a further £100,000 loan in January 2019.

**Investment Diversification at 28 February 2019**

**Sector by investment cost**

**Sector**

| | |
|---|---|
| Consumer | 16% |
| Energy | 18% |
| Healthcare | 29% |
| Industrials | 14% |
| Technology | 23% |

**Total assets by value**

**Asset**

| | |
|---|---|
| Unquoted company equity | 34% |
| Unquoted company loan stock | 6% |
| AIM traded equity | 3% |
| Liquidity fund investments | 40% |
| Other liquid assets | 17% |

**Holding period of qualifying investments by value**

**Asset**

| | |
|---|---|
| Less than 1 year | 12% |
| Between 1 and 3 years | 47% |
| Greater than 5 years | 41% |

**Calculus Capital Limited**
9 May 2019

## INVESTMENT PORTFOLIO

**Largest holdings by value**

Three of the Company's ten largest investments are currently in liquidity funds. Details of the ten largest qualifying investments and of the liquidity funds are set out below

| Investment | Book Cost £'000 | Valuation £'000 | % of investment portfolio |
|---|---|---|---|
| **Unquoted Equity Investments** | | | |
| Terrain Energy Limited | **972** | **881** | **7.6** |
| Solab Group Limited | **479** | **475** | **4.1** |
| The One Place Capital Limited | **277** | **277** | **2.4** |

| | | | |
|---|---|---|---|
| Arcis Biotechnology Holdings | **275** | **275** | **2.4** |
| Mologic Limited | **200** | **266** | **2.3** |
| MIP Diagnostics Limited | **200** | **240** | **2.1** |
| Weeding Technologies Limited | **216** | **233** | **2.0** |
| Cloud Trade Technologies Limited | **200** | **231** | **2.0** |
| Every1Mobile Limited | **200** | **230** | **2.0** |
| Open Energy Market Limited | **200** | **230** | **2.0** |
| Other unquoted equity investments | **2,393** | **2,195** | **18.8** |
| **AIM Investments (quoted equity)** | | | |
| AIM investments | **777** | **408** | **3.5** |
| **Quoted Funds** | | | |
| Fidelity Sterling Liquidity Fund | **1,883** | **1,890** | **16.3** |
| Aberdeen Sterling Liquidity Fund | **1,882** | **1,882** | **16.3** |
| Goldman Sachs Liquidity Funds | **1,880** | **1,880** | **16.2** |
| **Total Investments** | **12,034** | **11,593** | **100** |

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 2019, the qualifying percentage for the relevant funds was 73.1 per cent.

**Terrain Energy Limited ("Terrain")**

Terrain Energy is an oil and gas exploration and production company.

Terrain has interests in a balanced portfolio of eleven onshore licences in the East Midlands & Weald Basin in England, the Molasse Basin in Germany and the Lough Neagh Basin in Northern Ireland. They include production, development, appraisal and exploration assets. Terrain is currently producing from three oil fields which supports its overheads. The main value lies in the Egmating licence to the south of Munich following several hydrocarbon discoveries by geothermal companies in recent years; current estimates of recoverable resources are 23.4bcf of gas and 7 million barrels of oil. The initial testing of the Brockham well was inconclusive so an additional test is being performed at a further cost; this has negatively impacted the company's value. Terrain is seeking an exit event in the next 12 months, potentially a merger with an AIM quoted company.

| Latest Results | Audited 2017 £'000 | Audited 2016 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** | | |
| Turnover | 614 | 544 | Total cost | 972 |
| Pre-tax loss | 281 | 543 | Income recognised in year/period | 12 |
| Net assets | 6,185 | 6,466 | Equity valuation | 781 |

| | |
|---|---|
| **Valuation basis:** | |
| Comparable companies and DCF | |

| | |
|---|---|
| Loan stock valuation | 100 |
| Total valuation | 881 |
| Voting rights / % of equity share capital held | 7.4% |

Total equity held by funds managed by Calculus Capital Limited: 100.0 per cent.

**Solab Group Limited ("Solab")**

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

Solab has been affected by difficult market conditions, exacerbating the impact of the significant reduction in volumes from the loss of its largest customer, The Body Shop, several years ago. Initiatives introduced to improve performance, including a drive to win new business and enlarge existing customer accounts, recruiting Julien Laporte (former CEO of Crabtree & Evelyn) as a part time director and diversifying into pet products and online direct sales, have unfortunately had limited success and the company is considering its strategic options.

| Latest Results (group) | Unaudited 2018 £'000 | Audited 2017 £'000 |
|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** |
| Turnover | 16,200 | 19,000 |
| Pre-tax loss | 100 | 1,500 |
| Net assets | 1,400 | 1,500 |

**Valuation basis:**

Comparable companies, comparable transactions & DCF

| Investment Information | £'000 |
|---|---|
| Total cost | 479 |
| Income recognised in year/period | 35 |
| Equity valuation | 180 |
| Loan stock valuation | 295 |
| Total valuation | 475 |
| Voting rights / % of equity share capital held | 7.5% |

Total equity held by funds managed by Calculus Capital Limited: 85.1 per cent.

**The One Place Capital Limited ("Money Dashboard")**

Money Dashboard is a free web based personal financial management app, which offers its users a view of their finances (from bank accounts, credit cards, store cards, etc.) in one secure place.

Money Dashboard has taken advantage of the introduction of the Open Banking Standards in January 2018 (after significant delays) to acquire new users and so enhance the efficacy of its data analytics. This has helped the company reach a number of important milestones in 2018, including surpassing one million bank accounts connected to its app, driven by its 450,000 users. At the 2018 British Bank Awards, it was also awarded Best Personal Finance App for the second year running.

| Latest Unaudited Results (group) | 2018 £'000 | 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **30 Apr** | **30 Apr** | | |
| Turnover | 500 | 600 | Total cost | 277 |
| Pre-tax loss | 1,100 | 700 | Income recognised in year/period | - |
| Net assets | 700 | 400 | Equity valuation | 277 |
| **Valuation basis:** | | | Loan stock valuation | - |
| Last price paid | | | Total valuation | 277 |
| | | | Voting rights / % of equity share capital held | 2.2% |

Total equity held by funds managed by Calculus Capital Limited: 36.4 per cent.

**Arcis Biotechnology Holdings Limited ("Arcis")**

Arcis Biotechnology Holdings Limited (Arcis) has developed an innovative way of extracting DNA (and potentially RNA) which has significant advantages over other techniques.

Nucleic acid extraction is an essential preliminary step before all molecular diagnostic tests and genetic analysis and so is a large, growing market. Arcis' chemistry, unlike competitor products, also protects the DNA / RNA from degradation; this preservation is novel and highly beneficial. Commercialisation progress is slow, but positive. Teleflex, a US $ multi-billion diagnostics company, has signed an exclusive licence, including upfront payments, to develop a bedside sepsis test and discussions are at an advanced stage with Hygiena, the world's largest food testing company, which would lead to several million tests per annum.

| Latest Audited Results (group) | 2018 £'000 | 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Jul** | **31 Jul** | | |
| Turnover | 200 | 200 | Total cost | 275 |
| Pre-tax loss | 1,200 | 1,400 | Income recognised in year/period | - |
| Net assets | 700 | 1,400 | Equity valuation | 275 |
| **Valuation basis:** DCF | | | Loan stock valuation | - |
| Last price paid | | | Total valuation | 275 |
| | | | Voting rights / % of equity share capital held | 1.4% |

Total equity held by funds managed by Calculus Capital Limited: 35.5 per cent.

**Mologic**

Information on Mologic Limited is included under details of Investment Management Review above.

| Latest Results (group) | Unaudited 2018 £'000 | Audited 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** | | |
| Turnover | 1,992 | 800 | Total cost | 200 |
| Pre-tax loss | 1,999 | 1,723 | Income recognised in year/period | 6 |
| Net assets | 3,995 | 2,366 | Equity valuation | 166 |
| **Valuation basis:** | | | Loan stock valuation | 100 |
| DCF | | | Total valuation | 266 |
| | | | Voting rights / % of equity share capital held | 0.9% |

Total equity held by funds managed by Calculus Capital Limited: 30.0 per cent.

**MIP Diagnostics**

Information on MIP Diagnostics Limited is included under details Investment Management Review above.

| Latest Results (group) | Unaudited 2018 £'000 | Audited 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** | | |
| Turnover | 244 | 51 | Total cost | 200 |
| Pre-tax loss | 366 | 210 | Income recognised in year/period | - |
| Net assets | 1,200 | 391 | Equity valuation | 240 |
| **Valuation basis:** | | | Loan stock valuation | 0 |
| DCF | | | Total valuation | 240 |
| | | | Voting rights / % of equity share capital held | 4.9% |

Total equity held by funds managed by Calculus Capital Limited: 4.9 per cent.

**Weeding Technologies Limited ("Weedingtech")**

Weeding Technologies is a cleantech company focused on replacing toxic herbicides, particularly in the municipal market.

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. 2018 has seen increased legal and public focus on the use of herbicides, particularly in public areas. In August 2018, a California court awarded $289m against Monsanto, the manufacturer of Glyphosate based herbicide Round-Up, in respect of a single cancer sufferer (subsequently reduced to $78m) and a further case has been launched in January 2019.

France's agriculture minister indicated last week that France expects to have cut the use of Glyphosate by 80% by 2021. In 2018 Weedingtech continued to position itself as a global leader in alternative weed control. It has significantly strengthened its dealer network, particularly on the East and West coasts of the USA and has a strong pipeline for 2019 consequently.

| Latest Unaudited Results | Audited 2017 £'000 | Audited 2016 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** | | |
| Turnover | 2,625 | 1,260 | Total cost | 216 |
| Pre-tax loss | 1,679 | 1,177 | Income recognised in year/period | - |
| Net assets | 1,095 | 2,086 | Equity valuation | 233 |
| **Valuation basis:** | | | Loan stock valuation | - |
| Last price paid | | | Total valuation | 233 |
| | | | Voting rights / % of equity share capital held | 2.15% |

Total equity held by funds managed by Calculus Capital Limited: 45.9 per cent.

**Cloud Trade Technologies Limited**

Information on Cloud Trade Technologies Limited is included under details of Investment Management Review above.

| Latest Results (group) | Audited 2018 £'000 | Audited 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Mar** | **31 Mar** | | |
| Turnover | 1,100 | 800 | Total cost | 200 |
| Pre-tax (loss) / profit | (42) | 42 | Income recognised in year/period | - |
| Net assets | 200 | 200 | Equity valuation | 231 |
| **Valuation basis:** | | | Loan stock valuation | - |
| DCF | | | Total valuation | 231 |
| | | | Voting rights / % of equity share capital held | 3.5% |

Total equity held by funds managed by Calculus Capital Limited: 35.4 per cent.

**Every1Mobile Limited**

Every1Mobile provides digital communication solutions and online community management through a bespoke platform to multi-national corporates, international development agencies and non-profit organisations across Africa.

The company has delivered programmes across South Africa, Kenya, Nigeria, Ghana, Cote d'Ivoire, Uganda, Sierra Leone, Zambia, and Rwanda. These initiatives help to achieve key development goals in areas such as sexual health, digital and financial literacy, business skills, family planning, gender and nutrition.

Since Calculus' original investment in October 2017, Every1Mobile has grown 60% year on year, in line with its expansion plan and has won several major contracts for operations in Africa and in emerging markets outside Africa, including its first software-as-a-service contract for delivery of online education services.

| Latest Results | Unaudited 2018 £'000 | Unaudited 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Dec** | **31 Dec** | | |
| Turnover | 1,521 | 915 | Total cost | 200 |
| Pre-tax loss | 1,049 | 787 | Income recognised in year/period | |
| Net assets | 139 | 1,029 | Equity valuation | 230 |
| **Valuation basis:** | | | Loan stock valuation | 0 |
| Comparable companies and DCF | | | Total valuation | 230 |
| | | | Voting rights / % of equity share capital held | 3.5% |

Total equity held by funds managed by Calculus Capital Limited: 38.2 per cent.

**Open Energy Market Limited (OEM)**

Open Energy Market is an online trading platform for energy contracts for medium-large enterprises.

Open Energy Market Limited has created an online platform on which corporate energy contracts are traded. These contracts require a bespoke price quote from the energy suppliers due to the large quantity of energy expected to be consumed. OEM's platform connects business customers directly to all 16 major energy providers of gas and electricity removing the need for a third-party broker.

The energy providers bid for contracts on the platform via a live auction process which allows businesses to buy energy in a streamlined and more transparent way. In addition, OEM provides customers with live energy monitoring, usage analytics and energy trading services. The company has introduced digital innovation into the antiquated, manual energy brokerage process in order to improve transparency and decrease energy costs for its clients.

Calculus Capital invested £3 million in January 2018. OEM will use the funds to increase their direct sales force and software team, implement platform development including extensions into other commodities such as water.

| Latest Results (group) | Audited 2018 £'000 | Unaudited 2017 £'000 | Investment Information | £'000 |
|---|---|---|---|---|
| **Year ended** | **31 Jan** | **31 Jan** | | |
| Turnover | 1,171 | 734 | Total cost | 200 |
| Pre-tax loss | 405 | 51 | Income recognised in year/period | - |
| Net liabilities | 3,094 | 377 | Equity valuation | 230 |
| **Valuation basis:** | | | Loan stock valuation | - |
| Last price paid | | | Total valuation | 230 |
| | | | Voting rights / % of equity share capital held | 1.9% |

Total equity held by funds managed by Calculus Capital Limited: 28.2 per cent.

## 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 and on 1 November 2017.

### 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

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 than 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 any one sector and any one 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 VCT 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 NAV as set out on page 30 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.

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 than A minus (Standard & Poor's rate)/A3 (Moody's rated).

**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.

Changes to legislation were made in the Finance Bill 2018 such that from 1 March 2020 the percentage by value of the Company's investments in shares or securities which must be invested by and maintained in qualifying holdings will rise to 80 per cent. In addition, 30 per cent of any money raised after 6 April 2018 will need to be invested in qualifying holdings within 12 months after the end of the accounting period in which the money was raised and loan stock investments in investee companies must be unsecured and must not carry a coupon which exceeds 10% per annum on average over a five year period.

**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

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. The Qualifying % is disclosed in the Investment Manager's review. 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.

Independent advisers are used 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

At the year end, the Board of directors comprised two male directors and two female Directors. On the 1st March 2019, Jan Ward was appointed, increasing the number of female board members to three.

### 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.

Michael O'Higgins, Chairman
9 May 2019

## EXTRACT OF THE DIRECTOR'S REPORT

### Share capital

The capital structure of the Company and movements during the year are set out in note 12 of the Accounts. At the year end, no shares were held in Treasury. During the year, the following changes to the Company's share capital have taken place:

| | |
|---|---:|
| Total shares in issue – 1 March 2018 | 11,642,717 |
| Issue of new Ordinary shares – 4 April 2018 | 1,750,548 |
| Issue of new Ordinary shares – 5 April 2018 | 28,750 |
| Issue of new Ordinary shares – 1 August 2018 | 1,176,844 |
| Share buyback – 21 August 2018 | (10,000) |
| Share buyback – 5 November 2018 | (38,000) |
| Issue of new Ordinary shares – 23 January 2019 | 2,116,998 |
| Issue of new Ordinary shares – 28 February 2019 | 1,754,516 |
| **Total shares in issue – 28 February 2019** | **18,422,373** |

Since the year end a further 2,076,361 new Ordinary shares have been issued pursuant to an offer for subscription.

### Substantial Shareholdings

As at 28 February 2019, Mr Alistair Watson held 645,499 Ordinary shares representing 3.5% of the share capital of the Company. There were no other 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, 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 and a further supplemental management agreement entered into on 12 September 2017 in relation to the merged share fund (together, the "Calculus Management Agreements"). From 12 September 2017, Calculus Capital Limited agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the net asset value of the Ordinary shares.

Pursuant to the Calculus Management Agreements, Calculus Capital Limited will receive an annual management fee of 1.75 per cent of the net asset value of the Ordinary 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 2019, Calculus Capital Limited charged £197,314 in management fees, £18,000 in company secretarial fees, and did not contribute to the expenses (2018: charged £154,089 in management fees, £18,000 in company secretarial fees and contributed £26,435 to the expenses cap).

Pursuant to a performance incentive agreement dated 26 October 2015, Calculus Capital Limited is entitled to a performance incentive fee equal to 20 per cent of Ordinary shareholder (formerly D shareholder) dividends and distributions paid in excess of 105 pence.

Investec Structured Products was appointed as Investment Manager pursuant to an agreement dated 2 March 2010, and their appointment as Investment Manager terminated in February 2017. Certain performance incentive agreements were entered into with Calculus Capital Limited and Investec Structured Products.

Pursuant to a performance incentive agreement between the Company, Calculus Capital Limited and Investec Structured Products dated 2 March 2010, 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 old ordinary shareholders following the payment of such dividends and distributions provided that such shareholders have received in aggregate distributions of at least 105p per ordinary share (including the relevant distribution being offered).

Pursuant to a performance incentive agreement between the Company, Calculus Capital Limited and Investec Structured Products dated 7 January 2011, 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 that C shareholders received at least 70p per C share on or before 14 March 2017 and at least a further 45p per C share is received or offered for payment on or before the 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 at least the next twelve months. The Directors have therefore adopted the going concern basis in preparing the Accounts.

### Annual General Meeting

The Annual General Meeting will be held at the offices of Calculus Capital Limited, 104 Park Street, London, W1K 6NF at 11.30am on 4 July 2019.

## DIRECTOR'S 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
9 May 2019

**NON-STATUTORY ACCOUNTS**

The financial information set out below does not constitute the Company's statutory accounts for the year ended 28 February 2019 and the year ended 28 February 2018 but is derived from those accounts. Statutory Accounts for 2018 have been delivered to the Registrar of Companies, and those for 2019 will be delivered in due course. The Auditor has reported on these accounts; their report was (i) unqualified (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditor's report can be found in the Company's full Annual Report and Accounts at https://www.calculuscapital.com/calculus-vct/ .

**INCOME STATEMENT**

**for the year ended 28 February 2019**

| | Note | Year Ended 28 February 2019 Revenue Return £'000 | Year Ended 28 February 2019 Capital Return £'000 | Year Ended 28 February 2019 Total £'000 | Year Ended 28 February 2018 Revenue Return £'000 | Year Ended 28 February 2018 Capital Return £'000 | Year Ended 28 February 2018 Total £'000 |
|---|---|---|---|---|---|---|---|
| (Losses) /gains on investments at fair value | 9 | **–** | **(612)** | **(612)** | **–** | 232 | 232 |
| Losses on disposal of investments | 9 | **–** | **(88)** | **(88)** | – | (159) | (159) |
| Income | 3 | **91** | **–** | **91** | 65 | – | 65 |
| Investment management fee | 4 | **(49)** | **(148)** | **(197)** | (39) | (115) | (154) |
| Costs of acquiring Neptune | | **–** | **–** | **–** | | | |
| Calculus assets and liabilities | | **–** | **–** | **–** | (55) | – | (55) |
| Other expenses | 5 | **(221)** | **–** | **(221)** | (202) | – | (202) |
| Deficit before taxation | | **(179)** | **(848)** | **(1,027)** | (231) | (42) | (273) |
| Taxation | 6 | **–** | **–** | **–** | – | – | – |
| Deficit attributable to shareholders | | **(179)** | **(848)** | **(1,027)** | (231) | (42) | (273) |
| Deficit per Ordinary share | 8 | **(1.3)p** | **(6.0)p** | **(7.3)p** | (2.3)p | (0.4)p | (2.7)p |

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

The notes on pages 51 to 64 form an integral part of these Accounts

## STATEMENT OF CHANGES IN EQUITY
**for the year ended 28 February 2019**

| | Share Capital £'000 | Share Premium £'000 | Special Reserve £'000 | Capital redemption Reserve £'000 | Capital Reserve Realised £'000 | Capital Reserve Unrealised | Revenue Reserve £'000 | Total |
|---|---|---|---|---|---|---|---|---|
| For the year ended 28 February 2019 | | | | | | | | |
| 1 March 2018 | **116** | **298** | **9,974** | **56** | **451** | **171** | **(936)** | **10,130** |
| Investment holding losses | **–** | **–** | **–** | **–** | **–** | **(612)** | **–** | **(612)** |
| Loss on disposal of investments | **–** | **–** | **–** | **–** | **(88)** | **–** | **–** | **(88)** |
| New share issue | **68** | **5,446** | **–** | **–** | **–** | **–** | **–** | **5,514** |
| Expenses of share issue | **–** | **(98)** | **–** | **–** | **–** | **–** | **–** | **(98)** |
| Share buybacks for cancellation | **–** | **–** | **(35)** | **–** | **–** | **–** | **–** | **(35)** |
| Management fee allocated to | **–** | **–** | **–** | **–** | **(148)** | **–** | **–** | **(148)** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| capital | | | | | | | | |
| Change in accrual in IFA commission | **–** | **(62)** | **–** | **–** | **–** | **–** | **–** | **(62)** |
| Revenue return after tax | **–** | **–** | **–** | **–** | **–** | **–** | **(179)** | **(179)** |
| Dividends paid | **–** | **–** | **(451)** | **–** | **–** | **–** | **–** | **(451)** |
| 28 February 2019 | **184** | **5,584** | **9,488** | **56** | **215** | **(441)** | **(1,115)** | **13,971** |
| For the year ended 28 February 2018 | | | | | | | | |
| 1 March 2017 | 141 | 7,046 | 1,277 | – | 725 | (61) | (705) | 8,423 |
| Investment holding gains | – | – | – | – | – | 232 | – | 232 |
| Loss on disposal of investments | – | – | – | – | (159) | – | – | (159) |
| New share issue | 31 | 2,639 | 3 | – | – | – | – | 2,673 |
| Expense of share issue | – | (20) | – | – | – | – | – | (20) |
| Management fee allocated to capital | – | – | – | – | (115) | – | – | (115) |
| Purchase of shares for cancellation with merger of classes | (55) | – | – | 55 | – | – | – | – |
| Cancellation of share premium account | – | (9,342) | 9,342 | – | – | – | – | – |
| Share buybacks for cancellation | (1) | – | (49) | 1 | – | – | – | (49) |
| Change in accrual in IFA commission | – | (25) | 2 | – | – | – | – | (23) |
| Revenue return after tax | – | – | – | – | – | – | (231) | (231) |
| Dividends paid | – | – | (601) | – | – | – | – | (601) |
| 28 February 2018 | 116 | 298 | 9,974 | 56 | 451 | 171 | (936) | 10,130 |

The notes on pages 51 to 64 form an integral part of these Accounts

## STATEMENT OF FINANCIAL POSITION

**at 28 February 2019**

| | Note | 28 February 2019 £'000 | 28 February 2018 £'000 |
|---|---|---|---|
| Fixed assets | | | |
| Investments at fair value through profit or loss | 9 | **11,593** | 7,982 |
| Current assets | | | |
| Debtors | 10 | **1,417** | 44 |
| Cash at bank and on deposit | | **1,176** | 2,267 |
| Creditors: amount falling due within one year | | | |
| Creditors | 11 | **(145)** | (142) |
| Net current assets | | **2,448** | 2,169 |
| Non-current liabilities | | | |

| | | | |
|---|---|---|---|
| IFA trail commission | | **(70)** | (21) |
| Net assets | | **13,971** | 10,130 |
| Capital and reserves | | | |
| Called-up share capital | 12 | **184** | 116 |
| Share premium | | **5,584** | 298 |
| Special reserve | | **9,488** | 9,974 |
| Capital redemption reserve | | **56** | 56 |
| Capital reserve – realised | | **215** | 451 |
| Capital reserve – unrealised | | **(441)** | 171 |
| Revenue reserve | | **(1,115)** | (936) |
| Equity shareholders' funds | | **13,971** | 10,130 |
| Net asset value per Ordinary share – basic | 13 | **75.8p** | 87.0p |

The notes on pages 51 to 64 form an integral part of these Accounts. The financial statements on pages 46 to 50 were approved by the Board of directors of Calculus VCT plc and were authorised for issue on 9 May 2019 and were signed on its behalf by:

Michael O'Higgins
Chairman

**STATEMENT OF CASHFLOWS**

**for the year ended 28 February 2019**

| | Note | Year Ended 28 Feb 2019 £'000 | Year Ended 28 Feb 2018 £'000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Investment income received | | **47** | 67 |
| Deposit interest received | | **3** | 2 |
| Investment management fees | | **(190)** | (145) |
| Other cash payments | | **(213)** | (264) |
| Net cash flow from operating activities | 14 | **(353)** | (340) |
| Cash flow from investing activities | | | |
| Purchase of investments | | **(6,057)** | (1,070) |
| Sale of investments | | **1,746** | 73 |
| Net cash flow from investing activities | | **(4,311)** | (997) |
| Cash flow from financing activities | | | |
| Ordinary share issue/ D share issue | | **4,157** | 418 |
| Expense of Ordinary/D share issue | | **(94)** | (127) |
| IFA trail commission | | **(4)** | (3) |
| Neptune-Calculus cash received | | **-** | 286 |
| Expenses of Neptune-Calculus transaction | | **-** | (102) |
| Share buybacks for cancellation | | **(35)** | (49) |

| | | |
|---|---|---|
| Equity dividend paid | **(451)** | (601) |
| Net cash flow from financing activities | **3,573** | (178) |
| (Decrease)/increase in cash and cash equivalents | **(1,091)** | (1,515) |
| Analysis of changes in cash and cash equivalents | | |
| Cash and cash equivalents at the beginning of year | **2,267** | 3,782 |
| Net cash (decrease)/increase | **(1,091)** | (1,515) |
| Cash and cash equivalents at the year end | **1,176** | 2,267 |

The notes on pages 51 to 64 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 (£).

### 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 2019 the value of unquoted investments included within the Company's investment portfolio was £5,532,937 (2018: £4,726,742).

### Investments

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

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

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

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.

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 most recent International Private Equity and Venture Capital ("IPEV") 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 NAV (excluding irrecoverable VAT, annual trail commission and performance incentive fees), could be clawed back from Calculus Capital Limited. 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 Ordinary shares issued since 1 November 2017. In order to allow the 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 original ordinary shares, 23 November 2011 for C shares and 1 November 2017 for the Ordinary share class.

**Special reserve**

The special reserve was created by the cancellation of the original 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 original ordinary share fund and C share fund. A further cancellation of the share premium account occurred on 1 November 2017 for the Ordinary 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 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 is 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 payable to equity shareholders are recognised in the Statement of Changes in Equity in the period which 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 Feb 2019 | Year Ended 28 Feb 2018 |
|---|---|---|
| | £'000 | £'000 |
| UK dividends | **–** | - |
| UK unfranked loan stock interest | **73** | 59 |
| Liquidity Fund interest | **15** | 4 |
| Bank interest | **3** | 2 |
| | **91** | 65 |
| Total income comprises: | | |
| Interest | **91** | 65 |
| Dividends | **–** | - |
| | **91** | 65 |

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 2019 | | | Year Ended 28 February 2018 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment management fee | **49** | **148** | **197** | 39 | 115 | 154 |

No performance fee was paid during the year.

For the year ended 28 February 2019, Calculus Capital Limited contributed £nil (2018: £26,435 contributed) to the expenses of the Company such that its net management fee was £197,314 (2018: £127,654). At 28 February 2019, there was £49,945 due to Calculus Capital Limited for management fees (2018: £42,310 due to Calculus Capital Limited).

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

## 5. Other expenses

| | Year Ended 28 Feb 2019 £'000 | Year Ended 28 Feb 2018 £'000 |
|---|---|---|
| Directors' fees | **65** | 57 |
| Calculus secretarial fee | **18** | 18 |
| Link accounting fees | **38** | 40 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts. | **29** | 28 |
| Other | **71** | 85 |
| Clawback of expenses in excess of expense cap repayable from the Manager | **–** | (26) |
| | **221** | 202 |

Further details of directors' fees can be found in the Directors' Remuneration Report on page 35 to 39 of the Accounts.

## 6. Taxation

| | Year Ended 28 February 2019 | | | Year Ended 28 February 2018 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Loss before tax | **(179)** | **(848)** | **(1,027)** | (231) | (42) | (273) |
| Theoretical tax at UK Corporation Tax rate of 19.0% (2018: 19.1%) | **(34)** | **(161)** | **(195)** | (44) | (8) | (52) |
| Timing differences: loss not recognised, carried forward | **34** | **28** | **62** | 44 | 22 | 66 |
| Effects of non-taxable (gains)/ losses | **-** | **133** | **133** | - | (14) | (14) |
| Tax charge | - | - | - | - | - | - |

The Corporation Tax rate was at 19% for the whole of the reporting period.

At 28 February 2019, the Company had £1,514,379 (28 February 2018: £1,184,503) of excess management expenses to carry forward against future taxable profits.

The Company's deferred tax asset of £257,444 (28 February 2018: £201,365) 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 Feb 2019 £'000 | Year Ended 28 Feb 2018 £'000 |
|---|---|---|
| Original ordinary shares | | |
| Declared and paid: 7.00p per Ordinary share in respect of the year ended 28 February 2018 | **-** | 332 |
| C shares | | |
| Declared and paid: 3.00p per C share in respect of the year ended 28 February 2018 | **-** | 58 |
| D shares | | |
| Declared and Paid: 4.25p per Eligible D share in respect of the year ended 28 February 2018 | **-** | 211 |
| New ordinary shares | | |
| Declared and paid: 4.00p per Ordinary share in respect of the year ended 28 February 2019 (2018: 0.00p) | **451** | - |

The Board have proposed an Ordinary share dividend in respect of the year to 28 February 2019 of 3.4 pence per share which, if approved by shareholders, will be paid to all Ordinary shareholders on the register on 5 July 2019.

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

## 8. Return per Share

| | Year Ended 28 February 2019 | | | Year Ended 28 February 2018 | | |
|---|---|---|---|---|---|---|
| | Revenue pence | Capital pence | Total pence | Revenue pence | Capital pence | Total pence |
| Return per Ordinary share | **(1.3)** | **(6.0)** | **(7.3)** | (2.3) | (0.4) | (2.7) |

**Ordinary share return**

For the period from 1 March 2017 to 31 July 2017 the number of Ordinary shares has been taken to be the aggregate equivalent number of Ordinary shares which each of the original ordinary and C share classes represented on the basis of the merger ratios. Throughout the period 1 March to 31 July 2017 the number of original ordinary shares was 4,738,463 equivalent to 683,243 Ordinary shares and the number of C shares was 1,931,095 equivalent to 470,197 Ordinary shares 7,511,697 D shares were in existence at 1 March 2017 and a further 160,810 D shares were issued on 7 April 2017. 2,511,180 new Ordinary shares were issued on 12 September 2017, 367,800 new Ordinary shares were allotted on 20 December 2017 and 62,210 new Ordinary shares were bought back between 3 and 11 January 2018. On this basis, the weighted average number of Ordinary Shares for the period 1 March 2017 to 28 February 2018 was 10,033,757 Ordinary shares.

Revenue return per Ordinary share is based on the net revenue loss after taxation of £179,402 (2018: £230,358) and on 14,129,738 Ordinary shares, (2018: 10,033,757 implied Ordinary shares) being the weighted average number of Ordinary shares in issue during the period.

Capital return per Ordinary share is based on the net capital loss for the period of £847,995 (2018: £42,305) and on 14,129,738 Ordinary shares (2018: 10,033,757 implied Ordinary shares) being the weighted average number of Ordinary shares in issue during the period.

Total return per Ordinary share is based on the net loss for the period of £1,027,397 (2018: £272,663) and on 14,129,738 Ordinary shares (2018: 10,033,757 implied Ordinary shares), being the weighted average number of Ordinary shares in issue during the period.

**9. Investments**

| | Year Ended 28 February 2019 | | |
|---|---|---|---|
| | VCT Qualifying Investments £'000 | Other Investments £'000 | Total £'000 |
| Opening book cost | **5,163** | **2,648** | **7,811** |
| Opening investment holding gains | **169** | **2** | **171** |
| Opening valuation | **5,332** | **2,650** | **7,982** |
| **Movements in year:** | | | |
| Purchases at cost | **1,857** | **4,200** | **6,057** |
| Sales proceeds | **(546)** | **(1,200)** | **(1,746)** |
| Realised losses on sales | **(90)** | **2** | **(88)** |
| Increase in investment holding (losses)/gains | **(616)** | **4** | **(612)** |
| Movements in year | **605** | **3,006** | **3,611** |
| Closing valuation | **5,937** | **5,656** | **11,593** |
| Closing book cost | **6,384** | **5,650** | **12,034** |
| Closing investment holding (losses)/gains | **(447)** | **6** | **(441)** |
| Closing valuation | **5,937** | **5,656** | **11,593** |

In the year to 28 February 2019, Air Leisure Group Limited which cost £200,000 was written down in full. Also during the year, the Company sold its investment in Origin Broadband Limited. The investment cost £226,000 and was sold for £44,000.

There have not been any transaction costs in the year to 28 February 2019.

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

**10. Debtors**

| | Year Ended 28 Feb 2019 **£'000** | Year Ended 28 Feb 2018 £'000 |
|---|---|---|
| Prepayments and accrued income | **60** | 18 |
| Share issue proceeds | **1,357** | – |
| Clawback of expenses in excess of 3% cap payable by the Manager | – | 26 |
| | **1,417** | 44 |

**11. Creditors**

| | Year Ended 28 Feb 2019 £'000 | Year Ended 28 Feb 2018 £'000 |
|---|---|---|
| Management fees | **50** | 42 |
| Audit fees | **35** | 33 |
| Directors' fees | **11** | 11 |
| Secretarial fees | **5** | 5 |
| Administration fees | **3** | 3 |
| Costs of acquiring Neptune-Calculus assets and liabilities | **8** | 8 |
| IFA trail commission | **8** | - |
| New issue costs | **4** | - |
| Other creditors | **21** | 40 |
| | **145** | 142 |

**12. Share Capital**

| Number of shares | Ordinary shares |
|---|---|
| **Opening balance 01 March 2018** | **11,642,717** |
| New issue of shares | **6,827,656** |
| Share buyback Ordinary shares | **(48,000)** |
| **Closing balance 28 February 2019** | **18,422,373** |

| Nominal value | Ordinary share £'000 |
|---|---|
| **Opening balance 01 March 2018** | **116** |
| New issue of shares | **68** |
| **Closing balance 28 February 2019** | **184** |

On 4 April 2018, 1,750,548 Ordinary shares were issued for total consideration of £1,493,918. On 5 April 2018, 28,750 Ordinary shares were issued for total consideration of £24,535. On 1 August 2018, 1,176,844 Ordinary shares were issued for total consideration of £985,254.

On 21 August 2018 and 5 November 2018, the Company bought back for cancellation 10,000 and 38,000 Ordinary shares respectively.

On 23 January 2019, 2,116,998 Ordinary shares were issued for total consideration of £1,652,317. On 28 February 2019, 1,754,516 Ordinary shares were issued for total consideration of £1,357,294.

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

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 2019 £'000 | 28 February 2018 £'000 |
|---|---|---|
| Net asset value per Ordinary share | **75.8p** | 87.0p |

The basic net asset value per Ordinary share is based on net assets of £13,971,482 (28 February 2018: £10,129,722) and on 18,422,373 Ordinary shares (28 February 2018: 11,642,717), being the number of Ordinary shares in issue at the end of the year

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

| | 28 February 2019 £'000 | 28 February 2018 £'000 |
|---|---|---|
| Loss for the year | **(1,027)** | (273) |
| (Gains)/losses on investments | **700** | (73) |
| (Increase)/decrease in debtors | **(16)** | (30) |
| (Decrease)/increase in creditors | **(10)** | (137) |
| Change in IFA commission accrual | **-** | 21 |
| D share issue costs included in finance activities | **-** | 157 |
| Neptune-Calculus costs included in finance activities | **-** | (8) |
| IFA commission costs included in finance activities | **-** | 3 |
| Cash flow from operating activities | **(353)** | (340) |

## 15. Financial Commitments

At 28 February 2019, 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 2019 % |
|---|---|
| Solab Group Limited | 12.0 |
| Terrain Energy Limited | 12.5 |
| Mologic Limited | 7.0 |
| Duvas Technologies Limited | 8.0 |
| Wheelright Limited | 10.0 |

At the year end, £33,975 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 2019 | | As at 28 February 2018 | |
|---|---|---|---|---|
| | Fair Value Interest Rate Risk £'000 | Cash Flow Interest Rate Risk £'000 | Fair Value Interest Rate Risk £'000 | Cash Flow Interest Rate Risk £'000 |
| Loan stock | **775** | **–** | 545 | – |
| Money market funds | **–** | **5,652** | – | 2,645 |
| Cash | **–** | **1,176** | – | 2,267 |
| | **775** | **6,828** | 545 | 4,912 |

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 0.75 per cent as at 28 February 2019.

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 & Investment, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board and the Investment Manager monitor the Company's risk by reviewing the custodian's internal control reports.

### b) Liquidity risk

The Company's liquidity risk is managed on an ongoing basis by the Investment 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 2019, 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.

- 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.

**Financial Assets at Fair Value through Profit or Loss**

**At 28 February 2019**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |

| | | | | |
|---|---|---|---|---|
| Unquoted equity | **–** | **–** | **4,758** | **4,758** |
| Quoted equity | **408** | **–** | **–** | **408** |
| Money market funds | **5,652** | **–** | **–** | **5,652** |
| Loan stock | **–** | **–** | **775** | **775** |
| | **6,060** | **–** | **5,533** | **11,593** |

Financial Assets at Fair Value through Profit or Loss At 28 February 2018

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Unquoted equity | – | – | 4,182 | 4,182 |
| Quoted equity | 610 | – | – | 610 |
| Money market funds | 2,645 | – | – | 2,645 |
| Loan stock | – | – | 545 | 545 |
| | 3,255 | – | 4,727 | 7,982 |

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 | **332,379** | **(496,996)** |
| Forecast 2019 results | **203,407** | **(203,407)** |
| | **535,787** | **(700,403)** |

Applying the downside alternatives, the Ordinary share portfolio would be £700,403 or 11.8 per cent lower (2018: £321,817 or 3.2 per cent lower). Using the upside alternatives, the Ordinary Share portfolio would be £535,787 or 9.0 per cent higher (2018: £486,987 or 4.8 per cent higher).

## 17. Related Parties' Transactions

On 28 February 2019, both Kate Cornish Bowden and John Glencross, directors of the Company, subscribed for 12,961 Ordinary shares each. John Glencross, a director of the company, is a director of Calculus Capital Limited and owns 50 per cent of the shares of its holding Company. Calculus Capital Limited receives an investment manager's fee from the Company. As disclosed in Note 4, for the year ended 28 February 2019, Calculus Capital Limited earned £197,314 in relation to the Ordinary share portfolio (2018: £154,089). Calculus Capital Limited also earned a company secretarial fee of £18,000

(2018: £18,000).

Calculus Capital Limited took on the expenses cap on 15 December 2015. In the year to 28 February 2019, Calculus Capital Limited did not make a contribution towards the expenses of the Company (2018: contributed £26,435).

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.

Calculus Capital Limited receives a fee from certain portfolio companies. In the year to 28 February 2019, Calculus Capital Limited charged a monitoring fee to Air Leisure Group Limited, AnTech Limited, Arcis Biotechnology Holdings Limited, Arecor Limited, Cloudtrade Technologies Limited, Cornerstone Brands Limited, Duvas Technologies Limited, Every1Mobile Limited, MicroEnergy Generation Services Limited, Mologic Limited, Open Energy Market Limited, Origin Broadband Limited, Oxford Biotherapeutics Limited, Park Street Shipping Limited, Quai Administration Services Limited, Solab Group Limited, Synpromics Limited, Terrain Energy Limited, The One Place Capital Limited, Tollan Energy Limited, Weeding Technologies Limited and Wheelright Limited.

Calculus Capital Limited charged a fee for the provision of a director to Air Leisure Group Limited, Cloudtrade Technologies Limited, Cornerstone Brands Limited, Every1Mobile Limited, Open Energy Market Limited, Origin Broadband Limited, Pico's Limited, Terrain Energy Limited, The One Place Capital Limited, Weeding Technologies Limited and Wheelright Limited.

In the year to 28 February 2019, Calculus Capital Limited charged an arrangement fee to Arecor Limited, Cloudtrade Technologies Limited, Duvas Technologies Limited, Essentia Analytics Limited, MIP Diagnostics Limited, Mologic Limited, Origin Broadband Limited, Oxford Biotherapeutics Limited, Pico's Limited, Quai Administration Services Limited, Weeding Technologies Limited and Blu Wireless Limited.

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

The aggregate amounts received by Calculus Capital Limited for any monitoring, provision of a director, arrangement and office support services to the companies above in relation to the Company's investment was as follows:

Air Leisure Group Limited: £2,377 (2018: £1,578); AnTech Limited: £255 (2018: £972); Arecor Limited: £2,712 ; Arcis Biotechnology Holdings: £187 (2018:£87); Blu Wireless Technology Limited: £nil (2018: £5,172); Cloudtrade Technologies Limited: £7,717 ; Cornerstone Brands Limited: £3,120 (2018: £5,780); Duvas Technology Limited: £7,212 ; Essentia Analytics Limited: £4,875 ; Every1Mobile Limited: £2,727 (2018:£6,459); MicroEnergy Generation Services Limited: £1,964 (2018: £1,734); MIP Diagnostics Limited: £6000 (100% of this fee relates to the VCT) ; Mologic: £4,394 Open Energy Market Limited: £2,489 (2018:£5,999); Origin Broadband Limited: £678 (2018: £2,544); Oxford Biotherapeutics Limited: £8,402; Park Street Shipping Limited: £974 (2018: £836); Pico's Limited: £5,283 (2018: £318); Quai Administration Services Limited: £1,013 (2018: £3,122); Solab Group Limited: £4,050 (2018: £2,906); Synpromics Limited: £290 (2018:£131); Terrain Energy Limited: £3,708 (2018: £1,094); The One Place Capital Limited: £696 (2018: £786); Tollan Energy Limited: £1,669 (2018: £1,659); Weeding Technologies Limited £1,812 (2018: £1,960) and WheelRight Limited £658 (all excluding VAT).

## 19. Post balance sheet events

Since the year end, the Company has made three further qualifying investments: a further £100,000 has been invested in Wheelright Limited loan notes; a further £300,000 has been invested in Blu Wireless and £300,000 has been invested in Wazoku Limited. Since the year end the Company has also made a further allotment of Ordinary shares. On 5th April 2019, a further 2,076,361 Ordinary shares were allotted at an average price of 78.54p per share.

## GLOSSARY OF TERMS

Accumulated Shareholder Value

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

C share fund

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

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) prior to the merger of the share classes.

IPEV Guidelines

The International Private Equity and Venture Capital Valuation Guidelines published in December 2018, 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).

Old ordinary share fund

The net assets of the Company attributable to the old Ordinary shares (including any income and/or revenue arising from or relating to such assets) prior to the merger of the share classes.

Ordinary share Fund

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

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).

END

*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.*