

**INVESTEC STRUCTURED PRODUCTS CALCULUS VCT PLC
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2014**

The full Annual Report and Accounts can be accessed via the following websites: www.calculuscapital.com and www.investecstructuredproducts.com or by contacting the Company Secretary on telephone 01392 477500.

INVESTMENT OBJECTIVE

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments and Structured Products that will provide investment returns that are sufficient to allow the Company to maximise annual dividends and pay an interim return either by way of a special dividend or cash offer for shares on or before an interim return date;
- generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle beyond an interim return date;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying investors to retain their income tax relief of up to 30 per cent. on the initial investment and receive tax-free dividends and capital growth.

Full details of the Company's investment policy can be found below.

FINANCIAL REVIEW

Ordinary Share Fund

	12 Months to 28 February 2014	12 Months to 28 February 2013
Total return		
Total return	£199,000	£309,000
Total return per ordinary share	4.2p	6.5p
Revenue		
Net loss after tax	(£44,000)	(£46,000)
Revenue return per ordinary share	(0.9)p	(1.0)p
Dividend		
Recommended final dividend	5.25p	5.25p
	As at 28 February 2014	As at 28 February 2013
Assets (investments valued at bid market prices)		
Net assets	£4,512,000	£4,562,000
Net asset value ("NAV") per ordinary share	95.2p	96.3p
Mid market quotation		
Ordinary shares	85.5p	92.5p
Discount to NAV	(10.2)%	(3.9)%

C Share Fund

	12 Months to 28 February 2014	12 Months to 28 February 2013
Total return		
Total return	£47,000	£104,000
Total return per C share	2.4p	5.4p
Revenue		
Net loss after tax	(£25,000)	(£35,000)
Revenue return per C share	(1.3)p	(1.8)p
Dividend		
Recommended final dividend	4.5p	4.5p
	As at 28 February 2014	As at 28 February 2013
Assets (investments valued at bid market prices)		
Net assets	£1,765,000	£1,805,000
NAV per C share	91.4p	93.5p
Mid market quotation		
C shares	90.0p	90.0p
Discount to NAV	(1.5)%	(3.7)%

STRATEGIC REPORT

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

CHAIRMAN'S STATEMENT

I am delighted to present your Company's results for the year ended 28 February 2014. The Investec Structured Products Calculus VCT plc is a tax efficient listed company which aims to address shareholder needs for:

- attractive tax-free dividends;
- a clear strategy for returning capital;
- downside protection through the Structured Products portfolio and investment in lower risk VCT qualifying companies with a high percentage of investments in loan stock and preference shares; and
- low annual management fees.

The Company, which launched in March 2010, is a joint venture between Investec Structured Products (part of Investec Plc) and Calculus Capital Limited, and brings together both Managers' award winning expertise in their respective fields of structured products and venture capital.

During the year, the majority of investments have been in qualifying growth companies of which only a proportion can be invested in loan stocks and redeemable preference shares which generate an income. The remainder of the investments have been in Structured Products which do not provide income but generate a capital return. Consequently, the Company has shown a negative revenue return and a strong positive capital return to produce an overall positive return in line with expectations.

The net asset value per ordinary share was 95.2 pence as at 28 February 2014 compared to 96.3 pence as at 28 February 2013. This is after paying a dividend to ordinary shareholders in 2013 of 5.25 pence per share.

The net asset value per C share was 91.4 pence as at 28 February 2014 compared to 93.5 pence as at 28 February 2013. This is after paying a dividend to C shareholders in 2013 of 4.5 pence per share.

The net asset values have subsequently risen to 95.5 pence per ordinary share and 93.6 pence per C share as at 30 April 2014.

Your Board and Managers are encouraged by the performance of the Company to date and believe it is well placed to make further progress in the forthcoming year.

Structured Products Portfolio

Our non-Qualifying Investments are managed by Investec Structured Products. As at 28 February 2014, the Ordinary Share Fund held a portfolio of three Structured Products and the C Share Fund held one Structured Product based on the FTSE 100 Index. The products differ by duration and counterparty in order to minimise risk and create a diversified portfolio of investments. Up to 20 per cent. of the Structured Products portfolio of the C Share Fund will be able to be invested in other indices besides the FTSE 100 Index.

The Structured Products portfolio continues to perform well. As at 28 February 2014, the FTSE 100 was trading at 6,809.7. This means that while the level of the FTSE 100 will change, if all of the Structured Products in both the Ordinary Share Fund and C Share Fund were to mature at this level, they would yield the maximum payoff for investors in each share fund.

Venture Capital Investments

Calculus Capital manages the portfolio of VCT Qualifying Investments made by the Company. During the year, the Ordinary Share Fund redeemed £200,000 loan stock in Terrain Energy. Qualifying investments were made in eight companies on behalf of the C Share Fund totalling £657,200 and the Company has now met its requirement for the combined Ordinary and C share portfolios to be at least 70 per cent. invested in Qualifying Investments by 28 February 2014.

A detailed analysis of the new investments and the investment performance can be found in the Investment Manager's Review that follows this statement.

Dividend

In line with our aim to provide a regular tax-free dividend stream, the Directors are pleased to propose a final dividend of 5.25 pence per ordinary share and 4.5 pence per C share which, subject to shareholder approval, will be paid on 24 July 2014 to shareholders on the register on 30 May 2014. This will take cumulative dividends paid to 21.0p per Ordinary share and 13.5 pence per C Share. The Board continues to manage the Company to seek to generate the returns that will enable it to meet the special dividend objectives set out in the original offer document.

Developments since the Year End

Since the year end, the Company has realised £150,000 from the redemption of MicroEnergy loan stock held in the Ordinary Share Fund. In addition, in March 2014, Horizon Discovery, one of the investments held by the C Share Fund, was admitted to trading on the London Stock Exchange's AIM market and it is currently trading at approximately double the Company's cost of investment.

Changes to the Annual Report

You will note there have been some changes to your Company's Annual Report this year. These are the results of new narrative reporting requirements that have now come into effect. There is now a Strategic Report, which contains many of the disclosures previously contained within the Business Review section of the Directors' Report, and a new Director's Remuneration Report. In relation to the latter, shareholders will be asked to vote on both the Director's Remuneration Policy and the Directors' Remuneration Report at the forthcoming Annual General Meeting.

Alternative Investment Fund Managers' Directive ("AIFMD")

AIFMD was conceived to address a perceived regulatory gap to protect investors and is intended to provide a harmonised regulatory and supervisory framework throughout the European Union for regulating Alternative Investment Funds. Although it was principally aimed at private equity and hedge funds, investment trusts and venture capital trusts are also required to comply.

AIFMD was implemented by the UK on 22 July 2013, with existing investment companies, such as your Company, having until 22 July 2014 to comply fully with the requirements. Calculus Capital Limited has been appointed as the Alternative Investment Fund Manager of the Company.

Annual General Meeting

We hope that as many shareholders as possible will attend the Company's Annual General Meeting, which will be held at 11.00 am on Tuesday, 1 July 2014 at the offices of Investec Structured Products, 2 Gresham Street, London, EC2V 7QP.

Outlook

We believe that the Company's strategy, in respect of both its Structured Products portfolio and Qualifying Investments portfolio, is proving effective. The success of the Structured Products portfolio, thus far, has provided the basis for tax-free dividend returns to shareholders whilst enabling the construction of a portfolio of Qualifying Investments to generate longer-term returns. The Company

had achieved its required level of 70 per cent. invested in Qualifying Investments by 28 February 2014. This calculation covers both the Ordinary Share Fund and the C Share Fund but is calculated for the Company as a whole. The rate of investment in new Qualifying Investments is, therefore, likely to lessen going forward.

There is growing evidence that the recovery in the UK economy is taking hold although, clearly, it remains fragile in some sectors and geographic regions. The economic background is, therefore, more supportive for an uplift in value over time in the qualifying portfolio than it has been hitherto. We believe the portfolio is well placed to take advantage of the recovery going forward. The Investment Manager's 'hands on' style should also help to develop and, in some cases, protect value and contribute to the delivery of future returns to shareholders.

Michael O'Higgins
Chairman
19 May 2014

INVESTMENT MANAGER'S REVIEW (Qualifying Investments)

Portfolio Developments

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 needs to be at least 70 per cent. invested in qualifying securities by the end of the relevant third accounting period. At 28 February 2014, the qualifying percentage for the Company was 71.8 per cent.

During the year under review, the Company completed Qualifying Investments in eight unquoted companies as shown below:

Company	Sector	Amount Invested by Ordinary Shares £	Amount Invested by C Shares £
Hampshire Cosmetics Limited	Consumer staples		150,000
Horizon Discovery Limited	Renewable energy		50,000
Pico's Limited (trading as Benito's Hat)	Leisure		50,004
Quai Administration Services Limited	Business support services		150,158
Scancell Holdings plc	Biotechnology		100,000
Secure Electrans Limited	Information technology	12,000	25,000
Terrain Energy Limited	Oil and gas exploration and production		4,999
The One Place Capital Limited (trading as Money Dashboard)	Information Technology		127,000

New Holdings

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

In May 2013, an investment of £50,004 was made in Benito's Hat by the C Share Fund. Benito's Hat is a Mexican-themed, fast casual restaurant business with plans to expand in central London. Offering tailor-made burritos, tacos, salads and a range of specials, Benito's Hat provides an authentic experience and high-quality food, at an affordable price point. The brand has a devoted customer following and has won many accolades from food critics.

Since investment, new outlets have been opened at Farringdon and Leadenhall Street.

Latest Unaudited Results	2013 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Jul			
Turnover	2,962	Total cost	-	50
Pre-tax loss	(10)	Income recognised in year	-	-
Net assets	2,100	Equity valuation	-	64
Valuation basis: Price of latest investment in the company		Loan stock valuation	-	-
		Total valuation	-	64
		Voting rights	-	1.2%

Horizon Discovery Limited (“Horizon”)

In May 2013, the C Share Fund made a £50,000 investment into Horizon.

Horizon is one of the leading genomic biotechnology companies in Europe with a customer base comprising many hundreds of biotechnology, diagnostic and pharmaceutical companies, and academic research institutes.

Horizon is a pioneer in ‘translational genomics’ with a scalable platform consisting of genome-editing tools and derived products and services, which enable life sciences research, drug discovery and development. It has an international base, reaching c.800 customers, comprising global leaders in industrial pharmaceutical/biotech and academic research institutions and has been ranked as one of the fastest growing biotechnology companies in Europe by Deloitte.

Horizon has been able to grow with limited investment via licensed drug discovery programmes giving access to significant revenue milestones. Calculus Capital invested in May 2013 as part of a pre-IPO funding round. Funds raised allowed the company to further develop its proprietary genome editing platform, “GENESIS™”.

The financial results for the period to 31 December 2013 reflect an increase in product revenue, service revenue and leveraged R&D (including licensing deals with strategic partners). The company continues to invest in R&D in connection with the expansion of its cell line ‘library’.

	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Latest Audited Results					
Year ended	31 Dec	31 Dec			
Turnover	6,640	3,860	Total cost	-	50
Pre-tax loss	(3,040)	(5,610)	Income recognised in year	-	-
Net assets	7,860	4,340	Equity valuation	-	50
Valuation basis: Discounted cash flow and comparable companies			Loan stock valuation	-	-
			Total valuation	-	50
			Voting rights	-	0.1%

Scancell Holdings plc

In August 2013, an investment by the C Share Fund was made into Scancell of £100,000.

Scancell was founded in 1997 by Professor Lindy Durrant and IPO'd on AIM in July 2010. Scancell is developing novel immunotherapies for the treatment of cancer based on its ImmunoBody and Moditope technology platforms. Initial results from the Phase 1 trials of Scancell's novel immunotherapeutic melanoma vaccine, SCIB1 look very promising. Funds raised will provide working capital for the completion of the SCIB1 Phase 1/2 trials.

The recent fundraising will also be used to commence work on the pre-clinical development of the first Moditope immunotherapy product. The Moditope technology produces cancer killing cells that destroy tumours, in mice, without toxicity and it is believed that Moditope epitopes can be used to develop immunotherapies for the treatment of a range of cancer tumours including, ovarian, breast and lung cancers.

Exit will likely be through a trade sale to a major pharmaceutical company with appropriate oncology expertise who can complete development of Scancell's products and take them through Phase III clinical trials. David Evans, Scancell's Chairman, has a long track record of steering life sciences companies to successful exits.

Latest Audited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	30 Apr	30 Apr			
Turnover	-	-	Total cost	-	100
Pre-tax loss	(2,250)	(1,930)	Income recognised in year	-	-
Net assets	5,090	1,671	Equity valuation	-	144
Valuation basis: AIM traded			Loan stock valuation	-	-
			Total valuation	-	144
			Voting rights	-	0.2%

The One Place Capital Limited (“Money Dashboard”)

An investment of £127,000 equity was made by the C Share Fund in November 2013. Founded in 2009, Money Dashboard is a free web-based application which empowers consumers to take control of their finances. By using Money Dashboard a consumer is able to view all of their internet enabled current accounts, savings accounts and credit cards in one secure place, providing the true view of their financial lives. Transaction data is sorted into easily understood categories and, by using the simple charts and graphs, consumers can see where their money is going and budget for the future.

The rise in the cost-of-living within the UK is increasing consumer demand for value, control and transparency in the management of their finances. Money Dashboard is well placed to help satisfy this demand.

Latest Unaudited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 May	31 May			
Turnover	-	-	Total cost	-	127
Pre-tax loss	(1,100)	(530)	Income recognised in year	-	-
Net liabilities	(300)	(530)	Equity valuation	-	127
Valuation basis: Cost			Loan stock valuation	-	-
			Total valuation	-	127
			Voting rights	-	1.9%

Quai Administration Services Limited (“Quai”)

In February 2014, an investment by the C Share Portfolio was made into Quai of £150,158. Quai provides white-label administration services for high-volume personal savings products. Quai's proprietary technology platform provides automated administration, straight through processing, online web access and multi-currency portfolio management services. It allows the company to administer many thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers, making it an ideal outsourcing partner.

Recent legal and regulatory changes such as auto-enrolment and the Retail Distribution Review are changing the way large insurers, banks and other providers offer savings products to UK consumers. Mass distribution of individual savings plans is pressuring providers into offering high-volume, low-margin schemes. Established providers will be increasingly forced to choose whether to build a bespoke in-house system to administer mass-market products or to outsource. Founded in 2011 by a team of industry experts who previously led the savings and investment administration business of BNP Paribas in the UK, Quai is seeking to benefit from these changes in the UK savings market.

Latest Unaudited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Oct	31 Oct*			
Turnover	442	83	Total cost	-	150
Pre-tax loss	(1,048)	(1,326)	Income recognised in year	-	-
Net liabilities	(1,513)	(1,617)	Equity valuation	-	150
Valuation basis: Cost			Loan stock valuation	-	-
			Total valuation	-	150
			Voting rights**	-	3.4%

* Seven months to 31 October 2012.

** Other funds managed by Calculus Capital have combined voting rights of 41.6 per cent.

Existing Holdings

AnTech Limited (“AnTech”)

Founded in 1994, Exeter based AnTech is a specialist engineering design and manufacturing company providing a range of products to the upstream oil and gas industry.

AnTech has developed a new generation of directional drilling tools which provide the platform for a step-change transformation in the manner and efficiency in which oil and gas wells can be drilled with coil tubing.

Latest Audited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Aug	31 Aug			
Turnover	1,615	1,548	Total cost	270	-
Pre-tax profit	180	230	Income recognised in year	13	-
Net assets	5,173	1,291	Equity valuation	105	-
Valuation basis: Comparable companies			Loan stock valuation	150	-
			Total valuation	255	-
			Voting rights	1.2%	-

Brigantes Energy Limited (“Brigantes”) and Corfe Energy Limited (“Corfe”)

Brigantes and Corfe (details of which follow) were initially intended to be one investment but were split for structural efficiency reasons. Brigantes and Corfe were originally each established to hold certain oil and gas exploration assets and spun out from InfraStrata Plc.

Brigantes

Brigantes acquired an interest in InfraStrata’s Northern Ireland exploration assets. Recently released results of a study on the PL1/10 prospects, carried out by Merlin Energy Resources, indicates the un-risked prospective resource of the licence to be as much as 450 million barrels of recoverable oil (112.5 million barrels net to Brigantes after the farm out), if all structures identified are successful. The first well will target potential resources of 40 million barrels (10 million barrels net to Brigantes after farm out). An exploration well is planned for the first quarter of 2014.

Latest Audited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Jul	31 Jul			
Turnover	86	69	Total cost	125	-
Pre-tax loss	(154)	(920)	Income recognised in year	-	-
Net (liabilities)/assets	(979)	1,131	Equity valuation	320	-
Valuation basis: Prospective resources			Loan stock valuation	-	-
			Total valuation	320	-
			Voting rights*	3.3%	-

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

Corfe

Corfe acquired an interest in InfraStrata's exploration assets in Southern England. Since March 2013, Corfe has held a number of conventional and unconventional licence interests in Southern England including a 25% working interest in UK onshore licences lying immediately west of the giant Wytch Farm oil field. The combination of Corfe's onshore and offshore blocks puts the company in a strong position to evaluate and benefit from the conventional and shale oil and gas potential of the area to the west and south of Wytch Farm.

Gas has been proven in both conventional and shale reservoirs in the Dorset play area. It also represents a rare opportunity to invest directly in the emerging shale gas play in Europe. Oil giant Total's recent acquisition of shale interests in the UK shows the growing industry interest in unconventional energy. Corfe will seek to sell into industry demand for assets rather than develop the opportunities itself.

Latest Audited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Jul	31 Jul			
Turnover	86	69	Total cost	75	-
Pre-tax loss	(245)	(64)	Income recognised in year	-	-
Net assets	1,764	2,006	Equity valuation	137	-
Valuation basis: Prospective resources			Loan stock valuation	-	-
			Total valuation	137	-
			Voting rights	2.0%	-

Dryden Human Capital Group Limited ("Dryden")

Dryden is headquartered in the UK and specialises in the actuarial, insurance and compliance recruitment sector with significant operations in London and Hong Kong, and smaller offices in Mumbai, Sydney and New York.

The group consists of four major brands: Darwin Rhodes, a specialist recruiter operating globally in the niche areas of the insurance and finance sectors; Edison Morgan, the Asia-based executive search brand servicing the insurance and asset management sectors; Drake Fleming, a multi-sector HR, change and business transformation recruitment business; and Baker Noble, a private wealth and asset management recruitment brand.

At present, Hong Kong is performing to plan but London is showing significant underperformance and may require further restructuring.

The financial statements for 2013 show negative net assets resulting from a requirement by the auditors to show 'A' Ordinary shares and 'B' Ordinary shares as debt despite them being Ordinary shares. This also gives an odd result to the calculation and is an accounting treatment with which we do not concur.

Latest Audited Results (group)	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Mar	31 Mar			
Turnover	7,088	9,822	Total cost	100	-
Pre-tax (loss)/profit	(1,470)*	290	Income recognised in year	-	-
Net (liabilities)/assets	(2,281)	1,166	Equity valuation	14	-
Valuation basis: Earnings multiple			Loan stock valuation	-	-
			Total valuation	14	-
			Voting rights	0.9%	-

* pre-exceptional items.

Hampshire Cosmetics Limited ("Hampshire")

In December 2013, a further investment of £50,000 equity and £100,000 loan stock was made by the C Share Fund.

Founded in the 1970s, Hampshire is an established company which develops and manufactures a comprehensive range of products covering fragrances, body treatments, skincare and shampoos. The business and trade and assets have been acquired by a management team that has previously been backed by Calculus Capital in a successful investment.

The original investment in December 2012 was part of a turnaround led by an experienced management buy-in team. This has progressed well to date, with an improvement in revenue and profitability. Performance has in fact been ahead of plans, and the company moved significantly into profitability for the year to December 2013. This has been achieved through management's focus on high-quality customer delivery, margin and cashflow.

In the year ahead the key objectives for the business are to grow and diversify further the revenue base. This will be facilitated by the investment made in December 2013 to fund a small bolt-on investment.

In addition, the company has undertaken a strategic review of the market and has also identified additional opportunities for further product diversification and margin improvement. Some of the identified strategies will be implemented during the coming year, as well as delivering further cost improvements from the capital investment already undertaken.

Latest Unaudited Results	2013 £'000	2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	24,045	21,250	Total cost	250	150
Pre-tax profit/(loss)	918	(668)	Income recognised in year	12	2
Net assets	2,592	1,773	Equity valuation	127	52
Valuation basis: Price of recent transaction			Loan stock valuation	150	100
			Total valuation	277	152
			Voting rights*	4.5%	1.8%

* Other funds managed by Calculus Capital have combined voting rights of 0.9 per cent.

Human Race Group Limited (“Human Race”)

Human Race owns and delivers over 58 events in triathlon, cycling, running, duathlon, aquathlon and open water swimming for over 100,000 participants of all abilities and ages.

The group had a successful year with like for like improvements in participant numbers and ‘net promoter scores’ (a key metric for measuring customer satisfaction). Events have been delivered well in testing weather and environmental conditions, with only one event having to be postponed due to poor weather. Financial performance for 2013 has been largely in line with forecasts. The group made a modest loss for the year to 31 December 2013. This was largely due to continued investment in growing events to maturity and a loss of event entry fees through refunds as a result of the postponed event. Continuous work goes on to ensure entry numbers continue to build across each event and a number of new marketing initiatives (physical, online and through partner channels) will be implemented throughout 2014.

The management team have built a motivated workforce and put in place the infrastructure necessary to develop and successfully run a growing portfolio of events.

Latest Unaudited Results (group)	2013 £'000	2012* £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	2,713	3,196	Total cost	300	150
Pre-tax loss	(48)	(23)	Income recognised in year	16	8
Net assets	2,053	2,329	Equity valuation	87	43
Valuation basis: Sales multiple			Loan stock valuation	200	100
			Total valuation	287	143
			Voting rights	1.9%	1.0%

* Estimated consolidation of financial results

Secure Electrans Limited (“Secure”)

In April 2013, £20,000 was invested in Secure, of which £12,000 was loan stock for the Ordinary Share Fund and £8,000 was loan stock for the C Share Fund. In May 2013, a further £17,000 of loan stock was invested in by the C Share Fund.

Secure is a UK based payments technology company. Its HomePay™ solution replicates the retail chip and pin experience for other card transactions. Secure Electrans' solution and back end system supports secure, low cost, chip and pin payment facilities for small and medium sized businesses – particularly businesses requiring a high degree of mobility (e.g. plumbers, window cleaners and hairdressers), card not present transactions on different devices (e.g. computers, tablets and mobile phone), prepaid smart energy meters and eGov Services as local and national government move more of their services online.

Global interest in chip and pin solutions for online transactions has increased significantly in the past year. The United States was the last major market to embrace chip and pin, having moved rapidly in this direction after significant losses of credit card information by major US retailers such as Target and Neiman Marcus. Notwithstanding the level of interest in Secure Electrans' products in its market, the company was unable to demonstrate adequate visibility over future working capital needs and full provision has been made against the value of our equity investment. We continue to value the loan stock at par as we believe there to be value in the intellectual property.

Latest Audited Results	2012 £'000	2011 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	61	111	Total cost	112	75
Pre-tax loss	(2,384)	(2,469)	Income recognised in year	1	2
Net (liabilities)/assets	(40)	259	Equity valuation	-	-
Valuation basis: Recoverable amount			Loan stock valuation	12	25
			Total valuation	12	25
			Voting rights	0.4%	0.2%

Tollan Energy Limited (“Tollan”)

Tollan has been set up to generate electricity from renewable micro-generation facilities. In February 2013, Tollan entered into an agreement to acquire a portfolio of installed solar PV panels on residential and commercial roofs in Northern Ireland and will benefit from Northern Ireland Renewable Obligation Certificates (“NIROCs”).

Tollan outsources operations, maintenance support and billing and cash collection services. The developer has experience in this sector having, amongst other renewable projects, carried out the repairs and maintenance to the 7,000 asset portfolio of Homesun prior to its sale to Aviva.

The systems will be provided at no cost to the homeowners. Tollan's revenues will come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed NIROC for every unit of electricity generated. Under the current NIROC regime, solar installations of less than 50kW per site receive 4 NIROCs per mega watt of electricity generated indexed for 20 years. Secondly, there is the export tariff for any surplus electricity not used by the homeowner that is exported to the grid.

As at 31 March 2014, 167 systems had been installed (0.9MW). It is anticipated that the portfolio will comprise of approximately 1.6MW in total. All systems are due to be installed prior to the end of the 2014 calendar year.

No financial information is currently available.

		Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
No results available.		Total cost	360	-
		Income recognised in year	17	-
		Equity valuation	150	-
		Valuation basis: Cost		Loan stock valuation
Total valuation	360			-
Voting rights	6.4%			-

Venn Life Science Holdings plc (“Venn”)

Venn is a Clinical Research Organisation (“CRO”) with operations in France, the Netherlands, Ireland and a branch office in Switzerland. The company's near term objective is the consolidation of a number of small European CROs to build a mid-sized CRO focused on the European market, offering clients a full service, multi-centred capability in Phase II-IV trials across a range of principal disease areas.

Latest Audited Results (group)	2012 £'000	2011 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	2,670	2,870	Total cost	120	80
Pre-tax (loss)/profit	(930)	1,030	Income recognised in year	-	-
Net assets	2,050	110	Equity valuation	88	59
Valuation basis: AIM traded			Loan stock valuation	-	-
			Total valuation	88	59
			Voting rights*	2.0%	1.3%

* Other funds managed by Calculus Capital have combined voting rights of 9.1 per cent.

Terrain Energy Limited (“Terrain”)

In August 2013, an additional investment of £5,000 was made in Terrain by the C Share Fund. A total of £200,000 of loan stock held by the Ordinary Share Fund was redeemed during 2013.

Terrain Energy is an oil and gas exploration and production company with licence interests in the East Midlands, Surrey, Northern Ireland and Germany. Terrain has interests in ten petroleum licences: Keddington, Kirklington, Dukes Wood, Kelham Hills and Burton on the Wolds in the East Midlands, Larne and a licence offshore to the north of Larne in Northern Ireland, Brockham in Surrey and Bruckmuhl and Starnberger See in Germany. Terrain is currently producing from wells at Keddington and Brockham. On average, 80 barrels of oil per day (bopd) and 100,000 standard cubic feet of gas per day are being produced (gross).

Two exploration wells are planned in 2014 on the Larne and Burton on the Wolds licences. Should the Larne well be a success, it would be game changing for the company as 450 million barrels of prospective resources have been mapped in the area (45 million barrels net to Terrain). Also, this would greatly increase the likelihood of finding commercial oil reserves in the 27th Offshore Round licence to the north of Larne which was awarded by DECC to the joint venture partners in early 2014 (Terrain owns 20%).

Terrain’s strengths lie in the quality of its management team; its mix of production, development and exploration assets which reduces risk; the size of its reserves, especially prospective resources, which are due to be drilled in the near future; and that it has sufficient cash to meet its commitments.

Latest Audited Results	2012 £'000	2011 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Dec	31 Dec			
Turnover	246	308	Total cost	100	95
Pre-tax loss	(66)	(72)	Income recognised in year	5	3
Net assets	3,670	3,435	Equity valuation	164	76
Valuation basis: Reserves multiple			Loan stock valuation	-	45
			Total valuation	164	121
			Voting rights	1.3%	0.6%

MicroEnergy Generation Services Limited (“MicroEnergy”)

MicroEnergy owns a portfolio of small onshore wind turbines.

As at 31 December 2013, 153 turbines had been installed in East Anglia and Yorkshire. The portfolio will provide MicroEnergy with sufficient scale to mitigate against concerns of poor short-term performance at any particular site. The revenues from the fleet of installed turbines come from two sources, both of which are inflation protected, being directly linked to RPI. Firstly, there is the Government backed feed-in tariff (“FIT”) paid by the electricity suppliers for every kilowatt of electricity generated for twenty years. Secondly, there is the export tariff for any surplus electricity not used by the site owner that is exported to the grid.

Latest Audited Results (group)	2013 £'000	2012* £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Mar	31 Mar			
Turnover	117	7	Total cost	300	-
Pre-tax loss	(84)	(107)	Income recognised in year	10	-
Net assets	2,739	1,623	Equity valuation	138	-
Valuation basis: Discounted cashflow			Loan stock valuation	150	-
			Total valuation	288	-
			Voting rights**	5.1%	-

* The financials in the period from 11 February 2011 to 31 March 2012 have not been audited.

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

Lime Technology Limited (“Lime Technology”)

The construction sector was one of the last sectors in the UK to show signs of recovery. It is now showing evidence of recovery, but from a low base. Lime Technology now comprises three main activities: Render and Mortars; a building systems division; and, in 2013, the group established an external wall insulation (“EWI”) division to address the need for insulation for the stock of existing (poorly insulated) pre-1980s houses. Lime Technology’s proprietary mortars were used in the renovation of St Pancras Station and, although used in ‘new build’, are most appropriate to the renovation and preservation of older buildings. This division is performing well but we believe it is capable of better performance. Lime Technology’s building systems division recently won a sizeable contract from a large pharmaceutical company for a new building. Lime Technology’s zero carbon panels were also used in the external wall construction of M&S’ new superstore at Cheshire Oaks, the largest outside of Marble Arch, and in the construction of the Science Museum’s new ‘large object’ archive at Wroughton, near Swindon. Lime Technology’s prefabricated panels are classed as ‘zero carbon’ and show superior performance compared to comparable products in terms of temperature, moisture control and fire resistance. For example, a 20 degree change in the external temperature changes the internal temperature by one degree over 32 hours. The recently launched EWI division has reached an average monthly run rate of about £400k-£500k per month from a zero base over the last twelve months. New management, appointed in January, is undertaking a number of reviews to improve operational efficiency in areas such as gross margin control, factory efficiency and improved tendering.

Latest Audited Results (group)	2013* £'000	2012 £'000	Investment information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Oct	31 Oct			
Turnover	5,254	5,997	Total cost	307	-
Pre-tax loss	(6,985)	(2,055)	Income recognised in year	20	-
Net liabilities	(584)	(499)	Equity valuation	8	-
Valuation basis: Comparable companies			Loan stock valuation	250	-
			Total valuation	258	-
			Voting rights	0.2%	-

* The Lime Technology Group accounts are not required to be audited. These figures are derived from the Lime Technology Limited, Hemcrete Projects Limited and Hemp Technology Limited accounts which have been audited.

Metropolitan Safe Custody Limited (“Metropolitan”)

Metropolitan provides safe custody services to many thousands of customers. The company currently runs two safe custody sites, one in Knightsbridge (BRO), the other in St. Johns Wood (SJW). These two vaults are amongst the largest of their type in the country. In addition to maximising space efficiency at these sites, investment is being made to increase unit and revenue capacity and to upgrade facilities. When the company's major 5-year capital expenditure programme is completed at the end of 2015, Metropolitan will have two top class vaults with outstanding facilities and systems. Additional customers add little to operating costs at the existing sites, and most of any additional income is forecast to fall straight to the bottom line. A number of the high street banks are withdrawing from the safe custody market, driven by their desire to focus on core activities and the closure of high street branches. As a result, many of the customers who previously stored goods with their local bank, have been looking for alternative provision. This is resulting in an increase in market share amongst the independent safe deposit providers.

Latest Audited Results (group)	Year ended 30 June 2013 £'000	Period* ended 30 June 2012 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Turnover	1,612	491	Total cost	190	90
Pre-tax profit	197	111	Income recognised in year	8	4
Net assets	4,238	4,118	Equity valuation	129	58
Valuation basis: Comparable companies			Loan stock valuation	100	50
			Total valuation	229	108
			Voting rights	2.2%	1.0%

* In 2012 the results of Metropolitan's principal trading subsidiary, Metropolitan Safe Deposits Limited, were only consolidated from 2 February 2012. The audited 12 month turnover for Metropolitan Safe Deposits Limited, was £1,390,000.

Qualifying Investments

No additional Qualifying Investments have been made since the year end.

Developments since the Year End

On 24 March 2014, Horizon raised £40m new equity in a private placing prior to IPO. Horizon was admitted to trading on the London Stock Exchange's AIM market at a price of 180 pence per share on 27 March 2014. This compares with the Company's cost price of 87.26 pence. Horizon aims to

become the global No1 in translational genomics research tools, and a leader in the implementation of personalised medicine.

There have been no further developments since the year end.

Outlook

The UK economy has shown recent signs of recovery from the low growth years post-recession, although concerns about productivity remain. In this context, we believe that the investments in the portfolio are well placed and can show good returns in the medium to longer term.

Calculus Capital Limited
19 May 2014

INVESTMENT MANAGER'S REVIEW (Structured Products)

Our non-Qualifying Investments are managed by Investec Structured Products. As at the date of this report, the Company held a portfolio of Structured Products based on the FTSE 100 Index. The products differ by duration and counterparty.

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

In the Ordinary Share Fund, this year the small £50,000 holding in the Abbey National product was sold early (21 June 2013) to help with cash flow, returning £59,500. All other products left in the portfolio are now maturing in 2015. Currently the FTSE 100 is above all of these strike levels; the highest strike level in the portfolio is now 5,341.93.

The C Share Fund is smaller and the Abbey National product matured on 5 February 2014, paying a 26% return on the £200,000 notional investment. There is now one product in the C share portfolio left which is due to mature in 2017; the strike of this is 5,246.99.

The continued strong performance of the FTSE 100 has supported valuations in the Structured Products portfolio. The FTSE 100 has remained far above all of the products' strike levels. As at 28 February 2014, the FTSE 100 was at 6,809.70. Over the past year, 5 year swap rates have increased slightly and volatility has remained low, mainly due to the improvements in the UK economy as a whole.

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

The Structured Products will achieve their target return subject to the Final Index Level of the FTSE 100 being higher than the Initial Index Level. The capital is at risk on a one-for-one basis ("CAR") if the FTSE 100 Index falls more than 50 per cent at any time during the investment term and fails to fully recover at maturity such that the Final Index Level is below the Initial Index Level. As at 28 February 2014, the following investments had been made in Structured Products:

Ordinary Share Fund:

Issuer	Strike Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Price as at 28 February 2014	Maturity Date	Return/Capital at Risk (CAR)
The Royal Bank of Scotland plc	05/05/2010	5,341.93	£275,000	£0.96	£1.5530	12/05/2015	162.5% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Investec Bank plc	14/05/2010	5,262.85	£500,000	£0.98	£1.6985	19/11/2015	185% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services	25/05/2010	4,940.68	£350,000	£0.99	£1.7348	18/11/2015	185% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

Matured/sold

Issuer	Strike Date	FTSE 100 Initial Index Level at Maturity	Notional Investment	Purchase Price	Price at Maturity/ Sale	Maturity Date/Date Sold	Return/Capital at Risk (CAR)
HSBC Bank plc	01/07/2010	4,805.75	£500,000	£1.00	Returned £1.2510	06/07/2012	125.1% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
The Royal Bank of Scotland plc	18/03/2011	5,718.13	£50,000	£1.00	Returned £1.1050	19/03/2012	Autocallable 10.5% p.a.; CAR if FTSE 100 falls more than 50%
Nomura Bank International**	28/05/2010	5,188.43	£350,000	£0.98	Sold at £1.2625	30/03/2012	137% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
Morgan Stanley International	10/06/2010	5,132.50	£500,000	£1.00	Sold at £1.3224	31/10/2012	134% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

Abbey National Treasury Services	03/08/2011	5,584.51	£50,000	£1.00	Sold at £1.1900	21/06/2013	126% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%
---	------------	----------	---------	-------	-----------------	------------	---

The total valuation of the amount invested in Structured Products in the Ordinary Share Fund as at 28 February 2014 was £1,883,498.

C Share Fund:

Issuer	Strike Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Price as at 28 February 2014	Maturity Date	Return/Capital at Risk (CAR)
Investec Bank plc	05/08/2011	5,246.99	£328,000	£1.00	£1.5325	10/03/2017	182% if FTSE 100 higher*; CAR if FTSE 100 falls more than 50%

Matured

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

The total valuation of the amount invested in Structured Products in the C Share Fund as at 28 February 2014 was £502,655.

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

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

Investec Structured Products
19 May 2014

**INVESTMENT PORTFOLIO
AS AT 28 FEBRUARY 2014**

Ordinary Share Fund

Net Assets	% of Net Assets
Structured Products	41%
Unquoted – loan stock	27%
Unquoted – ordinary and preference shares	32%
Unquoted – liquidity funds	0%
Net current assets	0%
	100%

Sector	% of Portfolio
Structured Products	41%
Unquoted – Qualifying Investments	59%
Unquoted – other non-Qualifying Investments	0%
	100%

Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
Structured Products					
Investec Bank plc	Banking	490	849	19%	19%
Abbey National Treasury Services	Banking	346	607	13%	13%
The Royal Bank of Scotland plc	Banking	264	427	10%	9%
Total Structured Products		1,100	1,883	42%	41%
Qualifying Investments					
Tollan Energy Limited	Energy	360	360	8%	8%
Brigantes Energy Limited	Oil and gas exploration and production	125	320	7%	7%
MicroEnergy Generation Services Limited	Energy	300	288	6%	6%
Human Race Group Limited	Leisure	300	287	6%	6%
Hampshire Cosmetics Limited	Cosmetics	250	277	6%	6%
Lime Technology Limited	Construction	307	258	6%	6%
AnTech Limited	Oil services	270	255	6%	6%
Metropolitan Safe Custody Limited	Safe depository services	190	229	5%	5%

Terrain Energy Limited	Onshore oil and gas production	100	164	4%	4%
Corfe Energy Limited	Oil and gas exploration and production	75	137	3%	3%
Venn Life Sciences Holdings plc	Clinical research	120	88	2%	2%
Dryden Human Capital Group Limited	Human resources	100	14	-	-
Secure Electrans Limited	E-commerce security	112	12	-	-
Heritage House Limited	Publishing and media services	127	-	-	-
Total Qualifying Investments		2,736	2,689	59%	59%
Other non-Qualifying Investments					
Scottish Widows Liquidity Fund	Liquidity fund	1	1	-	-
Total Other non-Qualifying Investments		1	1	-	-
Total Investments		3,837	4,573	101%	100%
Net Current Liabilities less Creditors due after one year			(61)	(1)%	
Net Assets			4,512	100%	

C Share Fund

Net Assets	% of Net Assets
Structured Products	28%
Unquoted – loan stock	18%
Unquoted – ordinary and preference shares	47%
Unquoted – liquidity funds	0%
Net current assets	7%
	100%

Sector	% of Portfolio
Structured Products	31%
Unquoted – Qualifying Investments	69%
Unquoted – other non-Qualifying Investments	0%
	100%

Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
Structured Products					
Investec Bank plc	Banking	328	503	28%	31%
Total Structured Products		328	503	28%	31%

Qualifying Investments

Hampshire Cosmetics Limited	Cosmetics	150	152	9%	9%
Quai Administration Services Limited	Technology	150	150	9%	9%
Scancell Holdings Plc	Biotech	100	144	8%	9%
Human Race Group Limited	Leisure	150	143	8%	9%
The One Place Capital Limited	Personal finance	127	127	7%	8%
Terrain Energy Limited	Onshore oil and gas production	95	121	7%	7%
Metropolitan Safe Custody Limited	Safe depository services	90	108	6%	6%
Pico's Limited	Leisure	50	64	4%	4%
Venn Life Sciences Holdings plc	Clinical research	80	59	3%	4%
Horizon Discovery Limited	Biotechnology	50	50	3%	3%
Secure Electrains Limited	E-commerce security	75	25	1%	1%

Heritage House Limited	Publishing and media services	64	-	-	-
Total Qualifying Investments		1,181	1,143	65%	69%
Other non-Qualifying Investments					
Fidelity Liquidity Fund	Liquidity fund	-	-	-	-
Scottish Widows Liquidity Fund	Liquidity fund	1	1	-	-
Total Other non-Qualifying Investments		1	1	-	-
Total Investments		1,510	1,647	93%	100%
Net Current Assets less Creditors due after one year			118	7%	
Net Assets			1,765	100%	

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.

The Company's business model is to conduct business as a venture capital trust ("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").

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

Company Strategy, Objectives and Business model

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments and Structured Products that will provide investment returns that are sufficient to allow the Company to maximise annual dividends and pay an interim return either by way of a special dividend or cash offer for shares on or before an interim return date;
- generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle beyond an interim return date;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying investors to retain their income tax relief of up to 30 per cent. on the initial investment and receive tax-free dividends and capital growth.

Investment policy

It is intended that approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of Structured Products. The balance will be used to meet initial costs and invested in cash or near cash assets (as directed by the Board) and will be available to invest in Venture Capital Investments and to fund ongoing expenses.

In order to qualify as a VCT, at least 70 per cent. of the Company's assets must be invested in Venture Capital Investments within approximately three years. Thus there will be a phased reduction in the Structured Products portfolio and corresponding build up in the portfolio of Venture Capital Investments to achieve and maintain this 70 per cent. threshold along the lines set out in the table below:

Average Exposure per Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Structured Products and cash/near cash	85%	75%	35%	25%	25%	0%
Venture Capital Investments	15%	25%	65%	75%	75%	100%

Note: the investment allocation set out above is only an estimate and the actual allocation will depend on market conditions, the level of opportunities and the comparative rates of returns available from Venture Capital Investments and Structured Products.

The combination of Venture Capital Investments and the Structured Products will be designed to produce ongoing capital gains and income that will be sufficient to maximise both annual dividends for the first five years from funds being raised and an interim return by an interim return date by way of a special dividend or cash tender offer for shares. After the interim return date, unless Investec Structured Products are requested to make further investments in Structured Products, the relevant fund will be left with a portfolio of Venture Capital Investments managed by Calculus Capital with a view to maximising long-term returns. Such returns will then be dependent, both in terms of amount and timing, on the performance of the Venture Capital Investments, but with the intention to source exits as soon as possible.

The portfolio of Structured Products will be constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The Structured Products may also be collateralised whereby notes are issued by one issuer (such as Investec Bank plc) but with the underlying investment risk being linked to more than one issuer (as approved by the Board) reducing insolvency risks, creating diversity and potentially increasing returns for shareholders. If the Company invests in a collateralised Structured Product, the amount of the exposure to an underlying issuer will be taken into account when reviewing investments for diversification. The maximum exposure to any one issuer (or underlying issuer) will be limited, in aggregate, to 15 per cent. of the assets of the Company at the time of investment. Structured Products can and may be sold before their maturity date if required for the purposes of making Venture Capital Investments and Investec Structured Products have agreed to make a market in the Structured Products, should this be required by the Company.

The intention for the portfolio of Venture Capital Investments is to build a diverse portfolio of primarily established unquoted companies across different industries. In order to generate income and where it is felt it would enhance shareholder return, investments may be structured to include loan stock and/or redeemable preference shares as well as ordinary equity. It is intended that the amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio (in both cases at the date of the investment).

The Board and its Managers 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 conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision.

Under its Articles, the Company has the ability to borrow a maximum amount equal to 25 per cent. of the gross assets of the Company. 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 (in particular, against Structured Products) for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.

The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of shareholders. The Company intends to be a generalist VCT investing in a wide range of sectors.

Risk diversification

The Board controls the overall risk of the Company. Calculus Capital will ensure the Company has exposure to a diversified range of Venture Capital Investments from different sectors. Investec Structured Products will ensure the Company has exposure to a diversified range of Structured Products. The Board believes that investment in these two asset classes provides further diversification.

Co-investment policy

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the

parties, the issues will be resolved at the discretion of the independent Directors, designated members and committees. It is not intended that the Company will co-invest with directors or members of the Calculus Capital management team (including family members).

In respect of the Venture Capital Investments, funds attributable to separate share classes will co-invest (i.e. pro rata allocation per fund, unless one of the funds has a pre-existing investment where the incumbent fund will have priority, or as otherwise approved by the Board). Any potential conflict of interest arising will be resolved on a basis which the Board believes to be equitable and in the best interests of all shareholders. A co-investment policy is not considered necessary for the Structured Products.

Policy on Qualifying Investments

Calculus Capital follows a disciplined investment approach which focuses on investing in more mature unquoted companies where the risk of capital loss is reduced and prospects for exit enhanced, typically by the cash generative characteristics and/or strong asset bases of the investee companies. Calculus Capital, therefore, intends to:

- invest in a diversified portfolio from a range of different sectors;
- focus on companies which are cash generative and/or with a strong asset base;
- structure investments to include loans and preference shares where it is felt this would enhance shareholder return;
- invest in companies which operate in sectors with a high degree of predictability and a defensible market position; and
- invest in companies which can benefit both from the capital provided by Calculus Capital but also from the many years of operating and financial experience of the Calculus Capital team.

It is intended that the Venture Capital Investments portfolio will be spread across a number of investments and the amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively (in both cases at the date of investment).

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.

Performance

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

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

The financial performance of the Company is set out below:

	Year Ended 28 February 2014	Year Ended 28 February 2013
Ordinary Share Fund		
Fair value portfolio valuation	£4.6m	£4.5m
Total return after tax	£199,000	£309,000
Total return per ordinary share	4.2p	6.5p
NAV per ordinary share	95.2p	96.3p
Ordinary share price	85.5p	92.5p
Ordinary share price discount to NAV	(10.2)%	(3.9)%
C Share Fund		
Fair value portfolio valuation	£1.6m	£1.3m
Total return after tax	£47,000	£104,000
Total return per C share	2.4p	5.4p
NAV per C share	91.4p	93.5p
C share price	90.p	90.0p
C share price discount to NAV	(1.5)%	(3.7)%

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

To maintain its qualifying status as a Venture Capital Trust, the Company as a whole needs to be at least 70 per cent. invested in Qualifying Investments by the end of the relevant third accounting period. At 28 February 2014, the qualifying percentage for the Company was 71.8 per cent.

Principal Risks and Uncertainties Facing the Company

The Company is exposed to a variety of risks. The principal financial risks and the Company's policies for managing these risks and the policy and practice with regard to financial instruments are summarised in note 15 to the Accounts.

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

Loss of approval as a venture capital trust and other regulatory breaches

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

The Board receives regular updates from the Managers and financial information is produced on a monthly basis. The Board has appointed an independent adviser to monitor and advise on the Company's compliance with the VCT rules.

The Company is subject to compliance with the Companies Act 2006, the rules of the UK Listing Authority and ITA 2007. A breach of any of these could lead to suspension of the listing of the Company's shares on the London Stock Exchange and/or financial penalties, with the resulting reputational implications.

Venture Capital Investments

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

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

Calculus Capital 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.

Risks attaching to investment in Structured Products

Structured Products are subject to market fluctuations and the Company may lose some or all of its investment. In the event of a long-term decline in the FTSE 100 Index, or, in the case of the C Share Fund, in such other index as this fund may be invested, there will be no gains from the Structured Products. In the event of a fall in the relevant index of more than 50 per cent. at any time during the Structured Product term, and where the Final Index Level is below the Initial Index Level, there will be losses on the Structured Products.

There may not be a liquid market in the Structured Products and there may never be two competitive market makers, making it difficult for the Company to realise its investment. Risk is increased further where there is a single market maker who is also the issuer of the Structured Product. Investec Structured Products has agreed to make a market in the Structured Products, should this be required by the Company.

Factors which may influence the market value of Structured Products include interest rates, changes in the method of calculating the relevant underlying index from time to time and market expectations regarding the future performance of the relevant underlying index, its composition and such Structured Products.

Investec Structured Products has been appointed to manage the Structured Products portfolio for its expertise in these types of financial products. Restrictions have been agreed with Investec Structured Products relating to approved counterparties and maximum exposure to any one counterparty.

Liquidity/marketability risk

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

Changes to legislation/taxation

Changes in legislation or tax rates concerning VCTs in general, and Venture Capital Investments and qualifying trades in particular, may limit the number of new Venture Capital Investment opportunities, and thereby adversely affect the ability of the Company to achieve or maintain VCT status, and/or reduce the level of returns which would otherwise have been achievable.

Engagement of third party advisers

The Company has no employees and relies on services provided by third parties. The Board has appointed Calculus Capital as Investment Manager of the Qualifying Investments portfolio and Investec Structured Products as Investment Manager of the Structured Products portfolio. Capita Sinclair Henderson Limited provides administration, accounting and company secretarial services, and Investec Wealth & Investments acts as custodian.

C shares versus ordinary shares

The assets relating to the C shares are managed and accounted for separately from the assets attributable to the ordinary shares. However, a number of company regulations and VCT requirements are assessed at company level and, therefore, the performance of one fund may impact adversely on the other. The Board monitors both the performance of each separate fund as well as requirements at a company level to reduce the risk of this occurring.

Employees, Environmental, Human rights and Community Issues

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

Gender Diversity

The Board of Directors comprised of three male Directors and one female Director during, and at the end of, the year to 28 February 2014.

On behalf of the Board
Michael O'Higgins
Chairman
19 May 2014

BOARD OF DIRECTORS

Directors

The Directors who held office during the course of the period were as follows:

Michael O'Higgins (Chairman)*
Kate Cornish-Bowden*
John Glencross
Steve Meeks*

* Independent of the Investment Managers.

INVESTMENT MANAGERS

Calculus Capital

Calculus Capital Limited is the Venture Capital Investments portfolio manager (VCT Qualifying Investments).

Investec Structured Products

Investec Structured Products (a trading name of Investec Bank plc) is the Structured Products portfolio manager (non VCT Qualifying Investments).

EXTRACTS FROM THE DIRECTORS' REPORT

Share Capital

At the year end and at the date of this report, the issued share capital comprised 4,738,463 ordinary shares (representing 71.05 per cent. of total voting rights and of the total share capital) and 1,931,095 C shares (representing 28.95 per cent. of total voting rights and of the total share capital). No shares were held in Treasury.

At the Annual General Meeting held on 17 July 2012, the Directors were granted authority to allot shares up to an aggregate nominal amount of £206,700, and this authority will expire at the Annual General Meeting to be held in 2017.

The Directors were also authorised to issue shares for cash (without rights of pre-emption applying) (i) up to £100,000 of each class of share by way of offer for subscription and (ii) up to 10 per cent. of each class of share for general purposes and to buy back up to 14.99 per cent. of each of the ordinary and C shares in issue. No shares have been issued or bought back during the period. The Board's proposals for the renewal of these authorities are detailed in the full Annual Report.

Going Concern

After making enquiries, and having reviewed the portfolio, balance sheet and projected income and expenditure for the next twelve months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing the Accounts.

The full Annual Report and Accounts contains the following statements regarding responsibility for the Accounts.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

In preparing these Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Accounts; and
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

The Accounts are published on the www.calculuscapital.com website, which is a website maintained by one of the Company's Investment Managers, Calculus Capital. The maintenance and integrity of the website maintained by Calculus Capital is, so far as it relates to the Company, the responsibility of Calculus Capital. 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 the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Michael O'Higgins
Chairman
19 May 2014

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company's statutory accounts for the year ended 28 February 2014 and the year ended 29 February 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies, and those for 2014 will be delivered in due course. The Auditor has reported on those 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 www.calculuscapital.com.

INCOME STATEMENT
for the year ended 28 February 2014

	Note	Year Ended 28 February 2014			Year Ended 28 February 2013		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Ordinary Share Fund							
Investment holding gains/(losses)	8	-	267	267	-	(3)	(3)
Gain on disposal of investments	8	-	10	10	-	391	391
Income	2	74	-	74	71	-	71
Investment management fee	3	(11)	(34)	(45)	(11)	(33)	(44)
Other operating expenses	4	(107)	-	(107)	(106)	-	(106)
(Loss)/profit on ordinary activities before taxation		(44)	243	199	(46)	355	309
Taxation on ordinary activities	5	-	-	-	-	-	-
(Loss)/profit for the year		(44)	243	199	(46)	355	309
Basic and diluted earnings per ordinary share	7	(0.9)p	5.1p	4.2p	(1.0)p	7.5p	6.5p
C Share Fund							
Investment holding gains	8	-	33	33	-	80	80
Gain on disposal of investments	8	-	52	52	-	72	72
Income	2	22	-	22	13	-	13
Investment management fee	3	(4)	(13)	(17)	(4)	(13)	(17)
Other operating expenses	4	(43)	-	(43)	(44)	-	(44)
(Loss)/profit on ordinary activities before taxation		(25)	72	47	(35)	139	104
Taxation on ordinary activities	5	-	-	-	-	-	-
(Loss)/profit for the year		(25)	72	47	(35)	139	104
Basic and diluted earnings per C share	7	(1.3)p	3.7p	2.4p	(1.8)p	7.2p	5.4p

The total column of these statements represents the Income Statement of the Ordinary Share Fund and C Share Fund.

The supplementary revenue return and capital return columns are both prepared in accordance with the Association of Investment Companies' ("AIC") Statement of Recommended Practice ("SORP").

No operations were acquired or discontinued during the year.

All items in the above statement derive from continuing operations.

There were no recognised gains or losses other than those passing through the Income Statement.

The notes form an integral part of these Accounts.

INCOME STATEMENT (continued)
for the year ended 28 February 2014

	Note	Year Ended 28 February 2014			Year Ended 28 February 2013		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Total							
Investment holding gains	8	-	300	300	-	77	77
Gain on disposal of investments	8	-	62	62	-	463	463
Income	2	96	-	96	84	-	84
Investment management fee	3	(15)	(47)	(62)	(15)	(46)	(61)
Other operating expenses	4	(150)	-	(150)	(150)	-	(150)
(Loss)/profit on ordinary activities before taxation		(69)	315	246	(81)	494	413
Taxation on ordinary activities	5	-	-	-	-	-	-
(Loss)/profit for the year		(69)	315	246	(81)	494	413
Basic and diluted earnings per ordinary share	7	(0.9)p	5.1p	4.2p	(1.0)p	7.5p	6.5p
Basic and diluted earnings per C share	7	(1.3)p	3.7p	2.4p	(1.8)p	7.2p	5.4p

The total column of this statement represents the Company's Income Statement.

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

No operations were acquired or discontinued during the year.

All items in the above statement derive from continuing operations.

There were no recognised gains or losses other than those passing through the Income Statement.

The notes form an integral part of these Accounts

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 28 February 2014

	Share Capital £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
Ordinary Share Fund						
For the year ended 28 February 2014						
1 March 2013	47	3,978	297	469	(229)	4,562
Investment holding gains	-	-	-	267	-	267
Gain on disposal of investments	-	-	10	-	-	10
Management fee allocated to capital	-	-	(34)	-	-	(34)
Revenue return on ordinary activities after tax	-	-	-	-	(44)	(44)
Dividend paid	-	(249)	-	-	-	(249)
28 February 2014	47	3,729	273	736	(273)	4,512
For the year ended 28 February 2013						
1 March 2012	47	4,226	(61)	472	(183)	4,501
Change in accrual of IFA trail commission	-	1	-	-	-	1
Investment holding losses	-	-	-	(3)	-	(3)
Gain on disposal of investments	-	-	391	-	-	391
Management fee allocated to capital	-	-	(33)	-	-	(33)
Revenue return on ordinary activities after tax	-	-	-	-	(46)	(46)
Dividend paid	-	(249)	-	-	-	(249)
28 February 2013	47	3,978	297	469	(229)	4,562

The notes form an integral part of these Accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)
for the year ended 28 February 2014

	Share Capital £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
C Share Fund						
For the year ended 28 February 2014						
1 March 2013	19	1,715	47	104	(80)	1,805
Investment holding gains	-	-	-	33	-	33
Gain on disposal of investments	-	-	52	-	-	52
Management fee allocated to capital	-	-	(13)	-	-	(13)
Revenue return on ordinary activities after tax	-	-	-	-	(25)	(25)
Dividend paid	-	(87)	-	-	-	(87)
28 February 2014	19	1,628	86	137	(105)	1,765
For the year ended 28 February 2013						
1 March 2012	19	1,802	(12)	24	(45)	1,788
Investment holding gains	-	-	-	80	-	80
Gain on disposal of investments	-	-	72	-	-	72
Management fee allocated to capital	-	-	(13)	-	-	(13)
Revenue return on ordinary activities after tax	-	-	-	-	(35)	(35)
Dividend paid	-	(87)	-	-	-	(87)
28 February 2013	19	1,715	47	104	(80)	1,805

The notes form an integral part of these Accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)
for the year ended 28 February 2014

	Share Capital £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
Total						
For the year ended 28 February 2014						
1 March 2013	66	5,693	344	573	(309)	6,367
Investment holding gains	-	-	-	300	-	300
Gain on disposal of investments	-	-	62	-	-	62
Management fee allocated to capital	-	-	(47)	-	-	(47)
Revenue return on ordinary activities after tax	-	-	-	-	(69)	(69)
Dividend paid	-	(336)	-	-	-	(336)
28 February 2014	66	5,357	359	873	(378)	6,277
For the year ended 28 February 2013						
1 March 2012	66	6,028	(73)	496	(228)	6,289
Change in accrual of IFA trail commission	-	1	-	-	-	1
Investment holding gains	-	-	-	77	-	77
Gain on disposal of investments	-	-	463	-	-	463
Management fee allocated to capital	-	-	(46)	-	-	(46)
Revenue return on ordinary activities after tax	-	-	-	-	(81)	(81)
Dividend paid	-	(336)	-	-	-	(336)
28 February 2013	66	5,693	344	573	(309)	6,367

The notes form an integral part of these Accounts.

BALANCE SHEET
as at 28 February 2014

	Note	28 February 2014 £'000	28 February 2013 £'000
Ordinary Share Fund			
Fixed assets			
Investments	8	4,573	4,545
Current assets			
Debtors	9	73	110
Cash at bank and on deposit		-	4
		73	114
Creditors: amount falling due within one year			
Creditors	10	(107)	(87)
Bank overdraft		(22)	-
		(129)	(87)
Net current (liabilities)/assets		(56)	27
Non-current liabilities			
IFA trail commission		(5)	(10)
Net assets		4,512	4,562
Capital and reserves			
Called-up share capital	11	47	47
Special reserve		3,729	3,978
Capital reserve – realised		273	297
Capital reserve – unrealised		736	469
Revenue reserve		(273)	(229)
Equity shareholders' funds		4,512	4,562
Net asset value per ordinary share – basic	12	95.2p	96.3p

The notes form an integral part of these Accounts.

BALANCE SHEET (continued)
as at 28 February 2014

	Note	28 February 2014 £'000	28 February 2013 £'000
C Share Fund			
Fixed assets			
Investments	8	1,647	1,258
Current assets			
Debtors	9	29	35
Cash at bank and on deposit		130	556
		159	591
Creditors: amount falling due within one year			
Creditors	10	(36)	(36)
Net current assets		123	555
Non-current liabilities			
IFA trail commission		(5)	(8)
Net assets		1,765	1,805
Capital and reserves			
Called-up share capital	11	19	19
Special reserve		1,628	1,715
Capital reserve – realised		86	47
Capital reserve – unrealised		137	104
Revenue reserve		(105)	(80)
Equity shareholders' funds		1,765	1,805
Net asset value per C share – basic	12	91.4p	93.5p

The notes form an integral part of these Accounts.

BALANCE SHEET (continued)
as at 28 February 2014

	Note	28 February 2014 £'000	28 February 2013 £'000
Total			
Fixed assets			
Investments	8	6,220	5,803
Current assets			
Debtors	9	102	145
Cash at bank and on deposit		130	560
		232	705
Creditors: amounts falling due within one year			
Creditors	10	(143)	(123)
Bank overdraft		(22)	-
		(165)	(123)
Net current assets		67	582
Non-current liabilities			
IFA trail commission		(10)	(18)
Net assets		6,277	6,367
Capital and reserves			
Called-up share capital		66	66
Special reserve		5,357	5,693
Capital reserve – realised		359	344
Capital reserve – unrealised		873	573
Revenue reserve		(378)	(309)
Equity shareholders' funds		6,277	6,367
Net asset value per ordinary share – basic	12	95.2p	96.3p
Net asset value per C share – basic	12	91.4p	93.5p

These Accounts were approved by the Board of Directors of Investec Structured Products Calculus VCT plc and were authorised for issue on 19 May 2014 and were signed on its behalf by:

Michael O'Higgins
Chairman

Registered No. 07142153 England & Wales

The notes form an integral part of these Accounts.

CASH FLOW STATEMENT
for the year ended 28 February 2014

	Note	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund			
Operating activities			
Investment income received		104	56
Deposit interest received		-	2
Investment management fees		(22)	(22)
Other cash payments		(103)	(85)
Cash expended from operating activities	13	(21)	(49)
Cash flow from investing activities			
Purchase of investments		(12)	(1,700)
Sale of investments		261	1,978
Net cash flow from investing activities		249	278
Equity dividend paid		(249)	(249)
Net cash flow before financing		(21)	(20)
Cash flow from financing activities			
Expenses of share issues		(5)	(4)
Net cash flow from financing activities		(5)	(4)
Decrease in cash at bank and on deposit		(26)	(24)
Analysis of changes in cash at bank and on deposit			
Beginning of year		4	28
Net cash decrease		(26)	(24)
As at 28 February		(22)	4

The notes form an integral part of these Accounts.

CASH FLOW STATEMENT (continued)
for the year ended 28 February 2014

	Note	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
C Share Fund			
Operating activities			
Investment income received		22	8
Deposit interest received		1	-
Investment management fees		(17)	(9)
Other cash payments		(38)	(20)
Cash expended from operating activities	13	(32)	(21)
Cash flow from investing activities			
Purchase of investments		(657)	(722)
Sale of investments		353	1,307
Net cash flow from investing activities		(304)	585
Equity dividend paid		(87)	(87)
Net cash flow before financing		(423)	477
Cash flow from financing activities			
Expenses of share issues		(3)	(25)
Net cash flow from financing activities		(3)	(25)
(Decrease)/increase in cash at bank and on deposit		(426)	452
Analysis of changes in cash at bank and on deposit			
Beginning of year		556	104
Net cash (decrease)/increase		(426)	452
As at 28 February		130	556

The notes form an integral part of these Accounts.

CASH FLOW STATEMENT (continued)
for the year ended 28 February 2014

	Note	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Total			
Operating activities			
Investment income received		126	64
Deposit interest received		1	2
Investment management fees		(39)	(31)
Other cash payments		(141)	(105)
Cash expended from operating activities	13	(53)	(70)
Cash flow from investing activities			
Purchase of investments		(669)	(2,422)
Sale of investments		614	3,285
Net cash flow from investing activities		(55)	863
Equity dividend paid		(336)	(336)
Net cash flow before financing		(444)	457
Cash flow from financing activities			
Expenses of share issues		(8)	(29)
Net cash flow from financing activities		(8)	(29)
(Decrease)/increase in cash at bank and on deposit		(452)	428
Analysis of changes in cash at bank and on deposit			
Beginning of year		560	132
Net cash (decrease)/increase		(452)	428
As at 28 February		108	560

The notes form an integral part of these Accounts.

NOTES TO THE ACCOUNTS

1. Accounting Policies

Basis of accounting

These Accounts cover the 12 month period 1 March 2013 to 28 February 2014, and have been prepared under the historical cost convention, except for the valuation of financial assets at fair value through profit or loss, in accordance with UK Generally Accepted Accounting Practice (“UK GAAP”) and the AIC SORP issued in January 2009. These Accounts are prepared on the going concern basis.

In determining the analysis of total income and expenses as between capital return and revenue return, the Directors have followed the guidance contained in the AIC SORP, and on the assumption that the Company maintains VCT status.

Expenses are allocated between the Ordinary Share Fund and the C Share Fund on the basis of the ratio of the number of shares held by the respective fund to the total number of ordinary and C shares where the expense is a shared expense. Where expenses are not shared in this proportion, they are applied on the basis of the most accurate method.

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

The Company has not prepared consolidated accounts and has accounted for its subsidiary, Investec SPV Limited, as an investment on the grounds that its results are immaterial to the Company. Investec SPV Limited was dissolved in March 2014 as it was no longer required.

The Company’s Accounts are presented in Sterling.

Investments at fair value through profit or loss

The Company aims to invest in portfolios of Structured Products and Venture Capital Investments that will provide sufficient total returns to allow the Company to pay annual dividends and provide long-term capital returns for investors. As a result, all investments held by the Company are designated, upon initial recognition, as held at fair value through profit or loss, in accordance with Financial Reporting Standard 26 ‘Financial Instruments: Recognition and Measurement’ and the AIC SORP. 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 portfolio is provided internally on this basis to the Board. Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm’s length transaction. Investments held at fair value through profit or loss are initially recognised at cost, 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. Subsequently, investments are measured at fair value, with gains and losses on investments recognised in the Income Statement and allocated to capital. All purchases and sales of investments are accounted for on trade date basis.

For investments actively traded in organised financial markets, fair value is generally determined by reference to quoted market bid, or last, prices, depending on the convention of the exchange on which the investment is quoted, at the close of business on the Balance Sheet date.

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

Unquoted investments are valued using an appropriate valuation technique so as to establish what the transaction price would have been at the Balance Sheet date. Such investments are valued in accordance with the International Private Equity and Venture Capital Association ("IPEV") guidelines. Primary indicators of fair value are derived from earnings multiples, recent arm's length market transactions, net assets or, where appropriate, at cost for recent investments or the discounted cash flow valuation as at the previous reporting date.

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 is recognised using the effective interest rate method. Interest receivable on bank deposits is included in the Accounts on an accruals basis.

The gains and losses arising on investments in Structured Products are allocated between revenue and capital according to the nature of each Structured Product. This is dependent on the extent to which the return on the Structured Product is capital or revenue based.

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

Expenses

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

- expenses, except as stated below, are charged to the revenue column of the Income Statement;
- expenses incurred on the acquisition or disposal of an investment are taken to the capital column of the Income Statement;
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect management fees have been allocated 75 per cent. to the capital column and 25 per cent. to the revenue column of 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; and
- expenses associated with the issue of shares are deducted from the share premium account. Annual IFA trail commission covering a five year period since share allotment has been provided for in the Accounts as, due to the nature of the Company, it is probable that this will be payable. The commission is apportioned between current and non-current liabilities.

Expenses incurred by the Company in excess of the agreed cap, currently 3 per cent. of the gross amount raised from the offer for subscription of ordinary shares and C shares respectively for the 2009/2010, 2010/2011 and 2011/2012 tax years (excluding irrecoverable VAT, annual trail commission and performance incentive fees), can be clawed back from Investec Structured Products until the Ordinary Share Interim Return Date. Any clawback is treated as a credit against the expenses of the Company.

Investment management and performance fees

Calculus Capital, as Investment Manager of the VCT qualifying portfolio, receives an annual investment management fee of an amount equivalent to 1.0 per cent. of the net assets of the respective share fund.

Investec Structured Products, as Investment Manager of the Structured Products portfolio, does not receive any annual management fees from the Company. Investec Structured Products is entitled to an arrangement fee from the providers of Structured Products as detailed in note 17.

The Investment Managers will each receive a performance incentive fee payable in cash of an amount equal to 10 per cent. of dividends and distributions paid (including the relevant distribution being offered) to holders of ordinary shares over and above 105p per ordinary share (this being a 50 per cent. return on an initial net investment of 70p per ordinary share taking into account upfront income tax relief) provided holders of ordinary shares have received or been offered an interim return of at least 70p per share for payment on or before 14 December 2015. Such performance incentive fees will be paid within 10 business days of the date of payment of the relevant dividend or distribution.

For the C Share Fund, Investec Structured Products and Calculus Capital will be entitled to performance incentive fees as set out below:

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

provided in each case that C shareholders have received or been offered the C Share Interim Return of at least 70p per C share on or before 14 March 2017 and at least a further 45p per C share having been received or offered for payment on or before the 14 March 2019.

Capital reserve

The capital return component of the return for the year is taken to the non-distributable capital reserves and the unrealised capital component of the return for the year is taken to the non-distributable capital reserves within the Reconciliation of Movements in Shareholders' Funds.

Special reserve

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

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

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the Balance Sheet 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 Accounts.

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 substantially 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 VCT status. However, the net revenue (excluding UK dividend income) accruing to the Company is liable to corporation tax at the prevailing rates.

Dividends

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

2. Income

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
UK dividends	2	-
UK unfranked loan stock interest	58	68
Liquidity fund interest	-	1
Redemption premium	12	-
Bank interest	-	2
Commission fees received	2	-
	74	71
Total income comprises:		
Interest	70	71
Dividends	2	-
Other income	2	-
	74	71
C Share Fund		
UK dividends	1	-
UK unfranked loan stock interest	19	12
Liquidity fund interest	-	1
Bank interest	1	-
Commission fees received	1	-
	22	13
Total income comprises:		
Interest	20	13
Dividends	1	-
Other income	1	-
	22	13

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Total		
UK dividends	3	-
UK unfranked loan stock interest	77	80
Liquidity fund interest	-	2
Redemption premium	12	-
Bank interest	1	2
Commission fees received	3	-
	96	84
Total income comprises:		
Interest	90	84
Dividends	3	-
Other income	3	-
	96	84

3. Management Fee

	Year Ended 28 February 2014			Year Ended 28 February 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
Investment management fee	11	34	45	11	33	44
C Share Fund						
Investment management fee	4	13	17	4	13	17
Total						
Investment management fee	15	47	62	15	46	61

No performance fee was paid during the year.

4. Other Expenses

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
Directors' fees	35	47
Secretarial and accounting fees	59	59
Auditor's remuneration		
- audit services	14	15
- tax compliance services	4	4
Other	52	43
Clawback of expenses in excess of 3% cap repayable from the Manager	(57)	(62)
	107	106
C Share Fund		
Directors' fees	15	19
Secretarial and accounting fees	24	24
Auditor's remuneration		
- audit services	6	6
- tax compliance services	2	2
Other	19	21
Clawback of expenses in excess of 3% cap repayable from the Manager	(23)	(28)
	43	44
Total		
Directors' fees	50	66
Secretarial and accounting fees	83	83
Auditor's remuneration		
- audit services	20	21
- tax compliance services	6	6
Other	71	64
Clawback of expenses in excess of 3% cap repayable from the Manager	(80)	(90)
	150	150

Further details of Directors' fees can be found in the Directors' Remuneration Report in the full Annual Report.

5. Taxation

	Year Ended 28 February 2014			Year Ended 28 February 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share Fund						
(Loss)/profit on ordinary activities before tax	(44)	243	199	(46)	355	309
Theoretical tax at UK Corporation Tax rate of 23.1% (2013: 24.2%)	(10)	56	46	(11)	86	75
Timing differences: loss not recognised, carried forward	10	8	18	11	8	19
Effects of non-taxable gains	-	(64)	(64)	-	(94)	(94)
Tax charge	-	-	-	-	-	-
C Share Fund						
(Loss)/profit on ordinary activities before tax	(25)	72	47	(35)	139	104
Theoretical tax at UK Corporation Tax rate of 23.1% (2013: 24.2%)	(6)	17	11	(9)	34	25
Timing differences: loss not recognised, carried forward	6	3	9	9	3	12
Effects of non-taxable gains	-	(20)	(20)	-	(37)	(37)
Tax charge	-	-	-	-	-	-
Total						
(Loss)/profit on ordinary activities before tax	(69)	315	246	(81)	494	413
Theoretical tax at UK Corporation Tax rate of 23.1% (2013: 24.2%)	(16)	73	57	(20)	120	100
Timing differences: loss not recognised, carried forward	16	11	27	20	11	31
Effects of non-taxable gains	-	(84)	(84)	-	(131)	(131)
Tax charge	-	-	-	-	-	-

At 28 February 2014, the Company had £443,343 (28 February 2013: £428,064) of excess management expenses to carry forward against future taxable profits.

The Company's deferred tax asset of £93,102 (28 February 2013: £103,591) has not been recognised due to the fact that it is unlikely the excess management expenses will be set off in the foreseeable future.

6. Dividends

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
Declared and paid: 5.25p per ordinary share in respect of the year ended 28 February 2013 (2012: 5.25p)	249	249
Proposed final dividend: 5.25p per ordinary share in respect of the year ended 28 February 2014 (2013: 5.25p)	249	249
C Share Fund		
Declared and paid: 4.5p per C share in respect of the year ended 28 February 2013 (2012: 4.5p)	87	87
Proposed final dividend: 4.5p per C share in respect of the year ended 28 February 2014 (2013: 4.5p)	87	87

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

7. Return per Share

	Year Ended 28 February 2014			Year Ended 28 February 2013		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per ordinary share	(0.9)	5.1	4.2	(1.0)	7.5	6.5
Return per C share	(1.3)	3.7	2.4	(1.8)	7.2	5.4

Ordinary Share Fund

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £44,000 (28 February 2013: £46,000) and on 4,738,463 ordinary shares (28 February 2013: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital gain for the year of £243,000 (28 February 2013: £355,000) and on 4,738,463 ordinary shares (28 February 2013: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

Total return per ordinary share is based on the total gain on ordinary activities after taxation of £199,000 (28 February 2013: £309,000) and on 4,738,463 ordinary shares (28 February 2013: 4,738,463), being the weighted average number of ordinary shares in issue during the year.

C Share Fund

Revenue return per C share is based on the net revenue loss on ordinary activities after taxation of £25,000 (28 February 2013: £35,000) and on 1,931,095 C shares (28 February 2013: 1,931,095), being the weighted average number of C shares in issue during the year.

Capital return per C share is based on the net capital gain for the year of £72,000 (28 February 2013: £139,000) and on 1,931,095 C shares (28 February 2013: 1,931,095), being the weighted average number of C shares in issue during the year.

Total return per C share is based on the total gain for the year of £47,000 (28 February 2013: £104,000) and on 1,931,095 C shares (28 February 2013: 1,931,095), being the weighted average number of C shares in issue during the year.

8. Investments

	Year Ended 28 February 2014			
	Structured Product Investments	Unquoted Investments	Other Investments	Total
	£'000	£'000	£'000	£'000
Ordinary Share Fund				
Opening bookcost	1,150	2,924	2	4,076
Opening investment holding gains/(losses)	584	(115)	-	469
Opening valuation	1,734	2,809	2	4,545
Movements in year:				
Purchases at cost	-	12	-	12
Sales proceeds	(60)	(200)	(1)	(261)
Realised gains on sales	10	-	-	10
Increase/decrease in investment holding gains/(losses)	199	68	-	267
Movements in year	149	(120)	(1)	(28)
Closing valuation	1,883	2,689	1	4,573
Closing bookcost	1,100	2,736	1	3,837
Closing investment holding gains/(losses)	783	(47)	-	736
Closing valuation	1,883	2,689	1	4,573

Unquoted investments include unquoted shares valued at £nil (2013: £nil) in the Company's subsidiary, Investec SPV. These shares cost £1,834, resulting in an unrealised loss of £1,834 (2013: £1,834).

C Share Fund

Opening bookcost	528	524	102	1,154
Opening investment holding gains/(losses)	159	(55)	-	104
Opening valuation	687	469	102	1,258
Movements in year:				
Purchases at cost	-	657	-	657
Sales proceeds	(252)	-	(101)	(353)
Realised gains on sales	52	-	-	52
Increase/decrease in investment holding gains/(losses)	16	17	-	33
Movements in year	(184)	674	(101)	389
Closing valuation	503	1,143	1	1,647
Closing bookcost	328	1,181	1	1,510
Closing investment holding gains/(losses)	175	(38)	-	137
Closing valuation	503	1,143	1	1,647

Unquoted investments include unquoted shares valued at £nil (2013: £nil) in the Company's subsidiary, Investec SPV. The shares cost £917, resulting in an unrealised loss of £917 (2013: £917).

Year Ended 28 February 2014				
	Structured Product Investments £'000	Unquoted Investments £'000	Other Investments £'000	Total £'000
Total				
Opening bookcost	1,678	3,448	104	5,230
Opening investment holding gains/(losses)	743	(170)	-	573
Opening valuation	2,421	3,278	104	5,803
Movements in year:				
Purchases at cost	-	669	-	669
Sales proceeds	(312)	(200)	(102)	(614)
Realised gains on sales	62	-	-	62
Increase/decrease in investment holding gains/(losses)	215	85	-	300
Movements in year	(35)	554	(102)	417
Closing valuation	2,386	3,832	2	6,220
Closing bookcost	1,428	3,917	2	5,347
Closing investment holding gains/(losses)	958	(85)	-	873
Closing valuation	2,386	3,832	2	6,220

Note 15 provides a detailed analysis of investments held at fair value through profit and loss in accordance with Financial Reporting Standard 29 'Financial Instruments: Disclosures'.

During the year the Company incurred no transaction costs on purchases in respect of ordinary shareholder activities or C shareholder activities.

Investec SPV was incorporated on 29 November 2011 and dissolved on 25 March 2014. As at 28 February 2014, Investec SPV had share capital of £2,751 (2013: £2,751) and a revenue deficit of £2,751 (2013: deficit of £2,751), valuing Investec SPV at £nil.

9. Debtors

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
Prepayments and accrued income	16	48
Clawback of expenses in excess of 3% cap payable by the Manager	57	62
	73	110
C Share Fund		
Prepayments and accrued income	6	7
Clawback of expenses in excess of 3% cap payable by the Manager	23	28
	29	35

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Total		
Prepayments and accrued income	22	55
Clawback of expenses in excess of 3% cap payable by the Manager	80	90
	102	145

10. Creditors

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
IFA trail commission	5	5
Management fees	56	33
Audit fees	17	16
Directors' fees	6	6
Administration fees	5	5
Other creditors	18	22
	107	87
C Share Fund		
IFA trail commission	2	2
Management fees	13	13
Audit fees	7	7
Directors' fees	2	2
Administration fees	2	2
Other creditors	10	10
	36	36
Total		
IFA trail commission	7	7
Management fees	69	46
Audit fees	24	23
Directors' fees	8	8
Administration fees	7	7
Other creditors	28	32
	143	123

11. Share Capital

	28 February 2014		28 February 2013	
	Number	£'000	Number	£'000
Ordinary Share Fund				
Number of shares in issue	4,738,463	47	4,738,463	47
C Share Fund				
Number of shares in issue	1,931,095	19	1,931,095	19

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.

12. Net Asset Value per Share

	28 February 2014	28 February 2013
Ordinary Share Fund		
Net asset value per ordinary share	95.2p	96.3p

The basic net asset value per ordinary share is based on net assets (including current period revenue) of £4,512,000 (28 February 2013: £4,562,000) and on 4,738,463 ordinary shares (28 February 2013: 4,738,463), being the number of ordinary shares in issue at the end of the year.

C Share Fund

Net asset value per C share	91.4p	93.5p
-----------------------------	--------------	-------

The basic net asset value per C share is based on net assets (including current period revenue) of £1,765,000 (28 February 2013: £1,805,000) and on 1,931,095 C shares (28 February 2013: 1,931,095), being the number of C shares in issue at the end of the year.

13. Reconciliation of Net Profit before Tax to Cash Expended from Operating Activities

	Year Ended 28 February 2014 £'000	Year Ended 28 February 2013 £'000
Ordinary Share Fund		
Profit on ordinary activities before tax	199	309
Gains on investments	(277)	(388)
Decrease in debtors	37	9
Increase in creditors	20	21
Cash expended from operating activities	(21)	(49)
C Share Fund		
Profit on ordinary activities before tax	47	104
Gains on investments	(85)	(152)
Decrease in debtors	6	16
Increase in creditors	-	11
Cash expended from operating activities	(32)	(21)
Total		
Profit on ordinary activities before tax	246	413
Gains on investments	(362)	(540)
Decrease in debtors	43	25
Increase in creditors	20	32
Cash expended from operating activities	(53)	(70)

14. Financial Commitments

At 28 February 2014 the Company did not have any financial commitments which had not been accrued for.

15. Financial Instruments

The Company's objective is to produce ongoing capital gains and income that will provide investment returns sufficient to maximise annual dividends and to fund a special dividend or cash offer in year 6 sufficient to bring distributions per share to 70p.

In order to qualify as a VCT, at least 70 per cent. (the "Qualifying Percentage") of the Company's investments must be invested in Venture Capital Investments within approximately three years of the relevant funds being raised. Thus, there will be a phased reduction in the Structured Products portfolio and corresponding build up in the portfolio of Venture Capital Investments to achieve and maintain this 70 per cent. threshold along the following lines:

Average Exposure per Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Structured Products and cash/near cash assets	85%	75%	35%	25%	25%	0%
Venture Capital Investments	15%	25%	65%	75%	75%	100%

The Qualifying Percentage is, in general, calculated by reference to the latest price paid by the Company for its investments rather than market value. By 28 February 2014, the Company had achieved the Qualifying Percentage. At that date, by market value, the Company's investment portfolio comprised 38 per cent. Structured Products and 62 per cent. Qualifying Investments. This is split 41 per cent. and 59 per cent. for the ordinary share portfolio and 31 per cent. and 69 per cent. for the C share portfolio.

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
- Credit risk
- Liquidity risk

The Company does not have exposure to foreign currency risk.

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

a) Market price risk

Structured Products

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

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

reduced by 25 per cent.). The tables in the Investment Manager's Review (Structured Products) above provide details of the Initial Index Level at the date of investment and the maturity date for each of the Structured Products. On 28 February 2014, the FTSE 100 Index closed at 6,809.70. By 16 May 2014, being the last practicable date prior to the publication of these Accounts, the Index had increased 0.7 per cent. to close at 6,855.81.

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

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

As at 28 February 2014, the Company's investments in Structured Products were valued at £2,386,000 (Ordinary Share Fund: £1,883,000; C Share Fund: £503,000). A 10 per cent. increase in the level of the FTSE 100 Index at 28 February 2014, given that all other variables remained constant, would have increased net assets by £79,652 (Ordinary Share Fund: £51,711; C Share Fund: £29,941). A 10 per cent. decrease would have reduced net assets by £140,610 (Ordinary Share Fund: £99,357; C Share Fund: £41,253). If the net assets had been higher by £79,652 throughout the year, then the investment management fee due to Calculus Capital would have been increased by £796 (Ordinary Share Fund: £517; C Share Fund: £279); if the net assets had been lower by £140,610 lower throughout the year, then the investment management fee due to Calculus Capital would have decreased by £1,406 (Ordinary Share Fund: £994; C Share Fund: £412).

In recent years, the performance of the FTSE 100 Index has been volatile and the Directors consider that an increase or decrease in the aggregate value of investments by 10 per cent. or more is reasonably possible.

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 do not materially impact upon the value of the Qualifying Investments. The main risk arising on the loan stock instruments is credit risk. The Company does not have any interest bearing liabilities.

As required by Financial Reporting Standard 29 'Financial Instruments: Disclosures' (the "Standard") 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 2014		As at 28 February 2013	
	Fair Value	Cash Flow	Fair Value	Cash Flow
	Interest	Interest	Interest	Interest
	Rate	Rate	Rate	Rate
	Risk	Risk	Risk	Risk
	£'000	£'000	£'000	£'000
Ordinary Share Fund				
Loan stock	1,222	-	1,410	-
Money market funds	-	1	-	2
Cash	-	-	-	4
	1,222	1	1,410	6
C Share Fund				
Loan stock	320	-	195	-
Money market funds	-	1	-	102
Cash	-	130	-	556
	320	131	195	658
Total				
Loan stock	1,542	-	1,605	-
Money market funds	-	2	-	104
Cash	-	130	-	560
	1,542	132	1,605	664

The variable rate is based on the banks' deposit rate, and applies to cash balances held and the money market funds. The benchmark rate which determines the interest payments received on interest bearing cash balances is the Bank of England base rate, which was 0.5 per cent. as at 28 February 2014.

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

b) Credit risk

Structured Products

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

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

As at 28 February 2014, the Company's credit risk exposure, by credit rating of the Structured Product issuer, was as follows:

Credit Risk Rating (Moody's unless otherwise indicated)	28 February 2014		28 February 2013	
	£'000	% of Portfolio	£'000	% of Portfolio
Ordinary Share Fund				
A2	607	13.3%	612	13.5%
A3	-	-	384	8.4%
Baa1	427	9.3%	-	-
Baa3	849	18.6%	738	16.2%
	1,883	41.2%	1,734	38.1%
C Share Fund				
A2	-	-	239	19.0%
Baa3	503	30.5%	448	35.6%
	503	30.5%	687	54.6%
Total				
A2	607	9.8%	851	14.7%
A3	-	-	384	6.6%
Baa1	427	6.9%	-	-
Baa3	1,352	21.7%	1,186	20.4%
	2,386	38.4%	2,421	41.7%

Qualifying Investments

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

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

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

c) Liquidity risk

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

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

Structured Products

If Structured Products are redeemed before the end of the term, the Company may get back less than the amount originally invested. The value of the Structured Products will be determined by the price at which the investments can actually be sold on the relevant dealing date. The Board does not consider this risk to be significant as the planned investment periods in Structured Products will range from six months to five and a half years and there is a planned transition from Structured Products to Qualifying Investments as detailed earlier in this note.

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

Qualifying Investments

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

The Board seeks to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and readily realisable assets, which are sufficient to meet any funding commitments that may arise.

Under its Articles of Association, the Company has the ability to borrow a maximum amount equal to 25 per cent. of its gross assets. As at 28 February 2014 the Company had no borrowings.

d) 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.

e) Fair value hierarchy

Investments held at fair value through profit and 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. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company's investments in AIM quoted equities and money market funds are recognised within this category.

- Valued using models with significant observable market parameters – "Level 2"

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

- Valued using models with significant unobservable market parameters – "Level 3"

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company's unquoted

equities and loan stock are classified within this category. As explained in note 1, unquoted investments are valued in accordance with the IPEV guidelines.

The table below shows movements in the assets measured at fair value based on Level 3 valuation techniques for which any significant input is not based on observable market data. During the year there were no transfers between Levels 1, 2 or 3.

Ordinary Share Fund

Financial Assets at Fair Value through Profit or Loss				
At 28 February 2014				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	1,883	-	1,883
Unquoted equity	-	-	1,379	1,379
Quoted equity	88	-	-	88
Money market funds	1	-	-	1
Loan stock	-	-	1,222	1,222
	89	1,883	2,601	4,573

Financial Assets at Fair Value through Profit or Loss				
At 28 February 2013				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	1,734	-	1,734
Unquoted equity	-	-	1,399	1,399
Money market funds	2	-	-	2
Loan stock	-	-	1,410	1,410
	2	1,734	2,809	4,545

C Share Fund

Financial Assets at Fair Value through Profit or Loss				
At 28 February 2014				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	503	-	503
Unquoted equity	-	-	620	620
Quoted equity	203	-	-	203
Money market funds	1	-	-	1
Loan stock	-	-	320	320
	204	503	940	1,647

Financial Assets at Fair Value through Profit or Loss				
At 28 February 2013				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	687	-	687
Unquoted equity	-	-	274	274
Money market funds	102	-	-	102
Loan stock	-	-	195	195
	102	687	469	1,258

Total

Financial Assets at Fair Value through Profit or Loss At 28 February 2014				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	2,386	-	2,386
Unquoted equity	-	-	1,999	1,999
Quoted equity	291	-	-	291
Money market funds	2	-	-	2
Loan stock	-	-	1,542	1,542
	293	2,386	3,541	6,220

Financial Assets at Fair Value through Profit or Loss At 28 February 2013				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Structured Products	-	2,421	-	2,421
Unquoted equity	-	-	1,673	1,673
Money market funds	104	-	-	104
Loan stock	-	-	1,605	1,605
	104	2,421	3,278	5,803

The Standard requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. 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.

Applying the downside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be £124,948 or 4.8 per cent. lower (2013: £121,399 or 4.3 per cent. lower), for the C Share Fund would be £61,252 or 6.5 per cent. lower (2013: £31,964 or 6.8 per cent. lower), and in total it would be £186,200 or 5.3 per cent. lower (2013: £153,363 or 4.7 per cent. lower). Using the upside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be increased by £106,133 or 4.1 per cent. (2013: £132,073 or 4.7 per cent.), for the C Share Fund it would be increased by £40,879 or 4.4 per cent. (2013: £28,918 or 6.2 per cent.), and in total it would be increased by £147,012 or 4.2 per cent. (2013: £160,991 or 4.9 per cent.).

16. Transactions with Related Parties

John Glencross, a Director of the Company, is considered to be a related party due to his position as Chief Executive and a director of Calculus Capital, one of the Company's Investment Managers. He does not receive any remuneration from the Company. He is a director of Terrain and Lime Technology and stepped down from the board of Human Race during the period, companies in which the Company has invested. Fees for the provision of Mr Glencross as a director of these companies are paid to Calculus Capital, as disclosed in note 17.

17. Transactions with Investment Managers

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

As at 28 February 2014, £80,000 (2013: £90,000) was owed by Investec Structured Products as claw back of costs in excess of the agreed expenses cap of 3 per cent. (£57,000 to the Ordinary Share Fund and £23,000 to the C Share Fund).

Calculus Capital receives an investment management fee from the Company. For the year ended 28 February 2014, fees of £62,000 (2013: £61,000) were payable to Calculus Capital (£45,000 payable by the Ordinary Share Fund and £17,000 by the C Share Fund), of which £nil (2013: £46,000) was outstanding as at 28 February 2014.

No incentive fee accrued to either Investment Manager during the year (2013: £nil).

Calculus Capital receives an annual fee from Terrain, Lime Technology, AnTech, Hampshire, Metropolitan, Money Dashboard and Human Race for the provision of a director, as well as an annual monitoring fee which also covers the provision of certain administrative support services. In the year ended 28 February 2014, the amount payable to Calculus Capital which was attributable to the investment made by the Company was £2,291 (2013: £3,951) from Terrain, £2,112 (2013: £5,695) from Lime Technology, £2,455 (2013: £nil) from AnTech, £2,167 (2013: £112) from Hampshire, £1,201 (2013: £2,899) from Metropolitan, £186 (2013: £nil) from Money Dashboard and £3,665 (2013: £2,662) from Human Race (all excluding VAT).

Calculus Capital receives an annual monitoring fee from MicroEnergy and Tollan which covers the provision of certain administrative support services. In the year ended 28 February 2014, the amount payable to Calculus Capital that was attributable to the investment made by the Company was £2,097 (2013: £2,728) from MicroEnergy and £2,813 (2013: £nil) from Tollan (excluding VAT).

Calculus Capital receives an annual fee from Brigantes, Corfe, Benito's Hat and Dryden for the provision of a director. The amount payable to Calculus Capital in the year ended 28 February 2014 which was attributable to the investment made by the Company was £734 (2013: £378) from Brigantes, £435 (2013: £223) from Corfe, £374 (2013: £nil) from Benito's Hat and £1,186 (2013: £nil) from Dryden (excluding VAT).

In the year ended 28 February 2014, Calculus Capital received arrangement fees as a result of the Company's new investments. Calculus Capital received an arrangement fee of £1,500 (2013: £nil) from Benito's Hat, £3,810 (2013: £nil) from Money Dashboard, £4,504 (2013: £nil) from Quai, £1,850 (2013: £7,500) from Secure Electrans, £2,000 (2013: £nil) from Scancell and £150 (2013: £nil) from Terrain.

ANNUAL GENERAL MEETING

This year's Annual General Meeting of the Company will be held at the offices of Investec Structured Products, 2 Gresham Street London EC2V 7QP on 1 July 2014 at 11.00 am.

For further information, please contact:

Investment Manager to the Structured Products Portfolio
Investec Structured Products
Gary Dale
Telephone: 020 7597 4065

Investment Manager to the Venture Capital Portfolio
Calculus Capital Limited
Susan McDonald
Telephone: 020 7493 4940

National Storage Mechanism

A copy of the Annual Report and Accounts will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: www.morningstar.co.uk/uk/NSM

ENDS

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.