



# Calculus VCT plc

---

**Annual Financial Report**

For the year ended 28 February 2018

(Company number 07142153)



## About Calculus VCT plc

### OUR AIM

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

### INVESTMENT OBJECTIVE

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

Investments are made selectively across a range of sectors in companies that have the potential for long-term growth.

### DIVIDEND OBJECTIVE

Your board aims to maintain a regular tax free annual dividend of 4.5% of NAV mindful of the need to maintain net asset value.

The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and cannot be guaranteed.

**Investors and invited guests**  
attending a presentation by Scancell

# Contents

---

<b>Strategic Report</b>	<b>6</b>
<b>Chairman's Statement</b>	<b>7</b>
<b>Investment Manager's Review</b>	<b>9</b>
<b>Investment Portfolio</b>	<b>13</b>
<b>Other Statutory Information</b>	<b>22</b>
<b>Board of Directors</b>	<b>25</b>
<b>Investment Manager</b>	<b>27</b>
<b>Directors' Report</b>	<b>29</b>
<b>Audit Committee Report</b>	<b>33</b>
<b>Directors' Remuneration Report</b>	<b>35</b>
<b>Directors' Responsibilities Statement</b>	<b>39</b>
<b>Independent Auditor's Report</b>	<b>40</b>
<b>Income Statement</b>	<b>46</b>
<b>Statement of Changes in Equity</b>	<b>47</b>
<b>Statement of Financial Position</b>	<b>49</b>
<b>Statement of Cashflows</b>	<b>50</b>
<b>Notes to the Accounts</b>	<b>51</b>
<b>Notice of Annual General Meeting</b>	<b>68</b>
<b>Shareholder Information</b>	<b>72</b>
<b>Glossary</b>	<b>73</b>





**Professor Lindy Durrant,**  
**Co-founder and Chief Scientific Officer of Scancell**  
updating investors at a recent Scancell presentation  
to investors and invited guests

## Key Dates 2018

**Annual General Meeting:**  
3 July 2018

**Final dividend paid:**  
26 July 2018

**Company's half year end:**  
31 August 2018

**Half yearly results:**  
announced: October 2018

**Annual results for year to  
28 February 2019:**  
announced May 2019

## Financial Highlights

Year to 28 February 2018

Net asset value per share	87.00p
Final dividend proposed	4.00p
Total return per share	(2.72)p

As a result of the class merger and the different ratios used to equalise the classes, the returns for the D shares, ordinary shares and C shares from prior periods are not directly comparable with the returns for Ordinary shares in existence at 28 February 2018.

The returns for the D shares, ordinary shares and C shares for the 12 months to and as at 28 February 2017 are shown in notes 8 and 13 in the financial statements.

## Examples of Recent Investments



**Cornerstone Brands Limited**, provides quality British skin care products and German engineered razors to 150,000 customers around the UK via an online, 'direct-to-consumer' model. This fast growing sector is challenging the strategy of traditional retail businesses.



**Every1Mobile Limited**, provides digital communication solutions and online community management through a bespoke platform. The customer focus is to large corporates, government and international development agencies in the emerging African market.



**Open Energy Market Limited**, is an online trading platform for medium to large enterprises to contract for future energy needs through a live auction process.



**Blu Wireless Technology** develops semiconductor IP to allow wireless communication at speeds similar to fibre. with immediate applications for fixed wireless broadband (where fibre, roll out may be prohibitively expensive), rail and road transport and, in due course, application for 5G roll-out.



**Weedingtech's** "Foamstream" product treats and controls weeds and moss using environmentally friendly hot foam avoiding the use of chemical herbicides. The technology is particularly applicable in public spaces.



**Synpromics** uses machine learning algorithms ("AI") to identify gene sequences, known as promoters, which control how cells are affected in gene and cell therapies. The company supplies its "synthetic promoters" to major gene therapy and pharmaceutical companies

# Strategic Report



**Ben Fordham, Founder of Benito's Hat**

talking to investors at a Calculus Investor Evening

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

---

## Chairman’s Statement

**I am pleased to present your Company’s results for the year ended 28 February 2018. It has been an active year for the Company with the merger of the share classes, the acquisition of the assets and liabilities of Neptune-Calculus Income and Growth VCT plc (Neptune-Calculus) and the launch of an issue of new Ordinary shares. The Manager has also been busy on a further seven investments in qualifying companies. I believe these actions provide a platform for future growth as we continue to invest funds and put capital to work.**

### Share Class Merger

On 1 August 2017 the ordinary, C share classes and D classes were merged using a ratio of 0.1442 D shares for every ordinary share held and 0.2435 D shares for every C share held. This was after the ordinary and C shareholders had received special dividends of 7.00 pence and 3.00 pence respectively in June 2017 bringing total dividends received by those classes prior to the merger to 84.05 pence and 73.10 pence per share, respectively. All shares were subsequently named Ordinary shares.

### Results for the year

Following the merger of the share classes, the net asset value per Ordinary share at 28 February 2018 was 87.00 pence. The closest comparative figure to the NAV of the Ordinary shares is the NAV of the D shares, which was 92.43 pence per share as at 28 February 2017. As a result of the different ratios used to equalise the share classes in the merger, the net asset values per share for the original ordinary shares and C shares are not comparable.

The year’s performance reflects a 4.25p dividend paid during the year, an improvement in the unquoted portfolio and a small decrease in the quoted portfolio on a like for like basis.

There has also been a reduction in the annual running costs in the second half of the year as a result of the agreement with Calculus Capital by which Calculus Capital undertook to meet costs above a cost cap set at a lower level than was previously the case. Performance should benefit as the Manager makes further investments and puts more of the Company’s capital to work.

### Venture Capital Investments

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

In addition to the investments acquired from Neptune-Calculus, the Company made a number of new and follow-on investments, which are set out in the Investment Manager’s report. It also made two disposals: £50,000 was received from the redemption of loan stock in Terrain Energy Limited and a modest amount was received from the sale of MCD Ventures Limited, a small holding that was part of the Neptune-Calculus.

### Acquisition of assets and liabilities of Neptune-Calculus

At the general meeting on 31 August 2017 all proposed resolutions set out in the Circular dated 4 August 2017, including the resolution to approve the acquisition of the assets and liabilities of Neptune-Calculus and to authorise the issue of new shares in the Company to the shareholders of Neptune-Calculus, were duly passed. Assets with a net value of £2.2 million were acquired on 12 September 2017 of which £2 million was represented by investments in ten unquoted and four quoted companies. Further details of these are set out in the Investment Manager’s Report.

## Issue of new Ordinary shares

At the general meeting on 31 August 2017 shareholders approved the launch of a further offer for subscription for Ordinary shares, with the shares to be issued in the 2017/18 and 2018/19 tax years. 367,800 new Ordinary shares were allotted during the year and a further 1,779,298 shares were allotted after the year end in the 2017/2018 tax year. The offer remains open until 31 July 2018.

## Share buy backs

During the year the Company bought back and cancelled 62,210 Ordinary shares. The Company continues to review opportunities to carry out share buybacks for up to £500,000 of Ordinary shares at a discount of no greater than 10% to the NAV.

## Cancellation of share premium

On 1 November 2017 the High Court of Justice, Business and Property Court of England and Wales, confirmed the cancellation of the amount standing to the credit of the share premium account of the Company enabling the application of the resulting distributable capital reserve to be applied in any manner in which the Company's profits available for distribution may be applied.

## Dividend

The Directors are pleased to announce a final dividend of 4 pence per Ordinary share to be paid to all eligible Ordinary shareholders.

The new Ordinary shares issued pursuant to the latest Offer do not rank for this final dividend. Subject to shareholder approval, the Ordinary share dividend will be paid on 26 July 2018 to eligible Ordinary shareholders on the register on 5 July 2018.

## The Board

I am delighted that Diane Seymour-Williams joined the board in September 2017. Diane was the Chairman of Neptune-Calculus. She brings a wealth of general experience as well as fund experience. Further details about her are given in the Directors' report.

## Outlook

A number of changes to the rules relating to VCTs were introduced by the government in the budget in November 2017 and have now passed in to law. The key changed requirement is for investments to be focused on companies intent on long term growth where there is a real risk to the capital being invested by the VCT. Investment in companies and arrangements intended to provide low risk investment, so called 'capital preservation' investments, are no longer qualifying.

Calculus Capital is recognised as a growth investor and we continue to believe that there will be sufficient investment opportunities for the VCT. The acquisition of the Neptune-Calculus investments provides our investors with a more diversified portfolio and greater potential for long term returns. Brexit uncertainties remain and economic growth is expected to be modest but our investments are in interesting areas and show good potential for growth.

## Michael O'Higgins, Chairman

17 May 2018



**Oliver Bridge, Founder and CEO of Cornerstone**  
meeting investors at a Calculus Investor Evening

## Investment Manager's Review (Qualifying Investments)

The net assets of £10,129,722 were as follows:

Asset class	NAV (£000s)	% of NAV	Number of investee companies/funds
Unquoted company investments	4,727	47	18
AIM traded company investments	610	6	5
Liquidity Fund investments	2,645	26	3
Other Liquid assets	2,148	21	-
<b>Totals</b>	<b>10,130</b>	<b>100</b>	

During the year, the Company made seven qualifying investments, as we seek to build a diversified portfolio. These were:

### **Quai Administration Services Limited ("Quai")**

In March 2017, £70,000 was invested in a back office digital administration company, Quai Administration Services Limited ("Quai"). Quai provides platform technology combined with back office administration services for the high-volume personal savings industry. Quai's platform administers thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers.

### **Blu Wireless Technology Limited ("Blu Wireless")**

In June 2017, £150,000 was invested in a UK based semiconductor design company, Blu Wireless Technology Limited ("Blu Wireless"). Blu Wireless develops hardware and software IP to provide carrier-grade wireless communications at multi-Gbit speeds (similar to that provided by fibre). There are immediate applications for fixed wireless broadband (where fibre roll out may be prohibitively expensive), rail and road transport and in due course, in providing the "backhaul" for the much denser network of base stations that will be required for 5G roll-out. Calculus Capital invested alongside ARM Holdings, which has a strategic aim of strengthening its position in networking.

### **Cornerstone Brands Limited ("Cornerstone")**

In August 2017, £150,000 was invested in Cornerstone Brands Limited ("Cornerstone") an internet shaving products subscription business. Cornerstone provides quality British skin care products and German engineered razors to over 150,000 customers around the UK via an online, 'direct-to-consumer' model which challenges the strategy of traditional retail businesses. A key focus is the successful rollout of the company's multiproduct launch, moving into other toiletries categories.

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

In September 2017, £150,000 was invested in research and development company, Arcis Biotechnology Holdings Limited ("Arcis"). Arcis is developing rapid DNA / RNA extraction and preservation products which have significant advantages over other techniques. Two DNA extraction products, which are CE-IVD (in-vitro diagnostic) marked, were launched in 2017 and are gaining commercial traction. Arcis' RNA products are at an earlier stage of development but have exciting potential. RNA biomarkers can be an early warning signal that a cell is mutating and turning cancerous but have been very difficult to detect because RNA is inherently fragile. Arcis' technology can stabilise RNA biomarkers for prostate cancer in urine. Preserving RNA in this way opens the possibility of earlier and more accurate cancer detection, particularly the hard to detect, so called 'silent cancers'. Arcis completed an oversubscribed £1.15m fundraising in March 2018 via the crowdfunding platform Syndicate Room.

### **The One Place Capital Limited ("Money Dashboard" or "MDB")**

In October 2017, £150,000 was invested in web based personal finance application, Money Dashboard (trading name of The One Place Capital Limited). Money Dashboard offers its users a free view of their finances by automatically analysing all their transactions (from bank accounts, credit cards, store cards, etc.). In February 2018, MDB won Best Personal Finance App at the British Bank Awards for the second year running, the first time the same app has won in two consecutive years. MDB has a database of over 100,000 users and aggregates their data on an anonymised basis to analyse consumer spending trends which can be sold to institutional investors and others, tracking trends in consumer expenditures. The introduction of the Open Banking Standards in January 2018 (after significant delays) is a major opportunity for MDB, making it easier to acquire new users and so enhance the efficacy of its data analysis. The company completed an oversubscribed £1.4m fundraising in September 2017 via the crowdfunding platform Crowdcube.



### **Every1Mobile Limited (“Every1Mobile”)**

In October 2017, an investment of £200,000 was completed in digital platform, Every1Mobile. Every1Mobile has developed a propriety modular web platform that is focused on delivering web services to the developing African market, where mobile phone penetration is high but where the cost of data and the range of handsets mean that normal web platforms are unsuitable. Every1Mobile provides its platform to multi-national corporates, international development agencies and non-profit organisations. It has delivered programmes for them across much of sub Saharan Africa and is in a position to become the provider of choice in this important developing market where living standards are rising and education and improved healthcare are becoming major priorities.

### **Open Energy Market Limited (“OEM”)**

In January 2018, Calculus Capital invested £200,000 in OEM, an online trading platform for energy contracts for medium-large enterprises. According to Ofgem, contracts in the corporate energy market total over £1.2 billion per year, of which 85% is bought using an energy broker in what has essentially been a paper-based process. OEM is an online trading platform for medium to large enterprises to contract for their future energy requirements. OEM connects businesses through the platform to all sixteen major energy providers of gas and electricity. These providers bid for contracts in a live auction process allowing businesses to buy energy in a streamlined and more transparent way.

### **Investments acquired from Neptune-Calculus**

In addition, a number of investments were acquired by way of the merger with Neptune-Calculus. In September 2017, the majority of the companies were already held in the Company. The investments acquired which were not already held in the Company were Arcis Biotechnology Limited in which a follow-on investment of £150,000 was made during the year and Synpromics Limited which identifies gene sequences, known as promoters, which control how cells are affected in gene and cell therapies. The full list of investments acquired by way of the merger and their values at the time of merger were:

£100,000 in trampoline park operator, Air Leisure Group Limited (trading as XJump).

£125,000 in Arcis Biotechnology Holdings Limited

£74,000 in drug discovery and development company, C4X Discovery Holdings plc.

£69,000 in molecular diagnostics company, Genedrive plc.

£25,000 in renewable energy company, MicroEnergy Generation Services Limited.

£126,000 in a provider of internet and phone services, Origin Broadband Limited.

£264,000 in Scancell Holdings plc, an immunotherapy company.

£249,000 in a developer and manufacturer of cosmetics, toiletries and fragrances, Solab Group Limited.

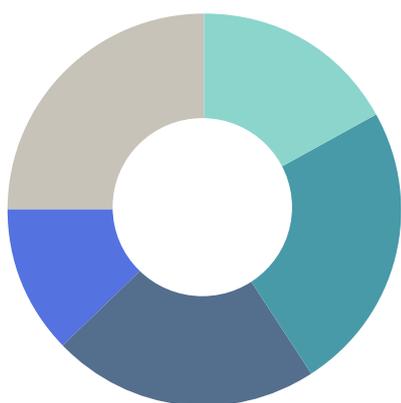
£134,000 in Synpromics Limited a synthetic biology company.

£722,000 in an oil and gas exploration and production company, Terrain Energy Limited.

£116,000 in cleantech company Weeding Technologies Limited.

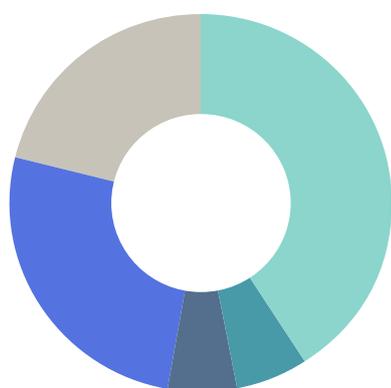
In addition, a number of smaller holdings were acquired for an aggregate value of less than £2,000. £286,000 cash and £90,000 of net liabilities were also acquired.

## Investment Diversification at 28 February 2018



### Sectors by investment cost

Consumer	17%
Energy	24%
Healthcare	22%
Industrials	12%
Technology	25%



### Total assets by value

Unquoted company equity	41%
Unquoted company loanstock	6%
AIM traded equity	6%
Liquidity fund investments	26%
Other liquid assets	21%



### Holding period of qualifying investments by value

Less than 1 year	27%
Between 1 and 3 years	29%
Between 3 and 5 years	12%
Greater than 5 years	32%

## Developments since the year end

Since the year end the Company has invested £200,000 in Mologic Limited, a developer of point of care diagnostic devices, designed to improve the lives of patients by giving them the opportunity to manage their own condition in the home environment. The Company has also received £32,000 as additional consideration for the sale of an investment in Triage Limited which was sold by Neptune-Calculus before the assets and liabilities were acquired by the Company in September 2017. Other than this, there have been no developments since the year end.

**Calculus Capital Limited**  
17 May 2018



**Dr Rob Wylie, Chairman of Weeding Technologies**  
meeting investors at a Calculus Investor Evening

# Investment Portfolio

## Largest holdings by value

Three of the Company's ten largest investments are currently in liquidity funds. Details of the liquidity funds and 10 largest qualifying investments are set out below:

Investment	Book Cost £'000	Valuation £'000	% of investment portfolio
<b>Unquoted Equity Investments</b>			
Terrain Energy Limited	972	1,037	13.0
Solab Group Limited	479	501	6.3
AnTech Limited	270	292	3.7
The One Place Capital Limited	277	277	3.5
Acris Biotechnology Holdings	275	275	3.4
Origin Broadband Limited	226	252	3.2
Weeding Technologies	216	233	2.9
Synpromics Limited	134	232	2.9
Quai Administration Services Limited	220	220	2.8
Other unquoted equity investments	1,371	1,408	17.6
<b>AIM Investments (quoted equity)</b>			
Scancell Holdings plc	378	367	4.6
Other AIM investments	350	243	3.0
<b>Quoted Funds</b>			
Fidelity Sterling Liquidity Fund	881	883	11.1
Aberdeen Sterling Liquidity Fund	882	882	11.0
Goldman Sachs Liquidity Funds	880	880	11.0
<b>Total Investments</b>	<b>7,811</b>	<b>7,982</b>	<b>100</b>



## Terrain Energy Limited (“Terrain”)

Terrain has interests in eleven licenses, with nine onshore in the UK and two in Germany.

The company is currently producing from wells at Keddington, Whisby and Lidsey. Brockham was successfully drilled in 2017 but there have been some delays in testing and production due to a planning dispute which the company believes is close to settlement. Initial results indicate that the well could be very productive

from the Kimmeridge clay, in line with the nearby Horse Hill-1 well which had initial production of over 1600bopd. A new well at Lidsey was spudded in September 2017 which is currently producing c. 30bopd. Further work is expected to increase production. The company is in discussions regarding the farm-out or sale of its German licences with several larger industry players following a gas discovery on its Holzkirchen licence by a geothermal company.

Latest Results	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
----------------	----------------------------	--------------------------	------------------------	---------------------------------

Year ended	31 Dec	31 Dec		
Turnover	704	544	Total cost	972
Pre-tax loss	136	543	Income recognised in year/period	19
Net assets	6,329	6,466	Equity valuation	937
			Loan stock valuation	100
<b>Valuation basis:</b>			Total valuation	1,037
Comparable companies and DCF			Voting rights / % of equity share capital held	7.4%

Total equity held by funds managed by Calculus Capital Limited: 100 per cent.



## Solab Group Limited (“Solab”)

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

2017 was challenging with difficult market conditions generally, the continuing effects of losing its largest customer (The Body Shop), when it was acquired by L’Oreal and some unforeseen operational issues

related to a new joint venture to supply some of the supermarket majors (Tesco, Lidl). Losses were incurred in the first half of the year, but, following management and other changes, Solab has been trading profitably since September. This has continued in 2018, with new customer wins and first orders from The Body Shop following its sale by L’Oreal.

Latest Results (group)	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
------------------------	-------------------------	-----------------------	------------------------	------------------------------

Year ended	31 Dec	31 Dec		
Turnover	19,013	18,081	Total cost	479
Pre-tax loss	1,335	525	Income recognised in year/period	22
Net assets	1,128	2,039	Equity valuation	206
<b>Valuation basis:</b>			Loan stock valuation	295
Comparable companies, comparable transactions & DCF			Total valuation	501
			Voting rights / % of equity share capital held	7.5%

Total equity held by funds managed by Calculus Capital Limited: 85 per cent.



## AnTech Limited (“AnTech”)

AnTech is a specialist oil and gas engineering company, both manufacturing products for use at the wellhead during production and providing services for directional coiled tube drilling.

AnTech’s Products Division, whose largest product category is technically advanced Well Head Outlets, suffered falls in sales because of low oil prices. However, in 2017, sales stabilised and then increased

with a strong order book. The Coiled Tube Drilling Services Division has developed a new generation of directional drilling tools for use in coiled tube drilling. These tools, COLT and POLARIS, are effective for interventions in existing wells to enhance production yield and extend well life. Commercialisation has been delayed by low oil prices, but drilling is expected during 2018 in North America and Saudi Arabia (which was originally contracted for 2016).

Latest Results (group)	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
------------------------	-------------------------	-----------------------	------------------------	------------------------------

Year ended	31 Aug	31 Aug		
Turnover	2,089	2,130	Total cost	270
Pre-tax loss	474	1,149	Income recognised in year/period	18
Net assets	6,808	7,673	Equity valuation	142
			Loan stock valuation	150
			Total valuation	292
<b>Valuation basis:</b> DCF and comparable companies and transactions			Voting rights / % of equity share capital held	1.0%

Total equity held by funds managed by Calculus Capital Limited: 32 per cent.

## The One Place Capital Limited (“Money Dashboard”)

Information on The One Place Capital Limited (“Money Dashboard”) is included under details of investments in the year on page 10.

Latest Unaudited Results (group)	2017 £'000	2016 £'000	Investment Information	Ordinary share Fund £'000
----------------------------------	---------------	---------------	------------------------	------------------------------

Year ended	30 Apr	30 Apr		
Turnover	633	509	Total cost	277
Pre-tax loss	669	1,250	Income recognised in year/period	-
Net assets	356	5	Equity valuation	277
<b>Valuation basis:</b> Last price paid			Loan stock valuation	-
			Total valuation	277
			Voting rights / % of equity share capital held	2.2%

Total equity held by funds managed by Calculus Capital Limited: 36 per cent.

## Arcis Biotechnology Holdings Limited (“Arcis”)

Information on Arcis is included under details of investments in the year on page 10.

Latest Audited Results (group)	2017 £'000	2016 £'000	Investment Information	Ordinary share Fund £'000
--------------------------------	---------------	---------------	------------------------	------------------------------

Year ended	31 Jul	31 Jul		
Turnover	225	217	Total cost	275
Pre-tax loss	1,464	1,729	Income recognised in year/period	-
Net assets	204	1,460	Equity valuation	275
<b>Valuation basis:</b> Last price paid			Loan stock valuation	-
			Total valuation	275
			Voting rights / % of equity share capital held	1.5%

Total equity held by funds managed by Calculus Capital Limited: 38 per cent.



## Origin Broadband Limited (“Origin”)

Origin is an award-winning internet service provider, serving residential and business customers throughout the UK.

The company owns and operates the sixth largest broadband network in the UK measured by points of presence. As a network operator Origin is able to deal directly with Openreach, the BT division that maintains the UK’s main telecoms network. This gives the company greater control over the underlying circuits and equipment; allowing it to provide a better service level than a pure reseller. Origin is viewed by its customers as an agile alternative to the large, incumbent telecom operators, with

a focus on faster broadband speeds, competitive pricing and first-class customer service. Many businesses are moving to cloud computing and need strong customer support. Consumers are using increasing amounts of data and require fast/superfast broadband services.

Since the original Calculus investment in December 2016, Origin has grown its residential customer base from approximately 8,000 to over 35,000. Current business clients include Amazon – where Origin is the preferred provider for all new warehouse and corporate sites, NHS Sheffield and various UK universities.

Latest Audited Results	2017 £'000	2015* £'000	Investment Information	Ordinary share Fund £'000
------------------------	---------------	----------------	------------------------	------------------------------

Year ended	31 Mar	30 Nov		
Turnover	3,011	730	Total cost	226
Pre-tax loss	2,350	1,301	Income recognised in year/period	-
Net assets /(liabilities)	1,425	(178)	Equity valuation	252
<b>Valuation basis:</b>			Loan stock valuation	-
Last price paid			Total valuation	252
			Voting rights / % of equity share capital held	0.6%

\* Comparative figures restated according to FRS 102. Change in accounting period end from 30 Nov 2016 to 31 Mar 2017, therefore 2017 results cover a 16 month period which is not entirely comparable to the prior period which was 12 months in length.

Total equity held by funds managed by Calculus Capital Limited: 18 per cent.



## Weeding Technologies Limited (“Weedingtech”)

Increasingly, governments and regulators are becoming concerned about the use of chemical herbicides, such as glyphosate, particularly in public spaces. Weedingtech’s “Foamstream” product treats and controls weeds and moss using environmentally friendly hot foam. The company has had a strong 2017; it doubled its turnover for the second year in a row, launched a new

and significantly improved product and is building a distributor network across Europe and North America.

The company continues to invest in R&D and has plans for improvements to the existing product and for new complementary products to be released in 2018.

Latest Unaudited Results	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
--------------------------	-------------------------	-----------------------	------------------------	------------------------------

Year ended	31 Dec	31 Dec		
Turnover	2,625	1,260	Total cost	216
Pre-tax loss	1,627	1,177	Income recognised in year/period	-
Net assets	981	2,086	Equity valuation	233
			Loan stock valuation	-
<b>Valuation basis:</b>			Total valuation	233
Last price paid			Voting rights / % of equity share capital held	1.4%

Total equity held by funds managed by Calculus Capital Limited: 22 per cent.



## Synpromics Limited (“Synpromics”)

Synpromics is a leader in gene control, improving human health by enabling safer, more effective cell and gene medicines through proprietary genomics, bioinformatics and intelligent data-driven design.

The company has developed PromPT®, its multi-dimensional bioinformatics database that enables the development of specific “promoters” for the next

generation of cell and gene-based medicines and bioprocessing applications. Promoters are the gene mechanism that direct cell and gene therapies to the specific targets. The company operates in a diverse range of fields, including broad applications in cell and gene-based medicine, biologics manufacturing and viral vector bioprocessing.

Latest Results (group)	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
<b>Year ended</b>	<b>31 Dec</b>	<b>31 Dec</b>		
Turnover	1,744	1,243	Total cost	134
Pre-tax loss	1,594	429	Income recognised in year/period	-
Net assets	4,470	1,048	Equity valuation	232
			Loan stock valuation	-
<b>Valuation basis:</b>			Total valuation	232
DCF			Voting rights / % of equity share capital held	0.7%

Total equity held by funds managed by Calculus Capital Limited: 50 per cent.



## Quai Administration Services Limited (“Quai”)

Quai provides platform technology combined with back office administration services for the high-volume personal savings industry.

Quai’s platform administers thousands of individual savings plans at a fraction of the cost incurred by established insurance companies and wealth managers. In October 2016 Punter Southall Aspire,

the leading workplace pensions and savings business, selected Quai as the out-sourced investment administrator for its forthcoming Master Trust. At the same time, Punter Southall Aspire made a strategic investment in Quai, which was further supported by Calculus and other existing shareholders in February 2017.

Latest Results (group)	Unaudited 2017 £'000	Audited 2016 £'000	Investment Information	Ordinary share Fund £'000
------------------------	-------------------------	-----------------------	------------------------	------------------------------

Year ended	31 Oct	31 Oct		
Turnover	1,543	919	Total cost	220
Pre-tax loss	1,200	1,830	Income recognised in year/period	-
Net liabilities	225	124	Equity valuation	220
			Loan stock valuation	-
<b>Valuation basis:</b>			Total valuation	22
Last price paid			Voting rights / % of equity share capital held	2.7%

Total equity held by funds managed by Calculus Capital Limited: 52 per cent.

# Other Statutory Information

## Company activities and status

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

On incorporation, the Company was an investment company under section 833 of the Companies Act 2006. On 18 May 2011, investment company status was revoked by the Company. This was done in order to allow the Company to pay dividends to shareholders using the special reserve (a distributable capital reserve), which had been created on the cancellation of the share premium account on 20 October 2010 and on 1 November 2017.

## Company business model

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

## Investment policy

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

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

The Company's policy is to build a diverse portfolio of Qualifying Investments of primarily established unquoted companies across different industries and investments which may be by way of loan stock and/or fixed rate preference shares as well as Ordinary shares to generate income. The amount invested in any one sector and any one company will be no more the Company's liquid investments which include cash, money market instruments and quoted shares can be realised as permitted by the Company's investment policy; iv) the

illiquid nature of the qualifying portfolio. Based on the results of than 20 per cent and 10 per cent respectively of the qualifying portfolio. These percentages are measured as at the time of investment. The Board and its Investment Manager, Calculus Capital Limited, will review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status.

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

## Long term viability

In assessing the long-term viability of the Company, the Directors have had regard to the guidance issued by the Financial Reporting Council. The Directors have assessed the prospects of the Company for a period of five years, which was selected because this is the minimum holding period for VCT shares. The Board's strategic review considers the Company's income and expenses, dividend policy, liquid investments and ability to make realisations of qualifying investments. These projections are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the Company's principal risks actually occurring. Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. The principal assumptions used are as follows: i) Calculus Capital Limited pays any expenses in excess of 3.0 per cent of NAV as set out on page 30 of the Accounts; ii) the level of dividends paid are at the discretion of the Board; iii) this analysis, the Directors have

a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

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

## **Alternative investments funds directive (AIFMD)**

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

## **Risk diversification**

The Board controls the overall risk of the Company. Calculus Capital Limited will ensure the Company has exposure to a diversified range of Qualifying Investments from different sectors.

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

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

## **VCT regulation**

The Company's investment policy is designed to ensure that it will meet, and continue to meet, the requirements for approved VCT status from HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15 per cent (by value at the time of investment) of its investments in a single company and must have at least 70 per cent by value of its investments throughout the period in shares or securities in qualifying holdings, of which 30 per cent by value must be Ordinary shares which

carry no preferential rights ("eligible shares"). For funds raised from 6 April 2011, the requirement for 30 per cent to be invested in eligible shares was increased to 70 per cent.

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

## **Key strategic issues considered during the year**

### **Performance**

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

- total return per share
- net asset value per share

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

Further KPIs are those which show the Company's position in relation to the VCT tests which it is required to meet in order to meet and maintain its VCT status. The Qualifying % is disclosed in the Investment Manager's review. The Company has received approval as a VCT from HM Revenue & Customs.

## Principal risks and uncertainties facing the Company and management of risk

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

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

### Regulatory risk

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

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

Independent advisers are used to monitor and advise on the Company's compliance with the VCT rules.

### Qualifying investments

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

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

Calculus Capital Limited has been appointed to manage

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

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

## Employees, environmental, human rights and community issues

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

## Gender Diversity

The Board of directors comprised three male directors and two female Directors at the end of the year to 28 February 2018.

Statement regarding annual report and accounts

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

**Michael O'Higgins, Chairman**

17 May 2018

# Board of Directors

## Michael O'Higgins (Chairman) \*

Michael O'Higgins is an experienced private investor with significant EIS and VCT holdings. Michael is Chairman of the Local Pensions Partnership (with over £13bn of assets under pooled management), as well as a non-executive director of Network Rail and of the pensions company Hedgehog. He is also Chairman of the Channel Islands Competition and Regulatory Authorities

He was Chairman of The Pensions Regulator from 2011 to 2014, Chairman of the Audit Commission from 2006 until 2012 and chairman of the NHS Confederation from 2012 until 2015. He was also a Non-Executive Director of HM Treasury and Chair of the Treasury Group Audit Committee from 2008 to 2014. Michael was also the Chair of the youth homelessness charity Centrepoin from 2004 to 2011. Previously, Michael was a Managing Partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a Director on its International Board. Prior to that he was a partner at Price Waterhouse, worked at the Organisation for Economic Co-Operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University.

---

## Kate Cornish-Bowden (Audit Committee Chairman) \*

Kate Cornish-Bowden is a non-executive Director of Finsbury Growth & Income Trust plc, and a non-executive Director and Chairman of the Remuneration Committee of Scancell Holdings plc. Kate was a non-executive Director of Arcis Biotechnology Ltd from 2012 to 2017.

Kate is an experienced equity portfolio manager having managed funds on behalf of both retail investors and pension clients. Kate worked for Morgan Stanley Investment Management for 12 years between 1992 and 2004, where she was Managing Director and head of Morgan Stanley Investment Management's Global Core Equity team. Prior to joining Morgan Stanley, Kate spent two years as a research analyst at M&G Investment Management.

She is a Chartered Financial Analyst (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.

---

## John Glencross

John co-founded Calculus Capital Limited in 1999, creating one of the UK's most successful, independent private equity firms focused on investing in smaller, unquoted companies.

John has over 30 years' experience in private equity, corporate finance, and operational management. During that time, he has invested in, advised on or negotiated more than 100 transactions and served on publicly quoted and private corporate boards. He is a director of Terrain Energy Limited which is a company in which this Company has invested. He is also a board member of the Enterprise Investment Scheme Association and a member of its Tax and Technical and its Regulatory Committees. He was also a director of Neptune-Calculus Income and Growth plc until its assets and liabilities were acquired by the Company. Before co-founding Calculus Capital Limited, John served as an Executive Director of European Corporate Finance for UBS for nine years where he advised on M&A, IPOs, restructurings and recapitalisations, strategic alliances and private equity. Prior to this, John was headhunted to be Head of the Mergers & Acquisitions Group of Philips and Drew, a 100 year old London based financial institution.

At the start of his career, John qualified as a Chartered Accountant with Peat Marwick (subsequently KPMG), where he then went on to be recruited as a founder member of Deloitte's newly established Corporate Finance practice in London. John graduated from Oxford University with an MA (Hons) in Philosophy, Politics and Economics.

---

## Steve Meeks \*

Steve has had a successful 30 year career in the financial markets with NatWest, UBS and Santander with a specialisation in structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the design and launch of the Company. Following a brief retirement, Steve is currently Executive Chairman of Smarter Data Management Limited, a software business that provides energy management solutions to the commercial property and data centre market. Steve is also chairman of Get Smarter Energy Limited an energy procurement business and a director of Fan Data Pools Limited, CNRG Technologies Limited, Stay Close Band Limited, Smarter Data Management Limited, Highgate Hill Scholl Limited, Canley Consulting Limited and Your Favourite Teacher Limited.

---

## Diane Seymour-Williams \* (appointed 13 September 2017)

During 2017, Diane was chairman of Neptune-Calculus Income and Growth VCT plc and joined the Calculus VCT board in September 2017 upon the acquisition of assets and liabilities from Neptune.

Diane's executive career includes 23 years at Morgan Grenfell/Deutsche Asset Management where she became Head of Global Equity Products and 9 years at LGM Investments where she was Global Head of Relationship Management. Her previous fund directorships include The China Fund (1993-2005), Pakistan Fund (1993-1996), Batavia Fund (1993-1996), and Chairman Greater Korea Trust (1993-1997).

She has also served as a director on the Boards of BMO Investments (Ireland) plc (2013 to 2016), BMO Investments II (Ireland) plc (2008 to 2016), Irish domiciled UCITS companies and LG China Fund plc (2009 to 2017) also domiciled in Ireland. For 5 years from 2007, Diane was a non-executive director of Calculus Capital Limited. Diane is currently a non-executive director of Witan Pacific Investment Trust plc, Standard Life Private Equity Trust PLC and Brooks Macdonald Group plc, where, in addition, she chairs the Remuneration Committee. She also serves on the Newnham College Cambridge Investment Committee.

\*independent of the Investment Manager

# The Investment Manager

Calculus Capital Limited ('Calculus Capital') is appointed as investment manager to the Company and also provides secretarial, administration and custodian services to the Company. Calculus Capital is a generalist investor in the venture capital and EIS sector and has extensive experience investing across a multitude of sectors, including hosted software, lifesciences, leisure and hospitality, manufacturing, energy and transportation. Calculus Capital's focus is to find and back capable management teams in established companies which are already successfully selling products and services.

Calculus Capital is recognised as a leading manager of Venture Capital Investments and has been awarded the EIS Association 'Best EIS Fund Manager' Award three times, the latest at the 2016 Awards ceremony and was awarded "Best EIS Investment Manager" at the 2016 Growth Investor Awards. Calculus Capital also attained the title of 'Best EIS Investment Exit' in 2012. Calculus Capital's success is underpinned by a disciplined investment process, strong risk management and very close monitoring of and partnership with portfolio companies. The Calculus team involved with Calculus VCT includes the following individuals:

## **John Glencross**, Chief Executive of Calculus Capital Limited

Details for John Glencross can be found on page 25.

---

## **Susan McDonald**, Chairman of Calculus Capital Limited

Susan also chairs Calculus Capital's Investment Committee which approves all new investment and disposals. Susan has over 29 years of financial services experience and has personally directed investment to over 80 companies in the last 18 years covering a diverse range of sectors. She has regularly served as board member of the firm's private equity-backed companies. Before co-founding Calculus Capital, Susan was Director and Head of Asian Equity Sales at Banco Santander. Prior to this, she gained over 12 years' experience in company analysis, flotations and private placements with Jardine Fleming in Hong Kong, Robert Fleming (London) and Peregrine Securities (UK) Limited. Susan has an MBA from the University of Arizona and a BSc from the University of Florida. Before entering the financial services industry, Susan worked for Conoco National Gas Products Division and with Abbott Laboratories Diagnostics Division.

---

## **Robert Davis**, Deputy Chief Executive and Head of Portfolio Management

Robert joined Calculus Capital in 2014 with responsibility for working with the portfolio companies in helping to build value and, importantly, guiding them towards a successful exit. Robert has over 25 years' advisory experience covering the full spectrum of corporate and capital raising transactions, but with a particular expertise in M&A. Most recently he was Head of the European business of Avendus Capital, an Indian investment bank, and previously was the Head of European M&A at Nomura International for eight years. He has also held positions at JP Morgan and Robert / Jardine Fleming. As well as London, he has also worked in Hong Kong, Sydney and Mumbai. Robert qualified as a Chartered Accountant with Price Waterhouse and, prior to his career in finance, served in the British army. He holds an MA from the University of Cambridge.

---

## **Lesley Watkins**, Finance Director of Calculus Capital Limited

Lesley joined Calculus Capital in 2002. She has over 19 years' experience in investment banking. She was Managing Director, Global Investment Banking at Deutsche Bank, and prior to that she was a Managing Director in the UK Equity Advisory Division BT Alex Brown. Before that, Lesley spent 14 years at UBS, where she was a Managing Director in the Corporate Finance Division. She has extensive experience of fundraising, flotations, mergers and

acquisitions, disposals and restructurings for her clients. Lesley has also been a Non-Executive Council Member of the Competition Commission, and a non-executive director of Panmure Gordon. She is currently a non-executive director of Game Digital plc and of Braemar Shipping Services plc. She is a fellow of the Institute of Chartered Accountants.

---

### **Richard Moore**, Head of New Investments

Richard joined Calculus Capital in 2013. Prior to this he was a Director at Citigroup, and also previously worked at JPMorgan and Strata Technology Partners. Richard has over 14 years' corporate finance experience advising public and private corporations and financial sponsors on a range of M&A and capital raising transactions. Richard began his investment banking career in the UK mid-cap advisory team at Flemings (acquired by JPMorgan in 2000), working with companies across a broad range of sectors. More recently Richard has specialized in advising companies in the technology industry. Richard has advised on a wide range of transactions including buy-side and sell-side M&A mandates, public equity and debt offerings, private equity investments and leveraged buy outs in the UK, Europe, US and Asia. Richard began his career at KPMG where he qualified as a Chartered Accountant. He has a BA (Hons) in Politics and Economics from Durham University.

---

### **Alexander Crawford**, Investment Director

Alexander joined Calculus Capital in 2015, and has over 20 years' corporate finance experience, incorporating M&A, capital raising in both public and private markets, and other strategic advice. He spent ten years with Robert Fleming & Co, Evercore Partners and JP Morgan in London, New York and Johannesburg, where he advised the South Africa government on the hedge fund team of their incumbent telecoms operator. He was more recently a Managing Director at Pall Mall Capital. Alexander's role is to source and execute new deals, as well as managing some of the existing portfolio companies through to exit. Alexander has an MA in Mathematics from Cambridge University and qualified as a Chartered Accountant with KPMG.

---

### **Alexandra Lindsay**, Investment Director

Alexandra joined Calculus Capital in 2008. She specializes in the valuation of investment opportunities, focusing on the energy, life sciences and services sectors. Her recent projects include oil and gas exploration and production and synthetic biology. Alexandra is responsible for project management from proposal through due diligence to completion. Prior to joining Calculus Capital, she worked on the hedge fund team at Apollo Management International where she conducted research into companies and markets. She graduated from University College London with a first class degree in History of Art having previously studied Engineering Science at Wadham College, Oxford. Alexandra is a CFA charter holder.

---

### **Natalie Evans**, Director and Head of Fund Finance and Operations

Natalie joined Calculus in 2010 and is responsible for financial management and planning. Until recently Natalie was Head of Fund Administration and she still oversees all areas of VCT fund administration, operations and reporting. Natalie is a chartered management accountant and holds a first class Bachelor of Law degree. Prior to this Natalie graduated with a Masters of Modern Languages from the University of Manchester.

---

# Directors' Report

The Directors present their Annual Report and Accounts for the year ended 28 February 2018.

Directors	Appointed
<b>Michael O'Higgins</b> (Chairman)	22 February 2010
<b>Kate Cornish-Bowden</b>	10 February 2011
<b>John Glencross</b>	10 February 2010
<b>Steve Meeks</b>	10 February 2010
<b>Diane Seymour-Williams</b>	13 September 2017

Biographical notes of the Directors are given on pages 25-26.

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

Diane Seymour Williams joined the board during the year and will therefore be standing for re-election at the Annual General Meeting.

Kate Cornish-Bowden will retire by rotation and stand for re-election at the forthcoming Annual General Meeting.

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

The Board accordingly recommends that John Glencross and Kate Cornish-Bowden be re-elected as Directors at the Annual General Meeting.

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

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

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

## Corporate Governance

The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining high standards of corporate governance and to the principles of good governance as set out in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC") in April 2016, a copy of which can be found at [www.frc.org.uk](http://www.frc.org.uk).

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

- Directors are not appointed for a specified term as all directors are non-executive and the Articles of Association require that all directors retire by rotation at Annual General Meetings of the Company.
- In light of the responsibilities retained by the Board and its Committees and the responsibilities delegated to the Investment Manager, the Administrator, the Registrars and legal advisers, the Company has not appointed a chief executive officer, deputy chairman or senior independent director.

- Given the structure of the Company and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees will be a matter for the full Board.
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function will be reviewed annually.

A full statement on Corporate Governance and the Company's compliance with the UK Corporate Governance Code can be found at <http://www.calculuscapital.com/calculus-vct>

A report from the Audit Committee can be found on page 33-34.

## Dividends

Details of the dividend recommended by the Board are set out in the Strategic Report on page 8 of the Accounts.

## Directors' fees

A report on directors' remuneration is set out on pages 35 to 38 of the Accounts.

## Directors' and officers' liability insurance

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

## Share capital

The capital structure of the Company and movements during the year are set out in note 12 of the Accounts. At the year end, no shares were held in Treasury. In April 2017 160,810 D shares were issued pursuant to an offer for subscription. In July 2017 the share classes were merged and 4,055,220 old ordinary shares were converted into 683,243 new Ordinary shares, 1,460,898 C shares were converted into 470,197 new Ordinary shares and the 7,672,507 D shares then in issue were renamed Ordinary shares. In September 2017 2,511,180 new Ordinary shares were issued to acquire the assets and liabilities of Neptune. In December 2017 367,800 Ordinary shares were issued pursuant to offers for subscription. 62,210 Ordinary shares

were bought back during the year. Since the year end a further 1,779,298 new Ordinary shares have been issued pursuant to an offer for subscription.

## Substantial Shareholdings

As at 28 February 2018, Mr Alistair Watson held 407,022 Ordinary shares representing 3.5% of the share capital of the Company. There were no other notifiable interests in the voting rights of the Company.

## Management

Calculus Capital Limited is the qualifying Investments' portfolio manager. Calculus Capital Limited was appointed as Investment Manager pursuant to an agreement dated 2 March 2010, a supplemental agreement was entered into on 7 January 2011 in relation to the management of the C Share fund, a further supplemental agreement entered into on 26 October 2015 in relation to the management of the D share fund and covers the addition of company secretarial duties and a further supplemental management agreement entered into on 12 September 2017 in relation to the merged share fund (together, the "Calculus Management Agreements"). Pursuant to the Calculus Management Agreements, Calculus Capital Limited agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the aggregate gross amounts raised under the Ordinary share and C share offers, and 3.4 per cent of the aggregate gross amounts raised on the D share offer, for the period from 1 March 2017 to 12 September 2017. From 12 September 2017, Calculus Capital Limited agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the net asset value of the Ordinary shares.

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

Calculus Capital Limited is also entitled to a fee of £15,000 per annum (plus VAT where applicable) for the provision of company secretarial services.

For the year to 28 February 2018, Calculus Capital Limited charged £154,089 in management fees, £18,000 in company secretarial fees, and contributed £26,435 to the expenses cap such that net fees earned were £145,654 (2017: charged £62,838 in management fees, £18,000 in company secretarial fees and contributed £20,492 to the expenses cap).

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

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

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

Pursuant to a performance incentive agreement between the Company, Calculus Capital Limited and Investec Structured Products dated 7 January 2011, Investec Structured Products and Calculus Capital Limited will be entitled to performance incentive fees as set out below:

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

provided that C shareholders received at least 70p per C share on or before 14 March 2017 and at least a further 45p per C share is received or offered for payment on or before the 14 March 2019.

## Continuing Appointment of the Investment Manager

The Board keeps the performance of Calculus Capital Limited under continual review. A formal review of the Investment Manager's performance and the terms of their engagement has been carried out and the Board are of the opinion that the continuing appointment of Calculus Capital Limited as Investment Manager is in the interests of shareholders as a whole. The Board is satisfied with the performance of the Company to date. The Board is confident that the VCT qualifying tests will continue to be met.

## Financial Risk Management

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

## Going Concern

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

## Global Greenhouse Gas Emissions

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

## Annual General Meeting

A formal Notice convening the Annual General Meeting of the Company to be held on 3 July 2018 can be found on pages 68 to 69.

The resolutions are as follows:

- To receive the Report and Accounts for the year ended 28 February 2018 (Resolution 1).
- To approve the Directors' Remuneration Report (Resolution 2).
- To approve the payment of a final dividend of 4 pence per Ordinary Share (Resolution 3).
- To re-elect John Glencross as a director of the Company (Resolution 4).
- To re-elect Diane Seymour-Williams as a director of the Company (Resolution 5).
- To re-elect Kate Cornish-Bowden as a director of the Company (Resolution 6).
- To re-appoint Grant Thornton UK LLP as auditors (resolution 7).
- To authorise the Directors to fix the auditors' remuneration (resolution 8).
- To grant the Directors the power to allot Ordinary shares (resolution 9)
- To disapply pre-emption rights (Resolution 10)
- To give the directors authority to purchase shares (Resolution 11)
- To authorise the Company to hold general meetings on 14 clear days' notice (Resolution 12)

Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions. Further explanation of the special resolutions is given below.

Resolution 10 will sanction in a limited manner the disapplication of pre-emption rights in respect of the allotment of equity securities for cash pursuant to the authority conferred by resolution 9. This authority will be effective until the conclusion of the next Annual General Meeting (expected to be in July 2019).

The Board believes that it is beneficial to the Company for it to continue to have the flexibility to purchase in the market its own shares.

Resolution 11 seeks authority from the Shareholders for the Company to be authorised to do so when considered appropriate by the Directors.

It is proposed by Special Resolution 11 that the directors be given authority to make market purchases of the Company's own shares. Under this authority the directors may purchase shares with an aggregate nominal amount up to but not exceeding 10 per cent of the Company's issued Ordinary share capital. When buying shares, the directors cannot pay a price per share which is more than 105 per cent of the middle market prices shown in the quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is to be purchased. This authority will be effective until the conclusion of the next Annual General Meeting (expected to be in July 2019).

The board believe it is beneficial for the Company to have the flexibility to call general meetings, other than annual general meetings, at 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The authority will be effective until the conclusion of the next Annual General Meeting (expected to be in July 2019).

## Developments since the year end

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

## Statement of disclosure to the auditor

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

- (a) there is no relevant audit information of which the Company's Auditor is unaware; and
- (b) each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board,

**Calculus Capital Limited**  
**Company Secretary**

17 May 2018

# Audit Committee Report

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

The Committee consists of the four independent directors and is chaired by Kate Cornish-Bowden. The audit committee carried out an internal evaluation of its composition, performance and effectiveness during the year. All members are considered to have recent and relevant financial experience. The non-independent Director, John Glencross is also invited to attend the Audit Committee meetings as he is intimately involved in the Company's affairs and has specific knowledge of the investments made by Calculus Capital Limited on the Company's behalf.

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

## Activity during the year

The Committee met twice during the financial year to consider accounts, review the principal risks faced by the Company and the internal control systems and review the Audit Plan and fees of the external Auditor. The risks to which the Company is exposed are recorded in a risk register and include market, investment, operational and regulatory risks. The controls in place to mitigate these risks and the residual risk is assessed and the risk register updated as required at each meeting.

The Committee worked closely with the investment manager to ensure VCT qualifying status was maintained. At 28 February 2018, 99.8 per cent of

the money required to be invested was invested in a diversified portfolio of Venture Capital Investments. Funds awaiting investment opportunities have been invested in liquid non-qualifying investments such as cash and money market funds.

## Significant Issues

The significant issues considered by the Committee are set out below.

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

The Committee also considered the Corporate Governance requirement for a long-term viability statement. The length of time which the statement should cover was discussed and a period of five years was selected reflecting the Board's strategic time horizon. The assumptions underlying the forecasts including the expected cash requirements, and the level of investment realisations and investment income assumed during the period were considered. The Committee is confident that the Company will continue to operate and meet its liabilities over the period.

The findings of the annual audit by Grant Thornton UK LLP ("Grant Thornton") were discussed and the Committee is pleased to confirm that there was nothing material or unusual to report. The Committee also reviewed the Audit Plan and fees presented by Grant Thornton. Grant Thornton has charged £27,600

for the audit fee (2017: £22,375). The increase in the fee from 2017 is due to additional audit work to review the merged share class and the additional assets and liabilities acquired from Neptune Calculus Income & Growth VCT plc. Grant Thornton performed no non-audit services during the year. The provision of any non-audit services would have to be approved by the Committee and the Committee would need to be satisfied that Grant Thornton's independence and objectivity was not impaired.

## **Audit report and auditor evaluation**

The Company is required to carry out an audit tender every ten years. Grant Thornton have conducted the audit each year since 2011 and the Company will therefore be required to conduct an audit tender no later than the year commencing 1 March 2020. The senior statutory auditor is rotated after at most five years. The current senior statutory auditor Christopher Smith has audited the accounts since 2014 and a different individual will perform this role in 2019. The Committee discussed Grant Thornton's objectivity, their experience in the VCT industry and their fees. They believe that Grant Thornton carried out their work in a diligent manner with a high degree of professionalism and therefore recommended Grant Thornton's continued appointment as external Auditor to the Company.

**Kate Cornish-Bowden**

**Chairman of the Audit Committee**

17 May 2018

# Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An Ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Auditor, Grant Thornton UK LLP, to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the "Independent Auditor's Report" on pages 40 to 45.

## Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 28 February 2018.

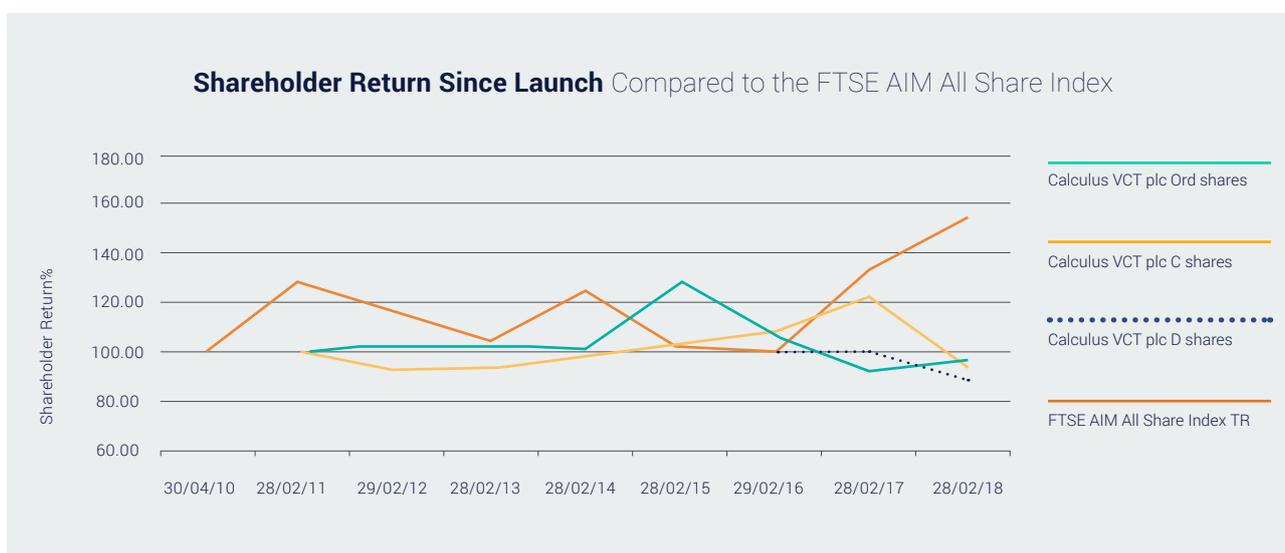
The Board consists entirely of non-executive directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to executive directors. Due to the size and nature of the Board, it is not considered appropriate for the Company to establish a separate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

During the year ended 28 February 2018, the fees were set at the rate of £20,000 per annum for the Chairman and £15,000 per annum for other directors. There have been no changes relating to directors' remuneration made during the year. There has been no increase in directors' fees since the launch of the Company in 2010.

## Company Performance

The graph below compares the total return (assuming all dividends are reinvested) to original holders of (old) Ordinary shares since 8 April 2010 and to original holders of C shares since 5 April 2011 (when the Ordinary shares and C shares respectively were first admitted to the Official List of The UK Listing Authority) and to original holders of D shares since 9 March 2016 and to holders of new Ordinary shares since 1 August 2017 compared to the total shareholder return in the FTSE AIM All Share Index, which is the closest broad index against which to measure the Company's performance. The (old) Ordinary shares, C shares and D shares no longer exist. All share classes were merged on 1 August 2017 using conversion ratios of 1 Ordinary share = 0.1442 D shares and 1 C share = 0.235 D shares and then all the shares were renamed (new) Ordinary shares. The lines shown above for the (old) Ordinary and C classes from 1 August 2017 to 28 February 2018 use pro forma figures calculated by taking the proportion of a new Ordinary share as is represented by the conversion ratio X the price of an Ordinary share and adding cumulative dividends. As the D shares were renamed Ordinary shares, the pro forma return is the same as that of the Ordinary shares.

The total returns for the ordinary shares and C shares, being price plus cumulative dividends, are 96.3p and 93.8p respectively.



## Directors' Emoluments for the Year (audited)

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

Director	Year to 28 Feb 2018 £'000	Year to 28 Feb 2017 £'000
Michael O'Higgins	20	20
Kate Cornish-Bowden	15	15
John Glencross	–	–
Steve Meeks	15	15
Diane Seymour-Williams (appointed 12 Sept 2017)	7	–
	<b>57</b>	<b>50</b>

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

### Taxable benefits (audited)

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

### Variable pay (audited)

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

### Pensions benefits (audited)

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

## Directors' Interests (audited)

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

Director	Number of Ordinary shares held at 28 Feb 2018	Number of Original ordinary shares held at 28 Feb 2017	Number of C shares held at 28 Feb 2017	Number of D shares held at 28 Feb 2017
Michael O'Higgins	<b>79,383</b>	205,500	–	49,750
Kate Cornish-Bowden	<b>67,330</b>	–	10,000	24,375
John Glencross	<b>43,047</b>	25,000	–	20,191
Steve Meeks	<b>2,963</b>	20,550	–	
Diane Seymour-Williams	<b>15,092</b>	20,000	–	4,875

## Relative Importance of Spend on Pay

	2018 £'000	2017 £'000	Change
Dividends paid to Ordinary shareholders in the year	<b>332</b>	332	-
Dividends paid to C shareholders in the year	<b>58</b>	1,006	(94.2)%
Dividends paid to D shareholders in the year	<b>211</b>	–	100.0%
Total remuneration paid to Directors	<b>57</b>	50	14.0%

## Voting

The Directors' Remuneration Report for the year ended 28 February 2017 was approved by shareholders at the Annual General Meeting held on 29 August 2017. The votes cast by proxy were as follows:

Directors' Remuneration Report	Number of Votes	% of Votes Cast
For	<b>637,432</b>	78.9
Against	<b>1,009</b>	0.1
At Chairman's discretion	<b>170,015</b>	21.0
Total votes cast	<b>808,456</b>	100
Number of votes withheld	<b>Nil</b>	Nil

## Directors' Remuneration Policy

The Board's policy is that remuneration of non-executive directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The fees for the non-executive directors are determined by the Board within the limit (not to exceed £100,000 per year in aggregate) set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The approval of shareholders would be required to increase the limits set out in the Articles of Association.

	Expected Fees for Year to 28 February 2019 £	Fees for Year to 28 February 2018 £
Chairman basic fee	<b>20,000</b>	20,000
Non-executive Director basic fee	<b>15,000</b>	15,000
<b>Total aggregate annual fees that can be paid</b>	<b>100,000</b>	100,000

Fees for any new director appointed would be in line with the Director's Remuneration Policy. Fees payable in respect of subsequent periods will be determined following an annual review. Any views expressed by shareholders on the fees being paid to directors would be taken into consideration by the Board.

In accordance with the regulations, an ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at least once every three years and in any year if there is to be a change in the Directors' remuneration policy. The Director's remuneration policy was last approved by 99.9 per cent of votes cast at the Annual General Meeting in 2017.

## Directors' Service Contracts

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

The terms of their appointment provide that directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Directors are thereafter obliged to retire by rotation, and to stand for re-election by shareholders at least every three years after that. Directors who have served on the Board for more than nine years must offer themselves for re-election on an annual basis. The terms also provide that a director may be removed on not less than three months written notice. Compensation will not be made upon early termination of appointment.

## Approval

The Directors' Remuneration Report was approved by the Board on 17 May 2018.

On behalf of the Board

**Michael O'Higgins**

**Chairman**

17 May 2018

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

We confirm that to the best of our knowledge:

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

On behalf of the Board

**Michael O'Higgins**  
Chairman

17 May 2018

# Independent Auditor's Report to the members of Calculus VCT plc

## Opinion

### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of Calculus VCT Plc (the 'company') for the year ended 28 February 2018 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

#### **In our opinion, the financial statements:**

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Who we are reporting to

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

## Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 24 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 24 of the annual report, that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 31 of the financial statements, about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on pages 22 to 23 of the annual report, as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Overview of our audit approach

- Overall materiality: £152,000, which represents 1.5% of the company's net assets
- One key audit matter was identified as the valuation of qualifying unlisted investments

## Key Audit Matter

### Valuation of the investments

The company's business is investing in financial assets, with a view to achieving long term investment returns for private investors, including tax free dividends.

The company's investment policy is to invest approximately 75 per cent of their funds in a diversified portfolio of holdings in qualifying investments, whether unlisted or traded on the Alternative Investment Market (AIM). Accordingly, the unlisted investment portfolio is a significant, material item in the financial statements.

The valuation of unlisted investments in the investment portfolio includes significant assumptions and judgements made by management, and we therefore identified valuation of qualifying unlisted investments as a significant risk, which was the most significant assessed risks of material misstatement.

## How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- Considering whether the unlisted investments were valued in accordance with the International Private Equity and Venture Capital (IPEVC) guidelines;
- Assessing whether the accounting policy for valuing the investment is in accordance with the financial reporting framework;
- Obtaining the valuation workbook prepared by the investment manager for each investment and evaluating the methodology used;
- Obtaining the latest investee companies' management accounts and board packs, and determining whether the information was consistent with the data used by the investment manager in estimating the fair value;
- Holding meetings with the investment manager to discuss each unlisted investment's performance and prospects and how this information had been reflected in the valuation workbook;
- For unlisted investments valued using comparable company models, we confirmed the consistency and relevance of the companies used and tested the data obtained to third party sources. We performed sensitivity analysis on the assumptions made;
- For unlisted investments valued using discounted cash flow analysis, we tested the mathematical accuracy of the calculations, reviewed the supporting information and performed sensitivity analysis on the growth and discount rate assumptions made;
- Where alternative assumptions could reasonably be applied we developed our own estimates and considered the overall impact of a change in these assumptions on the valuation of the unlisted investment;
- For unlisted investments held at cost, we obtained documentation supporting the price paid and considered any assumptions made by the investment manager in using cost as a valuation method.

The company's accounting policy on the valuation of investments is shown in note 2 to the financial statements and related disclosures are included in note 9. The Audit Committee identified the valuation of the investments as a significant issue in its report on page 33, where the Audit Committee also described the action that it has taken to address this issue.

### Key observations

Based on our audit work, we did not note any material misstatements arising from our testing of the valuation of unlisted investments.

## Our application of materiality

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

We determined materiality for the audit of the financial statements as a whole to be £152,000, which is 1.5% of the company's net assets. This benchmark is considered the most appropriate because net assets are considered the key metric for management's and the users' understanding of the financial statements, and is used by management as a key performance indicator. The value of net assets is principally driven by the value of the investment portfolio.

Materiality for the current year is higher than the level that we determined for the year ended 28 February 2017, as we increased the percentage of the benchmark used from 1% to 1.5% in order to align our materiality with what those charged with governance and users of the financial statements would consider to be material to the financial statements.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

We also determine a lower level of specific materiality for certain areas, such as operating expenses, related party transactions and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £8,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

## An overview of the scope of our audit

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

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

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 24 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 33 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on pages 29 to 30 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

## **Our opinions on other matters prescribed by the Companies Act 2006 are unmodified**

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 39 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Other matters which we are required to address**

We were appointed by the directors on 11 May 2018. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

There were not any other services provided by the firm to the company that have not been disclosed in the financial statements or elsewhere in the annual report.

Our audit opinion is consistent with the additional report to the audit committee.

**Christopher Smith**

**Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants**

London, 17 May 2018

# Income Statement

for the year ended 28 February 2018

		Year Ended 28 February 2018			Year Ended 28 February 2017		
	Note	Revenue Return £'000	Capital Return £'000	Capital Return £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Gains on investments at fair value	9	–	232	232	–	70	70
Losses on disposal of investments	9	–	(159)	(159)	–	(214)	(214)
Income	3	65	–	65	62	–	62
Investment management fee	4	(39)	(115)	(154)	(16)	(47)	(63)
Costs of acquiring Neptune Calculus assets and liabilities		(55)	–	(55)	–	–	–
Other expenses	5	(202)	–	(202)	(193)	–	(193)
<b>Deficit before taxation</b>		<b>(231)</b>	<b>(42)</b>	<b>(273)</b>	<b>(147)</b>	<b>(191)</b>	<b>(338)</b>
Taxation	6	–	–	–	–	–	–
<b>Deficit attributable to shareholders</b>		<b>(231)</b>	<b>(42)</b>	<b>(273)</b>	<b>(147)</b>	<b>(191)</b>	<b>(338)</b>
<b>Deficit per Ordinary share</b>	8	<b>(2.3)p</b>	<b>(0.4)p</b>	<b>(2.7)p</b>	<b>(3.8)</b>	<b>(4.9)</b>	<b>(8.7)</b>

The columns for the year to February 2018 include the income attributable to the old ordinary shares, C shares and D shares prior to the merger of the classes. The columns for the year to February 2017 represent the income attributable to the old ordinary shares C shares and D shares prior to the merger of the classes. The columns for both years represent the Company's Income Statement for the relevant year.

The deficit per Ordinary share for the year to 28 February 2017 is the implied deficit per Ordinary share on the assumption that the merger of the share classes had taken place on 1 March 2016.

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

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

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

The notes on pages 51 to 67 form an integral part of these Accounts.

# Statement of Changes in Equity

for the year ended 28 February 2018

	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital redemption Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>For the year ended 28 February 2018</b>								
1 March 2017	141	7,046	1,277	–	725	(61)	(705)	8,423
Investment holding gains	–	–	–	–	–	232	–	232
Loss on disposal of investments	–	–	–	–	(159)	–	–	(159)
New share issue (D shares)	2	153	–	–	–	–	–	155
Expense of share issue (D shares)	–	(9)	–	–	–	–	–	(9)
Purchase of shares for cancellation in connection with merger of classes	(55)	–	–	55	–	–	–	–
New share issue (Ordinary shares re Neptune-Calculus assets and liabilities acquisition)	25	2,176	3	–	–	–	–	2,204
Cancellation of share premium account	–	(9,342)	9,342	–	–	–	–	–
New share issue (Ordinary shares)	4	310	–	–	–	–	–	314
Expenses of share issue (Ordinary shares)	–	(11)	–	–	–	–	–	(11)
Share buybacks for cancellation	(1)	–	(49)	1	–	–	–	(49)
Management fee allocated to capital	–	–	–	–	(115)	–	–	(115)
Change in accrual in IFA commission	–	(25)	2	–	–	–	–	(23)
Revenue return after tax	–	–	–	–	–	–	(231)	(231)
Dividends paid	–	–	(601)	–	–	–	–	(601)
<b>28 February 2018</b>	<b>116</b>	<b>298</b>	<b>9,974</b>	<b>56</b>	<b>451</b>	<b>171</b>	<b>(936)</b>	<b>10,130</b>

# Statement of Changes in Equity

for the year ended 28 February 2018 (Continued)

	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>For the year ended 28 February 2017</b>							
1 March 2016	66	–	2,615	986	(131)	(558)	2,978
Investment holding gains	–	–	–	–	70	–	70
Loss on disposal of investments	–	–	–	(214)	–	–	(214)
New share issue	75	7,420	–	–	–	–	7,495
Expense of share issue	–	(374)	–	–	–	–	(374)
Management fee allocated to capital	–	–	–	(47)	–	–	(47)
Revenue return after tax	–	–	–	–	–	(147)	(147)
Dividends paid	–	–	(1,338)	–	–	–	(1,338)
<b>28 February 2017</b>	<b>141</b>	<b>7,046</b>	<b>1,277</b>	<b>725</b>	<b>(61)</b>	<b>(705)</b>	<b>8,423</b>

The figures for the year to February 2018 include the combined changes in equity attributable to the old ordinary shares C shares and D shares prior to the merger of the classes. The figures for the year to February 2017 represent the combined changes in equity for the old ordinary shares C shares and D shares. All items represent the changes in equity for the Company for the relevant year.

The notes on pages 51 to 67 an integral part of these Accounts.

# Statement of Financial Position

at 28 February 2018

	Note	28 February 2018 £'000	28 February 2017 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	9	7,982	4,906
<b>Current assets</b>			
Debtors	10	44	14
Cash at bank and on deposit		2,267	3,782
<b>Creditors: amount falling due within one year</b>			
Creditors	11	(142)	(279)
<b>Net current assets</b>		<b>2,169</b>	<b>3,517</b>
<b>Non-current liabilities</b>			
IFA trail commission		(21)	–
<b>Net assets</b>		<b>10,130</b>	<b>8,423</b>
<b>Capital and reserves</b>			
Called-up share capital	12	116	141
Share premium		298	7,046
Special reserve		9,974	1,277
Capital redemption reserve		56	–
Capital reserve – realised		451	725
Capital reserve – unrealised		171	(61)
Revenue reserve		(936)	(705)
<b>Equity shareholders' funds</b>		<b>10,130</b>	<b>8,423</b>
<b>Net asset value per Ordinary share – basic</b>	13	<b>87.0p</b>	-
<b>Net asset value per original ordinary share – basic</b>	13	-	20.6p
<b>Net asset value per C share – basic</b>	13	-	26.0p
<b>Net asset value per D share – basic</b>	13	-	92.4p

The assets and liabilities as at 28 February 2018 represent the assets and liabilities attributable to the Ordinary shares. The assets and liabilities as at 28 February 2017 represent the combined assets and liabilities attributable to the original ordinary shares C shares and D shares. The notes on pages 51 to 67 form an integral part of these Accounts. The financial statements on pages 46 to 67 were approved by the Board of directors of Calculus VCT plc and were authorised for issue on 17 May 2018 and were signed on its behalf by:

**Michael O'Higgins**  
Chairman

# Statement of Cashflows

for the year ended 28 February 2018

	Note	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
<b>Cash flows from operating activities</b>			
Investment income received		67	59
Deposit interest received		2	1
Investment management fees		(145)	(40)
Other cash payments		(264)	(107)
<b>Cash flow from operating activities</b>	14	<b>(340)</b>	<b>(87)</b>
<b>Cash flow from investing activities</b>			
Purchase of investments		(1,070)	(3,561)
Sale of investments		73	1,440
<b>Net cash flow from investing activities</b>		<b>(997)</b>	<b>(2,121)</b>
<b>Cash flow from financing activities</b>			
Ordinary share issue/ D share issue		418	7,546
Expense of Ordinary/D share issue		(127)	(267)
IFA trail commission		(3)	–
Neptune-Calculus cash received		286	–
Expenses of Neptune-Calculus transaction		(102)	–
Share buybacks for cancellation		(49)	–
Equity dividend paid		(601)	(1,338)
<b>Net cash flow from financing activities</b>		<b>(178)</b>	<b>5,941</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(1,515)</b>	<b>3,733</b>
<b>Analysis of changes in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of year		3,782	49
Net cash (decrease)/increase		(1,515)	3,733
Cash and cash equivalents at the year end		2,267	3,782

The cash flows for the year to 28 February 2018 include cash movements attributable to the original ordinary shares C shares and D shares prior to the merger of the classes. The cash flows for the year to 28 February 2017 represent the combined cash movements attributable to the original ordinary shares C shares and D shares.

The notes on pages 51 to 67 form an integral part of these Accounts.

# Notes to the Accounts

## 1. Company information

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

## 2. Accounting Policies

### Basis of accounting

The financial statements have been prepared on a basis compliant with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and with the Act. The Directors have prepared the financial statements on a basis compliant with the recommendations of the Statement of Recommended Practice ('the SORP') for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ('AIC').

The financial statements are presented in Sterling (£).

Expenses up to the date of the merger of the share classes were allocated between the old ordinary share fund, C share fund and the D share fund on the basis of the ratio of the net asset value of the previous month unless the expense is attributable in full to one of the funds.

### Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period 12 months from the date these financial statements were approved). The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Significant judgements and estimates

Preparations of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where

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

As at 28 February 2018 the value of unquoted investments included within the Company's investment portfolio was £4,726,742 (2017 original ordinary fund: £880,512; 2017 C share fund: £531,744; 2017 D share fund: £599,990).

### Investments

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

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

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

All purchases and sales of quoted investments are accounted for on the trade date basis. All purchases and sales of unquoted investments are accounted for on the date that the sale and purchase agreement becomes unconditional.

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

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

## Cash and cash equivalents

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

## Debtors

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

## Creditors

Short term trade creditors are measured at the transaction price.

## Income

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

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

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

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

## Expenses

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

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

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

Expenses incurred by the Company in excess of the agreed cap, currently 3 per cent of NAV (excluding irrecoverable VAT, annual trail commission and performance incentive fees), could be clawed back from Calculus Capital Limited. Any clawback is treated as a credit against the expenses of the Company.

## Capital reserve

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

## Share premium

The share premium is the excess paid by shareholders on share allotments above the nominal value of the share. There is currently a share premium account on the Ordinary shares issued since 1 November 2017. In order to allow the portfolios to pay dividends to shareholders using a distributable capital reserve, the special reserve was created

on the cancellation of the share premium account on 20 October 2010 for original ordinary shares, 23 November 2011 for C shares and 1 November 2017 for the Ordinary share class.

## Special reserve

The special reserve was created by the cancellation of the original ordinary share fund's share premium account on 20 October 2010. A further cancellation of the share premium account occurred on 23 November 2011 for both the original ordinary share fund and C share fund. A further cancellation of the share premium account occurred on 1 November 2017 for the Ordinary share fund. The special reserve is a distributable reserve created to be used by the Company inter alia to write off losses, fund market purchases of its own shares and make distributions and/or for other corporate purposes.

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

## Taxation

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

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

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

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

## Dividends

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

## Share buybacks

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

### 3. Income

	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
UK dividends	–	3
UK unfranked loan stock interest	59	54
Liquidity Fund interest	4	4
Bank interest	2	1
	<b>65</b>	62
<b>Total income comprises:</b>		
Interest	65	59
Dividends	–	3
	<b>65</b>	62

All income arose in the United Kingdom.

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

### 4. Investment Management Fee

	Year Ended 28 February 2018			Year Ended 28 February 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	39	115	154	16	47	63

No performance fee was paid during the year.

For the year ended 28 February 2018, Calculus Capital Limited contributed £26,435 (2017: £20,492 contributed) to the expenses of the Company such that its net management fee was £127,654 (2017: 42,346 contributed). At 28 February 2018, there was £42,310 due to Calculus Capital Limited for management fees (2017: £32,949 due to Calculus Capital Limited).

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

## 5. Other expenses

	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
Directors' fees	57	50
Calculus secretarial fee	18	18
Link accounting fees	40	38
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	28	22
Other	85	85
Clawback of expenses in excess of expense cap repayable from the Manager	(26)	(20)
	<b>202</b>	<b>193</b>

Further details of directors' fees can be found in the Directors' Remuneration Report on page 35 to 38 of the Accounts.

## 6. Taxation

	Year Ended 28 February 2018			Year Ended 28 February 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loss before tax	(231)	(42)	(273)	(147)	(191)	(338)
Theoretical tax at UK Corporation Tax rate of 19.1% (2017: 20.0%)	(44)	(8)	(52)	(30)	(38)	(68)
Timing differences: loss not recognised, carried forward	44	22	66	30	9	39
Effects of non-taxable (gains)/losses		(14)	(14)	–	29	29
Tax charge	–	–	–	–	–	–

On 1 April 2017, the Corporation Tax rate decreased from 20% to 19%. The rate remained at 19% for the remainder of the reporting period.

At 28 February 2018, the Company had £1,184,503 (28 February 2017: £904,125) of excess management expenses to carry forward against future taxable profits.

The Company's deferred tax asset of £201,365 (28 February 2017: £153,701) has not been recognised due to the fact that it is unlikely the excess management expenses will be set off in the foreseeable future.

## 7. Dividends

	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
<b>Original ordinary shares</b>		
Declared and paid: 7.00p per Ordinary share in respect of the year ended 28 February 2018 (2017: 7.00p)	332	332
<b>C shares</b>		
Declared and paid: 3.00p per C share in respect of the year ended 28 February 2018 (2017: 4.50p)	58	87
Declared and paid: nil per C share in respect of the year ended 28 February 2017 (2016: 47.6p)	–	919
<b>D shares</b>		
Declared and Paid: 4.25p per Eligible D share in respect of the year ended 28 February 2018 (2017: 0.00p)	211	–

The Board have proposed an Ordinary share dividend in respect of the year to 28 February 2018 of 4 pence per share which, if approved by shareholders, will be paid to all Ordinary shareholders on the register on 5 July 2018 other than those who subscribed for new Ordinary shares after 1 August 2017.

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

## 8. Return per Share

	Year Ended 28 February 2018			Year Ended 28 February 2017		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	(2.3)	(0.4)	(2.7)	(3.8)	(4.9)	(8.7)
Return per original ordinary share	–	–	–	(0.6)	(3.1)	(3.7)
Return per C share	–	–	–	(1.8)	2.6	0.8
Return per D share	–	–	–	(3.1)	(3.5)	(6.6)

## Ordinary share return

From 1 March 2016 to 31 July 2017 the Company's share capital comprised ordinary shares, C shares and D shares. On 1 August 2017 the share classes were merged to create one class of Ordinary shares. One Ordinary share was calculated to be equivalent to 0.1442 ordinary shares or 0.2435 C shares or one D share (the merger ratios). To calculate a return per Ordinary share for the period to 31 July 2017 (and for the comparative year to 28 February 2017), it is not considered meaningful to treat an ordinary share or a C share as equal to an Ordinary share nor to treat the share classes as equal to each other as the shares were represented by differing amounts of assets generating different returns. Accordingly, for this period (and for the year ended 28 February 2017) the number of Ordinary shares has been taken to be the aggregate equivalent number of Ordinary shares which each share class represented on the basis of the merger ratios. Throughout the period 1 March to 31 July 2017 the number of original ordinary shares was 4,738,463 equivalent to 683,243 Ordinary Shares (2017: 4,738,463 original ordinary shares equivalent to 683,243 Ordinary Shares) and the number of C shares was 1,931,095 equivalent to 470,197 Ordinary shares (2017: 1,931,095 C shares equivalent to 470,197 Ordinary shares). 7,511,697 D shares (equivalent to 7,511,697 Ordinary shares) were in existence at 1 March 2017 and a further 160,810 D shares (equivalent to 160,810 Ordinary Shares) were issued on 7 April 2017. 2,511,180 new Ordinary shares were issued on 12 September 2017, 367,800 new Ordinary shares were allotted on 20 December 2017 and 62,210 new Ordinary shares were bought back between 3 and 11 January 2018. On this basis, the weighted average number of Ordinary Shares for the period 1 March to 28 February 2018 was 10,033,757 Ordinary shares. (2017: 2,720,280 as the weighted average number of Ordinary shares is the same as the weighted average number of D shares in this year).

Revenue return per Ordinary share is based on the net revenue loss after taxation of £230,358 (2017: £146,730) and on 10,033,757 Ordinary shares, (2017: 3,873,720 implied Ordinary shares) being the weighted average number of Ordinary shares in issue during the period.

Capital return per Ordinary share is based on the net capital loss for the period of £42,305 and on 10,033,757 Ordinary shares (2017: 3,873,720 implied Ordinary shares) being the weighted average number of Ordinary shares in issue during the period.

Total return per Ordinary share is based on the net loss for the period of £272,663 and on 10,033,757 Ordinary shares (2017: 3,873,720 implied Ordinary shares), being the weighted average number of Ordinary shares in issue during the period.

## Original ordinary Share return

Previously reported revenue return per Ordinary share is based on the net revenue loss after taxation of £30,481 and on 4,738,463 Ordinary shares, being the weighted average number of Ordinary shares in issue during the year to 28 February 2017.

Previously reported capital return per Ordinary share is based on the net capital loss for the year of £145,957 and on 4,738,463 Ordinary shares, being the weighted average number of Ordinary shares in issue during the year to 28 February 2017.

Previously reported total return per Ordinary share is based on the total loss after taxation of £176,438 and on 4,738,463 Ordinary shares, being the weighted average number of Ordinary shares in issue during the year to 28 February 2017.

## C share return

Previously reported revenue return per C share is based on the net revenue loss after taxation of £33,187 and on 1,931,095 C shares, being the weighted average number of C shares in issue during the year to 28 February 2017.

Previously reported capital return per C share is based on the net capital gain for the year of £49,541 and on 1,931,095 C shares, being the weighted average number of C shares in issue during the year to 28 February 2017.

Previously reported total return per C share is based on the total gain for the year of £16,354 on 1,931,095 C shares, being the weighted average number of C shares in issue during the year to 28 February 2017.

## D share return

Previously reported revenue return per D share is based on the net revenue loss after taxation of £83,062 and on 2,720,280 D shares, being the weighted average number of D shares in issue during the year to 28 February 2017.

Previously reported capital return per D share is based on the net capital loss for the year of £95,039 and on 2,720,280 D shares being the weighted average number of D shares in issue during the year to 28 February 2017.

Previously reported total return per D share is based on the total loss for the year of £178,101 and on 2,720,280 D shares, being the weighted average number of D shares in issue during the year to 28 February 2017.

## 9. Investments

	Year Ended 28 February 2018		
	VCT Qualifying Investments £'000	Other Investments £'000	Total £'000
Opening book cost	2,322	2,645	4,967
Opening investment holding losses	(59)	(2)	(61)
Opening valuation	2,263	2,643	4,906
<b>Movements in year:</b>			
Purchases at cost	1,070	–	1,070
Sales proceeds	(73)	–	(73)
Acquisition of Neptune-Calculus investments	2,001	5	2,006
Realised losses on sales	(157)	(2)	(159)
Increase in investment holding gains/(losses)	228	4	232
Movements in year	3,069	7	3,076
Closing valuation	5,332	2,650	7,982
Closing book cost	5,163	2,648	7,811
Closing investment holding gains	169	2	171
Closing valuation	5,332	2,650	7,982

There have not been any transaction costs in the year to 28 February 2018, nor in the year to 28 February 2017.

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

## 10. Debtors

	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
Prepayments and accrued income	18	14
Clawback of expenses in excess of 3% cap payable by the Manager	26	–
	44	14

## 11. Creditors

	Year Ended 28 Feb 2018 £'000	Year Ended 28 Feb 2017 £'000
Management fees	42	33
Audit fees	33	27
Directors' fees	11	8
Secretarial fees	5	5
Administration fees	3	9
Costs of acquiring Neptune-Calculus assets and liabilities	8	–
Other creditors	40	197
	<b>142</b>	<b>279</b>

## 12. Share Capital

Number of shares	Ordinary share	Original ordinary share	C share	D share
<b>Opening balance 01 March 2017</b>	–	4,738,463	1,931,095	7,511,697
New issue of shares	–	–	–	160,810
Conversion of shares to deferred shares and cancellation of deferred shares	–	(4,055,220)	(1,460,898)	–
All shares renamed Ordinary shares	8,825,947	(683,243)	(470,197)	(7,672,507)
New issue Ordinary shares (Neptune Calculus merger)	2,511,180	–	–	–
New issue Ordinary shares	367,800	–	–	–
Share buyback Ordinary shares	(62,210)	–	–	–
<b>Closing balance 28 February 2018</b>	<b>11,642,717</b>	–	–	–

Nominal value	Ordinary share £'000	Original ordinary share £'000	C share £'000	D share £'000
<b>Opening balance 01 March 2017</b>	–	<b>47</b>	<b>19</b>	<b>75</b>
New issue of shares	–	–	–	<b>2</b>
Conversion of shares to deferred shares and cancellation of deferred shares	–	<b>(40)</b>	<b>(14)</b>	–
All shares renamed Ordinary shares	<b>89</b>	<b>(7)</b>	<b>(5)</b>	<b>(77)</b>
New issue Ordinary shares (Neptune Calculus merger)	<b>25</b>	–	–	–
New issue Ordinary shares	<b>3</b>	–	–	–
Share buyback Ordinary shares	<b>(1)</b>	–	–	–
<b>Closing balance 28 February 2018</b>	<b>116</b>	–	–	–

In April 2017 the Company issued 160,810 D shares for a total consideration of £155,005. The D shares that were issued prior to 1 January 2017 ranked for the dividend of 4.25 pence per share that was paid on 1 September 2017. The D shares subscribed for after 1 January 2017 were not eligible for any dividends declared in respect of the Company's year ended 28 February 2017.

On 31 July 2017, based on adjusted net asset value per share of the respective share classes at 28 February 2017, it was calculated that 1 D share was equivalent to 0.1442 ordinary shares and 0.2435 C shares. The 4,738,463 ordinary shares in issue at that date were therefore equivalent to 683,243 D shares and the 1,931,095 C shares were equivalent to 470,197 D shares.

To effect the merger of the classes, on 1 August 2017 the Company converted 4,055,220 ordinary shares of 1p and 1,460,898 C shares of 1p into 4,055,220 deferred shares of 1p and 1,460,898 deferred shares of 1p respectively to create a total of 5,516,118 deferred shares of 1p each leaving 683,243 ordinary shares and 470,197 C shares. On the same day the C shares were renamed ordinary shares and the D shares were renamed Ordinary shares. On 17 August 2017 the 5,516,118 deferred shares were re-purchased by the Company for cancellation for a total cost of 1 penny. The above resulted in 8,825,947 Ordinary shares being in issue as at that date.

On 12 September 2017 2,511,180 Ordinary shares were issued to shareholders of Neptune-Calculus to acquire all the assets and liabilities of that company which were valued at £2,202,100.

On 20 December 367,800 Ordinary shares were issued for a total consideration of £312,408.

In January 2018, 62,210 Ordinary shares were bought back for cancellation at 78p per share for an aggregate consideration of £48,524. Since the year end the Company has issued 1,779,298 Ordinary shares for a total consideration of £1,519,000.

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

Ordinary shares that were issued after 1 August 2017 do not rank for the dividend of 4 pence per share that has been announced and will be paid on 26 July 2018 subject to the shareholder approval.

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

## 13. Net Asset Value per Share

	28 February 2018 £'000	28 February 2017 £'000
--	------------------------------	------------------------------

### Ordinary shares

Net asset value per Ordinary share	87.0p	97.2p
------------------------------------	-------	-------

The basic net asset value per Ordinary share is based on net assets of £10,129,722 (28 February 2017: £8,423,089) and on 11,642,717 Ordinary shares (28 February 2017: £8,665,137), being the number of Ordinary shares in issue at the end of the year (28 February 2017: the implied number of Ordinary shares at 28 February 2017 on the assumption that the merger of the share classes happened on 1 March 2016 using the conversion ratio set out in note 12). Of the 11,642,717 Ordinary shares in issue, 376,800 Ordinary shares do not rank for the proposed final dividend of 4p per share. Taking account of the differing dividend entitlements, the attributable net asset value per Ordinary share for shares entitled to the dividend is 87.13p and for those shares not entitled to the dividend it is 83.13p.

### Original ordinary share

Net asset value per original ordinary share	–	20.6p
---	---	-------

The previously reported basic net asset value per original ordinary share was based on net assets of £977,699 and on 4,738,463 Ordinary shares, being the number of Ordinary shares in issue at the end of the year.

### C share

Net asset value per C share	–	26.0p
-----------------------------	---	-------

The previously reported basic net asset value per C share is based on net assets of £502,438 and on 1,931,095 C shares, being the number of C shares in issue at the end of the year.

### D share

Net asset value per D share	–	92.4p
-----------------------------	---	-------

The previously reported basic net asset value per D share is based on net assets of £6,942,952 and on 7,511,697 D shares, being the number of D shares in issue at the end of the year.

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

	28 February 2018 £'000	28 February 2017 £'000
<b>Ordinary shares</b>		
Loss for the year	(273)	(338)
(Gains)/losses on investments	(73)	144
(Increase)/decrease in debtors	(30)	71
(Decrease)/increase in creditors	(137)	36
Change in IFA commission accrual	21	–
D share issue costs included in finance activities	157	–
Neptune-Calculus costs included in finance activities	(8)	–
IFA commission costs included in finance activities	3	–
Cash flow from operating activities	(340)	(87)

## 15. Financial Commitments

At 28 February 2018, the Company did not have any financial commitments which had not been accrued for.

## 16. Financial Instruments

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

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

- Market price risk
- Liquidity risk

The Company does not have exposure to foreign currency risk.

## a) Market price risk

### Qualifying Investments

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

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

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

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

	Effective interest rate on 28 February 2018 %
AnTech Limited	12.0
Solab Group Limited	12.0
Terrain Energy Limited	15.0

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

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

	As at 28 February 2018		As at 28 February 2017	
	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000
Loan stock	545	–	380	–
Money market funds	–	2,645	–	2,643
Cash	–	2,267	–	3,782
	<b>545</b>	<b>4,912</b>	<b>380</b>	<b>6,425</b>

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 2018.

Credit risk is considered to be part of market risk.

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

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

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

## **b) Liquidity risk**

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

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

## **Qualifying Investments**

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

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

Under its Articles of Association, the Company has the ability to borrow a maximum amount equal to 25 per cent of its gross assets. As at 28 February 2018, the Company had no borrowings.

## **c) Capital management**

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

## **d) Fair value hierarchy**

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

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

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

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

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

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

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

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

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

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

## Ordinary share fund

	Financial Assets at Fair Value through Profit or Loss At 28 February 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted equity	–	–	4,182	4,182
Quoted equity	610	–	–	610
Money market funds	2,645	–	–	2,645
Loan stock	–	–	545	545
	3,255	–	4,727	7,982

## Total share fund

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

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

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

Assumption	Impact on Upside £	Impact on downside £
Discount rate	<b>340,760</b>	<b>(175,590)</b>
Forecast 2018 results	<b>146,227</b>	<b>(146,227)</b>
	<b>486,987</b>	<b>(321,817)</b>

Applying the downside alternatives, the Ordinary share fund would be £321,817 or 3.2 per cent lower (Total share fund in 2017: £193,064 or 8.5 per cent lower). Using the upside alternatives, the Ordinary share fund would be £486,987 or 4.8 per cent higher (Total share fund in 2017: £92,425 or 4.1 per cent higher).

## 17. Related Parties' Transactions

Kate Cornish Bowden, John Glencross and Diane Seymour-Williams were shareholders in Neptune-Calculus Income and Growth plc (Neptune). Pursuant to the acquisition by Calculus VCT plc of the assets and liabilities of Neptune, on 12 September 2017 in exchange for their shares in Neptune, they received 30,029, 19,251, and 12,208, Ordinary shares in Calculus VCT plc which were valued at £26,323, £16,875 and £10,702, respectively.

On 7 April 2017, Kate Cornish Bowden, a director of the Company subscribed for 10491 D shares. John Glencross a director of the company is a director of Calculus Capital Limited and owns 50 per cent of the shares of its holding Company. Calculus Capital Limited receives an investment manager's fee from the Company. As disclosed in Note 4, for the year ended 28 February 2018, Calculus Capital Limited earned £154,089 in relation to the Ordinary share portfolio (Total share fund 2017: £62,838). Calculus Capital Limited also earned a company secretarial fee of £18,000 (Total share fund 2017: £18,251).

Calculus Capital Limited took on the expenses cap on 15 December 2015. In the year to 28 February 2018, Calculus Capital Limited contributed £26,435 towards the expenses (2017: contributed £20,492).

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

## 18. Transactions with the Investment Manager

John Glencross, a Director of the Company, is Chief Executive and a director of Calculus Capital Limited, the Company's Investment Manager. He does not receive any remuneration from the Company. He is a director of Terrain Energy Limited.

Calculus Capital Limited receives a fee from certain portfolio companies. In the year to 28 February 2018, Calculus Capital Limited charged a monitoring fee to Air Leisure Group Limited, AnTech Limited, Arcis Biotechnology Holdings Limited, Cornerstone Brands Limited, Every1Mobie Limited, MicroEnergy Generation Services Limited, Origin Broadband Limited, Park Street Shipping Limited, Quai Administration Services Limited, Solab Group Limited, Synpromics Limited, Terrain Energy Limited, The One Place Capital Limited, Tollan Energy Limited and Weeding Technologies Limited.

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

In the year to 28 February 2018, Calculus Capital Limited charged Air Leisure Group Limited, Blu Wireless Technology Limited, Cornerstone Brands Limited, Every1Mobile Limited, Open Energy Market Limited, Origin Broadband Limited, Quai Administration Services Limited and Synpromics Limited an arrangement fee.

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

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

Air Leisure Group Limited: £1,578 (2017: £3,000); AnTech Limited: £972 (2017: £948); Arcis Biotechnology Holdings: £87 (2017:£nil); Blu Wireless Technology Limited: £5,172 (2017: £nil); Cornerstone Brands Limited: £5,780 (2017: £nil); Every1Mobile Limited: £6,459 (2017:£nil); MicroEnergy Generation Services Limited: £1,734 (2017: £1,554); Open Energy Market Limited: £5,999 (2017:£nil); Origin Broadband Limited: £2,544 (2017: £3,000); Park Street Shipping Limited: £836 (2017: £4,500); Pico's Limited: £318 (2017: £389); Quai Administration Services Limited: £3,122 (2017: £924); Solab Group Limited: £2,906 (2017: £1,479); Synpromics Limited: £131 (2017:£nil); Terrain Energy Limited: £1,094 (2017: £802); The One Place Capital Limited: £786 (2017: £817); Tollan Energy Limited: £1,659 (2017: £1,611); and Weeding Technologies Limited £1,960 (2017: £3,000) (all excluding VAT).

## 19. Post balance sheet events

Since the year end, allotments of 1,779,298 Ordinary shares in respect of the 2017/18 tax year took place on 4th and 5th April at an average issue price of £0.8537 per share.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighth ANNUAL GENERAL MEETING of Calculus VCT plc (the “Company”) will be held at the offices of Calculus Capital Limited, 104 Park Street, London, W1K 6NF at 12 noon on 3 July 2018 to consider and, if thought fit, pass the following resolutions:

## Ordinary resolutions

1. To receive and adopt the Strategic Report, Directors’ Report and Auditors’ Report and the audited Accounts for the year ended 28 February 2018.
2. To receive and approve the Directors’ Remuneration Report for the year ended 28 February 2017.
3. To declare a final dividend of 4p per Ordinary share of 1p each.
4. To re-elect Mr John Glencross as a Director.
5. To re-elect Ms Diane Seymour-Williams as a Director.
6. To re-elect Ms Kate Cornish Bowden as a Director.
7. To re-appoint Grant Thornton UK LLP as Auditor to the Company to hold office until the conclusion of the next annual general meeting of the Company.
8. To authorise the Directors to determine the remuneration of the Auditor.
9. THAT, in addition to existing authorities, the Directors be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company; in respect of the Ordinary shares of 1p each in the capital of the Company (“Ordinary shares”), with an aggregate nominal value of up to but not exceeding an amount equal to 10 per cent of the issued Ordinary share capital at the date of passing the resolution and where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting to be held in 2019 save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted and issued after such expiry and the Directors shall be entitled to allot shares pursuant to any such offer or agreement as if this authority had not expired.

## Special resolutions

10. THAT, in addition to all other existing authorities, the directors be and are generally and unconditionally authorised in accordance with section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 10 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall expire on the conclusion of the annual general meeting of the Company to be held in 2019.
11. THAT, in substitution for existing authorities, the Company be and hereby is empowered to make one or more market purchases within the meaning of section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
  - a) the aggregate number of Ordinary shares which may be purchased shall not exceed 1,600,000, or, if lower, such number of shares of the relevant class as shall equal 10 per cent of the issued share capital of that class;

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

c) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2019, unless such authority is renewed prior to such time; and

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

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

**By order of the Board**

**Calculus Capital Limited**

**Company Secretary**

17 May 2018

# Notes

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 29 June 2018 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.
4. A personalised form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, The City Partnership (UK) Limited at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address The City Partnership (UK) Limited, 110 George Street, Edinburgh, EH2 4LH.
5. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies.
6. Ordinary shares carry equal voting rights and a member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder.
7. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
8. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 2 and 3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
9. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
10. As at the date of this notice, the Company's issued share capital and total voting rights amounted to 13,422,015 Ordinary shares carrying one vote each.
11. Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which relates to the business of the meeting, although no answer need be given

12. (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information;
- (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.
13. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
14. By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.
15. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the meeting. A resolution may properly be moved at the meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.
16. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at the meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting.
17. The Annual Report incorporating this notice of meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the dates of this notice will be available on the website of Calculus Capital Limited, [www.calculuscapital.com](http://www.calculuscapital.com).
18. None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting.

# Shareholder Information

## Payment of Dividends

Cash dividends will be sent by cheque to the first-named shareholder on the share register at their registered address, together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ("BACS"). This may be arranged by contacting the Company's Registrars on 0131 243 7210 or by visiting the website at [www.city.uk.com](http://www.city.uk.com).

## Price and Performance Information

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

## Share Register Enquiries

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

## General Data Protection Regulation

Calculus VCT plc may collect personal information about shareholders in order to verify their identity, comply with legal, tax and regulatory reporting obligations and to manage their shareholdings including the payment of dividends. This information may be shared with third parties including the Company's registrars, the Company's professional advisers, the Company's administrators and shareholders' financial advisers.

Full details of how shareholders' data is collected, used and stored and details of shareholders' rights in relation to their data is contained in the Company's privacy policy which will be displayed on the Company's website [www.calculuscapital.com/calculus-vct/](http://www.calculuscapital.com/calculus-vct/) from 25 May 2018.

# Glossary of Terms

## Accumulated Shareholder Value

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

## C share fund

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

## D share fund

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

## IPEV Guidelines

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

## Net Asset Value or NAV per share

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

## Old ordinary share fund

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

## Ordinary share Fund

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

## Total/Total Fund

In the comparative figures for the year to 28 February 2017, the aggregate net assets of the Company attributable to the ordinary shares, C shares and D shares including any income and/or revenue arising from or relating to those assets.

## VCT Value

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

## Qualifying Investments

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

# Company Information

## Directors

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

## Registered Office

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

## Company Number

07142153

## Qualifying Investments Manager

Calculus Capital Limited  
104 Park Street  
London W1K 6NF  
  
Telephone: 020 7493 4940  
  
Website: [www.calculuscapital.com](http://www.calculuscapital.com)

## Fund Administrator

Link Alternative Fund Administrators Limited  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

## Company Secretary

Calculus Capital Limited  
104 Park Street  
London  
W1K 6NF

## Auditor

Grant Thornton UK LLP  
  
30 Finsbury Square  
London EC2P 2YU

## Sponsor and Broker

Nplus1 Singer Advisory LLP  
One Hanover Street  
London W1S 1YZ

## Registrars

The City Partnership (UK) Limited  
110 George Street  
Edinburgh  
EH2 4LH  
  
Telephone: 0131 243 7210



