

# Triple Point Income VCT plc

## Financial Statements

for the year ended 31 March 2018

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Company No: 06421083

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**Financial Summary**

| <b>Year ended 31 March 2018</b>                     |       | <b>Ord Shares</b> | <b>A Shares</b> | <b>C Shares</b> | <b>D Shares</b> | <b>E Shares</b> | <b>Total</b> |
|---|-------|-------------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Net assets  | £'000 | 12,795            | -               | 15,166          | 14,794          | 28,463          | 71,218       |
| Net asset value per share                           | Pence | 65.74p            | -               | 112.84p         | 107.98p         | 98.32p          | n/a          |
| Net profit before tax                               | £'000 | 675               | 69              | 1,598           | 1,176           | (575)           | 2,943        |
| Earnings per share                                  | Pence | 3.50p             | 1.52p           | 11.34p          | 7.79p           | (1.70p)         | n/a          |
| <b><u>Cumulative return to shareholders (p)</u></b> |       |                   |                 |                 |                 |                 |              |
| Net asset value per share                           |       | 65.74             | -               | 112.84          | 107.98          | 98.32           |              |
| Dividends paid                                      |       | 33.06             | 99.99           | 10.00           | 5.00            | -               |              |
| Net asset value plus dividends paid                 |       | 98.80             | 99.99           | 122.84          | 112.98          | 98.32           |              |

| <b>Year ended 31 March 2017</b>                     |       | <b>Ord Shares</b> | <b>A Shares</b> | <b>C Shares</b> | <b>D Shares</b> | <b>E Shares</b> | <b>Total</b> |
|---|-------|-------------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Net assets  | £'000 | 13,573            | 2,179           | 14,314          | 14,413          | -               | 44,479       |
| Net asset value per share                           | Pence | 69.74p            | 42.46p          | 106.49p         | 105.19p         | -               | n/a          |
| Net profit before tax                               | £'000 | 429               | 73              | 957             | 652             | -               | 2,111        |
| Earnings per share                                  | Pence | 2.05p             | 1.18p           | 6.46p           | 3.93p           | -               | n/a          |
| <b><u>Cumulative return to shareholders (p)</u></b> |       |                   |                 |                 |                 |                 |              |
| Net asset value per share                           |       | 69.74             | 42.46           | 106.49          | 105.19          | -               |              |
| Dividends paid                                      |       | 25.56             | 56.20           | 5.00            | -               | -               |              |
| Net asset value plus dividends paid                 |       | 95.30             | 98.66           | 111.49          | 105.19          | -               |              |

Triple Point Income VCT plc ("the Company") is a Venture Capital Trust ("VCT"). The Investment Manager is Triple Point Investment Management LLP ("TPIM"). The Company was incorporated in November 2007.

- Ordinary Shares: these are held by the shareholders that were in the Company prior to the merger on 21 November 2012; and by former TP70 2008(II) VCT plc shareholders; and shares that were held by the B Ordinary Shareholders which were converted to Ordinary Shares on 31 October 2013.
- A Ordinary Shares: on 13 February 2018 the company cancelled 5,131,353 A Ordinary Shares, paying the final 1p back to Shareholders. At the date of cancellation, a total of £5,130,840 had been returned to the A Ordinary Shareholders.
- C Ordinary Shares: these are the shares issued in the Offer that closed on 27 May 2014. A total of £14.0 million was raised and 13,441,438 C Shares were issued.
- D Ordinary Shares: these are the shares issued in the Offer that closed on 30 April 2015. A total of £14.3 million was raised and 13,701,636 D Shares were issued.
- E Ordinary Shares: these are the shares issued in the Offer that closed this year on 15 May 2017. Just under £30 million was raised and 28,949,575 E Shares were issued.

The Strategic Report on pages 2 to 25, the Directors' Report on pages 26 to 29, the Corporate Governance report on pages 31 to 35 and the Directors' Remuneration Report on pages 36 to 40 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the Directors for these reports is owed solely to Triple Point Income VCT plc.

## ***Strategic Report***

The Directors submit to the members their Annual Report and Financial Statements for the Company for the year ended 31 March 2018.

The Strategic Report, on pages 2 to 25, has been prepared in accordance with the requirements of section 414c of the Companies Act 2006. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with section 172 of the Companies Act 2006.

## ***Chairman's Statement***

I am writing to present the Financial Statements for Triple Point Income VCT plc ("the Company") for the year ended 31 March 2018.

I am delighted to report that during the year the Company successfully completed the realisation of the A Ordinary Share Class portfolio. The final 1p per share capital was distributed to the A Ordinary Shareholders on 9 March 2018. Taken together with the cumulative dividends of 98.99p, the total returned was 99.99p per share. This result exceeds the original minimum target return of 97.60p at launch by 2.39p per share.

### ***Investment Portfolio***

The Company's funds at 31 March 2018 are 80% invested in a portfolio of VCT qualifying and non-qualifying quoted and unquoted investments. At 31 March 2018 the Company continues to meet the condition that at least 70% of the relevant funds must be invested in VCT qualifying investments within three years.

The Investment Manager's review on pages 14 to 17 gives an update on the portfolio of investments in 19 small unquoted businesses and one quoted Real Estate Investment Trust.

### ***Ordinary Share Class***

During the year the Ordinary Share Class held a diverse portfolio consisting of electricity generation, crematorium management and SME funding.

The Ordinary Share Class has recorded a profit over the period of 3.50p per share. As at 31 March 2018 the net asset value stood at 65.74p per share. Adding back the dividends paid to Ordinary Class Shareholders of 33.06p takes the total return including net asset value to 98.80p per share. This compares to a weighted average share price at acquisition or conversion of 83.60p and a minimum target return of 90.40p.

May 2018 marked the end of the five year minimum VCT holding period for this share class and, in line with investor expectations, the Board has resolved to pay a dividend to Ordinary Share Class shareholders on the register on 13<sup>th</sup> July 2018 of 60.74p per share. This dividend, which will be paid on 26<sup>th</sup> July 2018, represents a significant return of value to shareholders.

### ***A Share Class***

On 13 February 2018 the A Ordinary Shares were cancelled, with the final 1p of share capital returned to A Ordinary Class Shareholders on 9 March 2018. Taken together with the cumulative dividends of 98.99p the total returned was 99.99p per share. This compares to a minimum target return at launch of 97.60p.

### ***C Share Class***

The C Share Class has investments in three C companies in the Hydroelectric Power sector which between them own six hydroelectric schemes in the Scottish Highlands. All schemes have been successfully commissioned and are operating broadly in line with expectations. The C Share Class has also invested in companies which provide SME funding to the Hydroelectric Power sector.

The C Share Class has recorded a profit over the period of 11.34p per share. At 31 March 2018 the net asset value stood at 112.84p per share. Adding back the total dividends paid to date takes the total return including the net asset value to 122.84p per share

## **Strategic Report - Chairman's Statement**

### ***C Share Class (continued)***

The Company paid a second dividend to C Class Shareholders of £672,072, equal to 5p per share, on 14 July 2017. The Board has resolved to pay another dividend of £672,072 equal to 5p per share on 26<sup>th</sup> July 2018 to shareholders on the register on 13 July 2018.

### ***D Share Class***

The D Share Class has investments in five companies in the Hydroelectric Power sector which between them own six hydroelectric schemes in the Scottish Highlands. All schemes have now been commissioned and are operating in line with expectations. The D Share Class has also invested in two companies providing funding to SMEs, one of which focuses on the Hydroelectric Power sector.

The D Share Class has recorded a profit over the period of 7.79p per share. At 31 March 2018 the net asset value stood at 107.98p per share. Adding back the first dividend of 5p, takes the total return including the net asset value to 112.98p per share.

The Company paid its first dividend to D Class Shareholders of £685,082, equal to 5.00p per share, on 14 July 2017. The Board has resolved to pay a second dividend of £685,082 equal to 5p per share on 26<sup>th</sup> July 2018 to shareholders on the register on 13<sup>th</sup> July 2018.

### ***E Share Class***

The E Share Class offer closed on 15 May 2017 raising just under £30 million with a total of 28,949,575 E Shares being issued. During the period the E Share Class made a qualifying investment of £5m in to a pioneering vertical growing company that has commenced construction of a state of the art growing facility in Cheshire.

The E Share Class also made a non-qualifying investment of £6m into the Triple Point Social Housing Real Estate Investment Trust PLC ("REIT"). This investment generates income from a diversified portfolio of supported housing property leases, and is targeting a return of 5p per share, per annum.

The Board has agreed that from 1<sup>st</sup> April 2018 the E Share Class will benefit from the income, risk and returns from a diverse portfolio of investments previously attributed to the Ordinary Share Class. This established and income-producing portfolio has investments spanning Hydro, Crematorium Management, Solar and SME Lending. The investments were valued at £11.01 million at 31<sup>st</sup> March 2018.

The E Share Class recorded a loss over the period of 1.70p per share due to the administrative costs incurred whilst suitable investment opportunities have been sought.

### ***Specific Risks***

The principal risks which the Board feel the Company is facing are discussed in further detail on pages 12 and 13. In particular the Board consider specific risks to be;

- investment risk associated with holding VCT qualifying investments;
- risk of failure to maintain approval as a VCT;
- risk of inability to realise investments in order to return funds to investors in line with expectations.

The Board believes these risks are manageable and, with the Investment Manager, continues to work to minimise either the likelihood or potential impact of these risks within the scope of the Company's established investment strategy.

### ***Outlook***

The Board is delighted with the progress achieved in all share classes. During the year, the Investment Manager successfully facilitated a rapid exit for the A Share Class and is currently working towards realising value for the Ordinary Share Class. The C Share Class and D Share Class have successfully generated above target returns, and the E Share Class has made good progress in deploying funds within the first 12 months.

Following the end of the minimum five year holding period in May 2018, the Company and the Investment Manager continue to monitor the performance of the Ordinary Share portfolio and to progress a return of value for the Shareholders of that Class.

## **Strategic Report - Chairman's Statement**

### *Outlook (continued)*

The focus on the C and D Share Class investments in the Hydroelectric Power sector is on enhancing the operation of the sites now they are fully operational. We are pleased with the performance of the hydroelectric portfolio to date, and we believe that, as the portfolio matures, there remains the opportunity to further enhance its value through strategic management.

The Company's focus for the E Share Class is to invest the remaining funds raised into suitable unquoted investments as soon as possible.

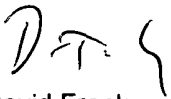
The Autumn Budget 2017 brought about changes to the VCT landscape with the government, through its 'Financing Growth in Innovative Firms' consultation ("the Patient Capital Review") highlighting the importance of the role of VCTs in providing investments into SMEs. The outcome of this review has resulted in a number of changes, including increasing a VCT's minimum qualifying percentage threshold from 70% to 80%. This will come into effect from 6 April 2019.

Another key finding of the Patient Capital Review is that future qualifying investments (from 6 April 2018) must adhere to new deployment timelines with 30% of new funds required to be invested within the first 12 months compared to the previous timeframe of 3 years.

VCTs will also be subject to a new principles-based test that will aim to ensure they focus on investment in companies seeking investment for their long-term growth and development.

The Company, along with the Investment Manager, has begun to put in place procedures to ensure the transition required will have a minimal effect on the Company. The Board believes good progress is being made in this area and is on track to implement any required changes.

If you have any questions or comments, please do not hesitate to contact Triple Point on 020 7201 8989.



David Frank  
Chairman  
14 June 2018

## ***Strategic Report - Company Strategy and Business Model***

The Directors assess the Company's success in meeting its objectives in relation to returns, stability, VCT qualification and, ultimately, exit.

### ***Performance Update***

At launch the Ordinary Shares targeted a return of 8% to 10% pa including the benefit of tax relief. At a weighted average share price at acquisition or conversion of 83.60p and an 8% return this is broadly equivalent to a total target return to investors in 2018 of 90.40p. This compares to a net asset value per share for the Ordinary Share Class at 31 March 2018 of 65.74p which, together with dividend payments of 33.06p, brings the total return at 31 March 2018 to 98.80p, meaning the Ordinary Share Class is exceeding the minimum targeted return.

The A Share Class, previously shares in TP12 (I) VCT plc, targeted a return of 9% to 12% per annum. On a weighted average share price at conversion of 86.40p and using a 9% return this broadly equates to a total target return to investors of 97.60p. This compares to the actual return to Shareholders of 99.99p, meaning the A Ordinary Share Class exceeded its minimum targeted return.

The C Share Class targets a return of 100p per share by the end of year six. It is intended that this will comprise the income tax rebate, tax-free dividends in years two, three, four and five of an average 5p per share, followed by a substantial capital realisation in year six. It is anticipated that from year six investors will then receive, on average, an annual tax-free dividend of around 7% in each of the next nine years, and a final tax-free payment of approximately 50p per share in 2029, following the sale of the VCT's hydro projects. The net asset value per share for the C Share Class at 31 March 2018 stood at 112.84p. Adding back the dividends paid to C Class Shareholders of 10.00p per share takes the total return including net asset value to 122.84p per share. The Company is currently meeting its objectives for the C Share Class.

The target for the D Share Class is to pay shareholders a cash return of 100p per share by the end of the sixth year. It is intended that this will comprise the income tax rebate, tax-free dividends in years two, three, four and five of an average 5p per share, followed by a substantial capital realisation in year six. It is anticipated that from year six investors will then receive, on average, an annual tax-free dividend of around 7% in each of the next nine years, and a final tax-free payment of approximately 50p per share in 2030, following the sale of the VCT's hydro projects. The net asset value per share for the D Share Class at 31 March 2018 stood at 107.98p. The Company is currently meeting its objectives for the D Share Class and during the year declared its first dividend of 5p per share, which was paid on 14 July 2017.

In respect of the E Share Class, the Company aims to distribute from income generated by its investments an average of 5p per E Share for the financial year ending 31 March 2020 followed by a regular dividend of up to 5p per E Share per annum for the remaining life of the E Share Class. The net asset value per share for the E Share Class at 31 March 2018 stood at 98.32p. The E Share Class received its first dividend and property income distribution from its investment in the Triple Point Social Housing Real Estate Investment Trust during the period.

The Board and the Investment Manager are both committed to ensuring that returns on the investment portfolio are optimised and that the VCT remains fully invested and continues to be managed in line with the Company's investment strategy and risk profile.

The Board expects the Investment Manager to deliver a performance which meets the objective of achieving long-term investment returns, including tax-free dividends. A review of the performance of the Company's investments during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's statement on pages 2 to 4 and the Investment Manager's Review on pages 14 to 17.

### ***Dividend Policy***

Generally, a VCT must distribute by way of dividend such amounts to ensure that it retains not more than 15% of its income from shares and securities. The Directors aim to maximise tax free distributions to shareholders of income or realised gains. It is envisaged that the Company will distribute most of its net income each year by way of dividend, subject to liquidity.

### ***Investment Policy***

The Company's main focus is to generate returns from a portfolio of investments in companies based in the UK in order to make regular tax-free dividends.

## **Strategic Report - Company Strategy and Business Model**

### **Investment Policy (continued)**

The key objectives of the Company are to:

- a) Pay regular tax-free dividends to investors;
- b) Maintain VCT status to enable investors to benefit from the associated tax reliefs;
- c) Reduce the volatility normally associated with early stage investments by applying its Investment Policy;
- d) In respect of the Ordinary Share Fund, provide investors with the opportunity to exit shortly after five years following investment;
- e) In respect of the C Ordinary Share Fund and the D Ordinary Share Fund, provide investors with the opportunity to exit shortly after 16 years following investment with a partial return of funds to shareholders after 6 years; and
- f) In respect of the E Ordinary Share Fund, provide investors with the opportunity to exit between ten and twelve years following investment with a possible early partial return of funds to shareholders if market conditions present such an opportunity.

The Company will not vary these objectives to any material extent without the approval of the Shareholders.

The Company's investment policy has been designed to satisfy the legislative requirements of the VCT scheme and to provide stable and readily realisable returns. The Company's investment policy is directed towards new investments into cash generative businesses which are operating in stable or mature fields with a high quality customer base and which can provide a positive return to investors. The investments will be made with the intention of growing and developing the revenues and profitability of the target businesses to enable them to be considered for traditional forms of bank finance and other funding. This, in turn, should enable the Company to benefit from refinance gains or from a favourable sale to a third party.

As identified in the Chairman's Statement, the outcome of the government's Patient Capital Review was announced in the Autumn Budget in 2017. Although the landscape of VCTs will be affected the investment policy of the Company will continue to aim for regular tax-free dividends, maintenance of the VCT qualifying status and to minimise the volatility associated with early stage investments.

In respect of Qualifying Investments the Company will seek:

- a) Investments on which robust due diligence has been undertaken;
- b) Investments where there is access to regular material financial and other information;
- c) Investments where it may be possible to mitigate capital losses through careful analysis of the collateral available; and
- d) Investments where there is a strong relationship with the key decision makers.

### **Target Asset Allocation**

At least 70% of the Company's net assets will be invested in Qualifying Investments. As mentioned in the Outlook above, this minimum asset investment will increase to 80% from 6 April 2019. The remaining assets will be exposed either to (i) cash or cash-based similar liquid investments or (ii) investments originated in line with the Company's Qualifying Investment policy but with realisation dates which fit with the liquidity needs of the Company.

Qualifying Investments will typically range between £500,000 and £5,000,000 and encompass businesses with strong asset bases, predictable revenue streams or with contractual revenues from financially sound counterparties. No single investment by the Company will represent more than 15 per cent of the aggregate net asset value of the Company at the time the investment is made.

### **Qualifying Investments**

The Company will pursue investments in a range of industries but the type of business being targeted is subject to the specific investment criteria discussed below. The objective is to build a portfolio of unquoted companies which are cash generative and, therefore, capable of producing income and capital repayments to the Company prior to their disposal by the Company.

Although invested in diverse industries, it is intended that the Company's portfolio will comprise companies with certain characteristics, for example clear commercial and financial objectives, strong customer relationships and, where possible, tangible assets with value. Triple Point will focus on identifying businesses typically with contractual revenues from financially sound counterparties or a stream of predictable transactions with multiple clients. Businesses with assets providing valuable security may also be considered. The objective is to reduce the risk of losses through reliability of cash flows or quality of asset backing and to provide investors with tax-free income.

## ***Strategic Report - Company Strategy and Business Model***

The criteria against which investment targets would be assessed will include the following:

- a) An attractive valuation at the time of the investment;
- b) Managed risk of capital losses;
- c) The quality of the company's cash flows;
- d) The quality of the businesses' counterparties, suppliers and market position;
- e) The sector in which the business is active;
- f) The quality of the company's assets;
- g) The opportunity to structure an investment that can produce distributable income;
- h) The potential for growing and developing the revenues and profitability of the company to enable it to be considered for traditional forms of bank finance and other funding; and
- i) The ability to facilitate an exit which enables the Company to meet its key investment objective of returning funds in line with shareholder expectations. As the value of investments increase, the Company's investment manager will monitor opportunities for the Company to realise capital gains to enable it to make tax-free distributions to shareholders.

As the value of investments increase the Company's Investment Manager will monitor opportunities for the Company to realise capital gains to enable the Company to make tax-free distributions to shareholders.

### ***Non-Qualifying Investments***

The Non-Qualifying Investments will be managed with the intention of generating a positive return. The Non-Qualifying Investments will comprise from time to time a variety of assets including investments following Triple Point's Navigator Strategy, quoted or unquoted investments (direct or indirect) in cash and highly liquid interest bearing investments, secured loans, bonds, equities, and collective investment schemes.

### ***Borrowing Powers***

The Company has no present intention of utilising direct borrowing as a strategy for improving or enhancing returns. To the extent that borrowing is required, the Directors will restrict the borrowings of the Company and exercise all voting and other rights or powers of control over its subsidiary undertakings (if any) to ensure that the aggregate amount of money borrowed by the group, being the Company and any subsidiary undertakings for the time being, (excluding intra-group borrowings), shall not without the previous sanction of an ordinary resolution of the Company exceed 30% of its NAV at the time of any borrowing.

### ***Risk Diversification***

The Company aims to invest in a number of different businesses within different industry sectors but may focus investments in a single sector where appropriate to do so. No single investment by the Company will represent more than 15 per cent of the aggregate NAV of the Company at the time the investment is made.

The above Investment Policy does not take into account the changes to the VCT rules relating to non-qualifying investments that took effect on 6 April 2016. From that date any non-qualifying investments must be in either shares or units in alternative investment funds, undertakings for collective investment in transferable securities (UCITS) which meet certain requirements or ordinary shares / securities in a company which are acquired on a regulated market. The Investment Manager will make sure that all non-qualifying investments made after that date meet the new requirements although it is not expected this will represent a departure from the current policy.

### ***Key Performance Indicators***

As a VCT the Company's objectives are providing Shareholders with up front tax relief and returns through capital appreciation and the payment of dividends.

The primary KPI in meeting these objectives is:

- Net Asset Value plus dividends paid.

A record of this indicator is detailed on page 1 entitled Financial Summary.

### ***Tax Benefits***

The Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of unlisted UK companies which meet the relevant criteria for investment by Venture Capital Trusts.

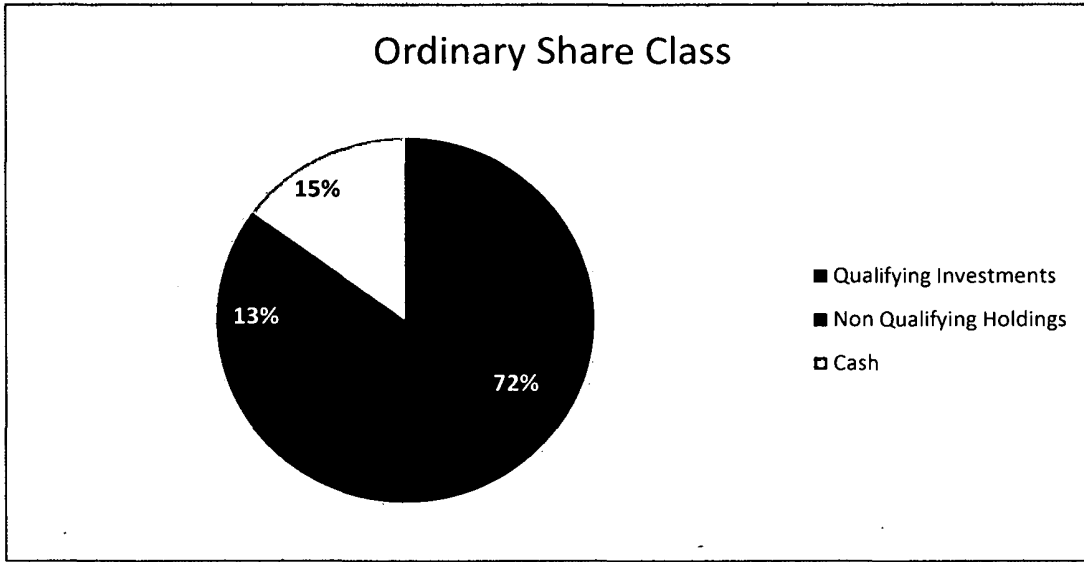
## Strategic Report - Company Strategy and Business Model

### Tax Benefits (continued)

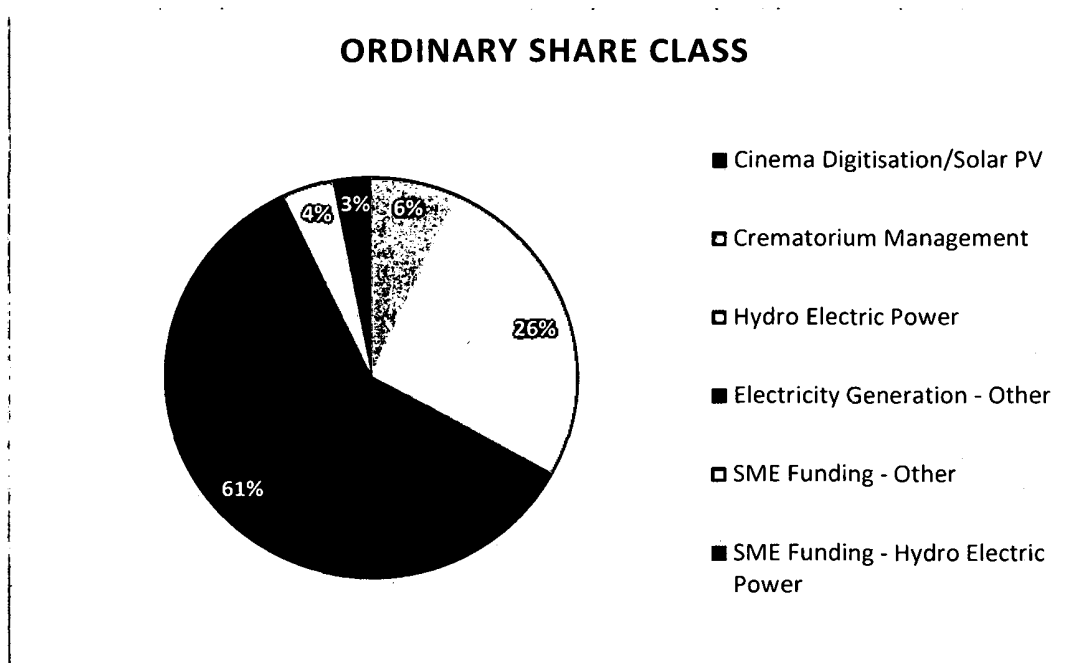
Investing in a VCT brings the benefit of tax-free dividends, as well as up-front income tax relief. The Company continues to meet the VCT qualification requirements which are continuously monitored by the Investment Manager and reviewed by the Directors. Investment classification by asset value and sector value are shown over the following pages:

Investment classification for the Ordinary Share Class by asset value and sector value are shown below:

### Investment Portfolio – Ordinary Share Class



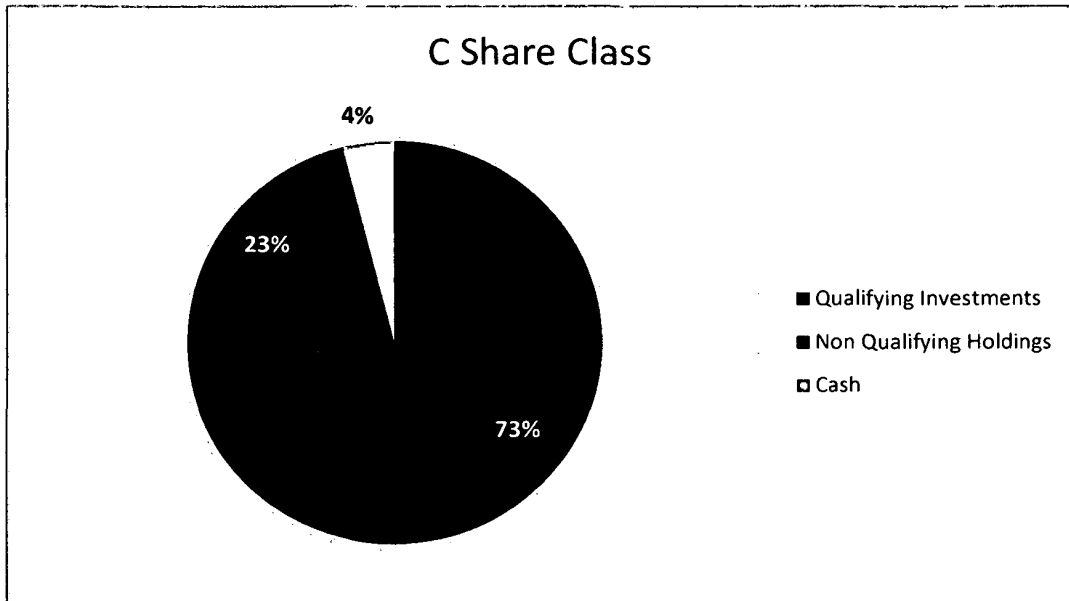
### Qualifying Investments by Sector – Ordinary Share Class



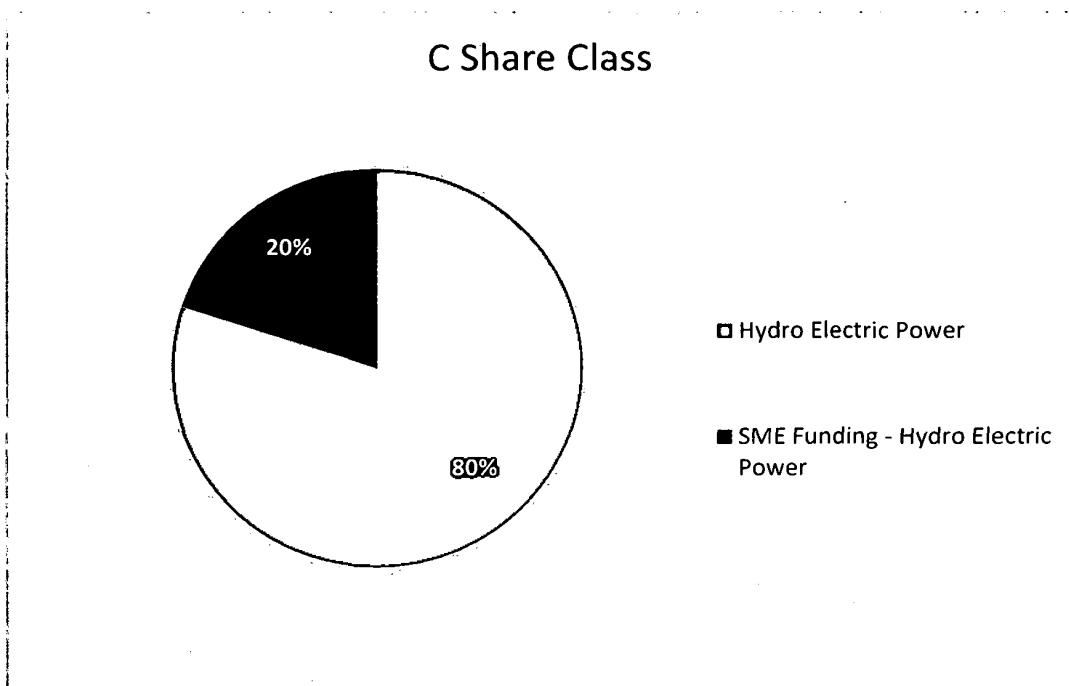
## Strategic Report - Company Strategy and Business Model

Investment classification for the C Share Class by asset value and sector value are shown below:

### Investment Portfolio – C Share Class



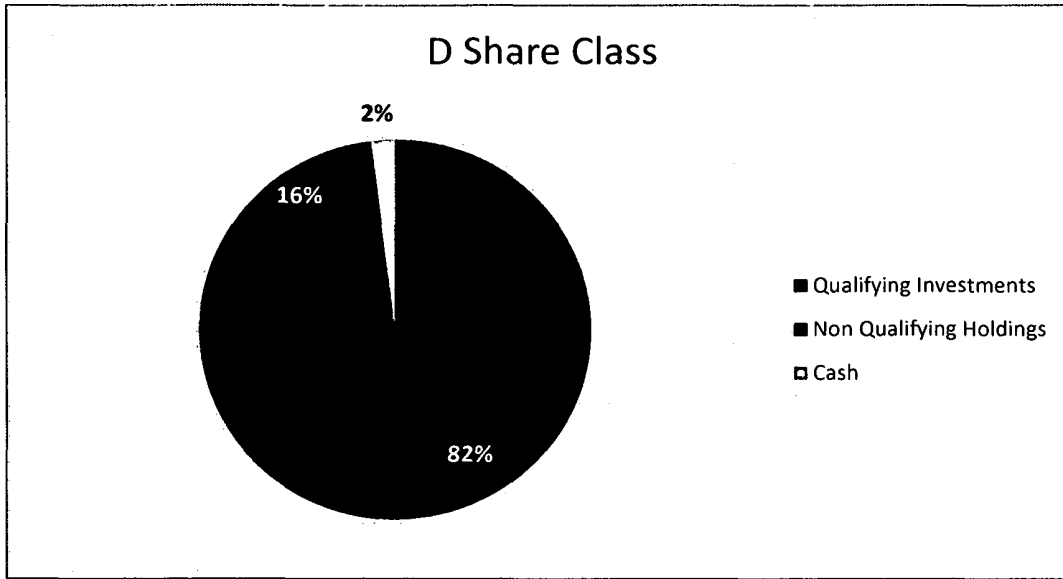
### Investments by Sector – C Share Class



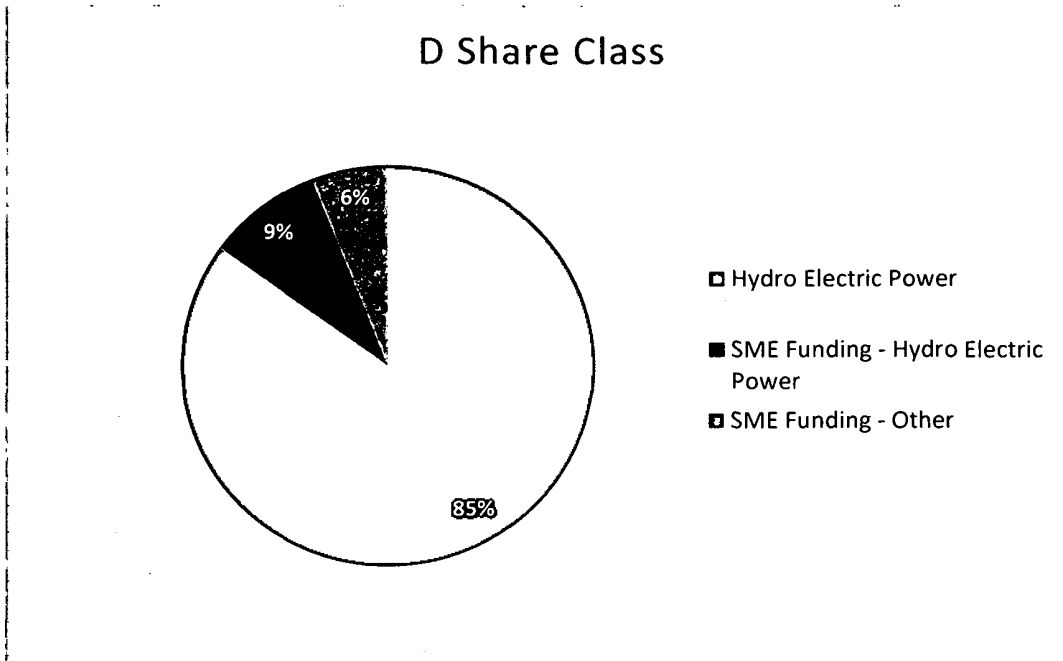
## Strategic Report - Company Strategy and Business Model

Investment classification for the D Share Class by asset value and sector value are shown below:

### Investment Portfolio – D Share Class



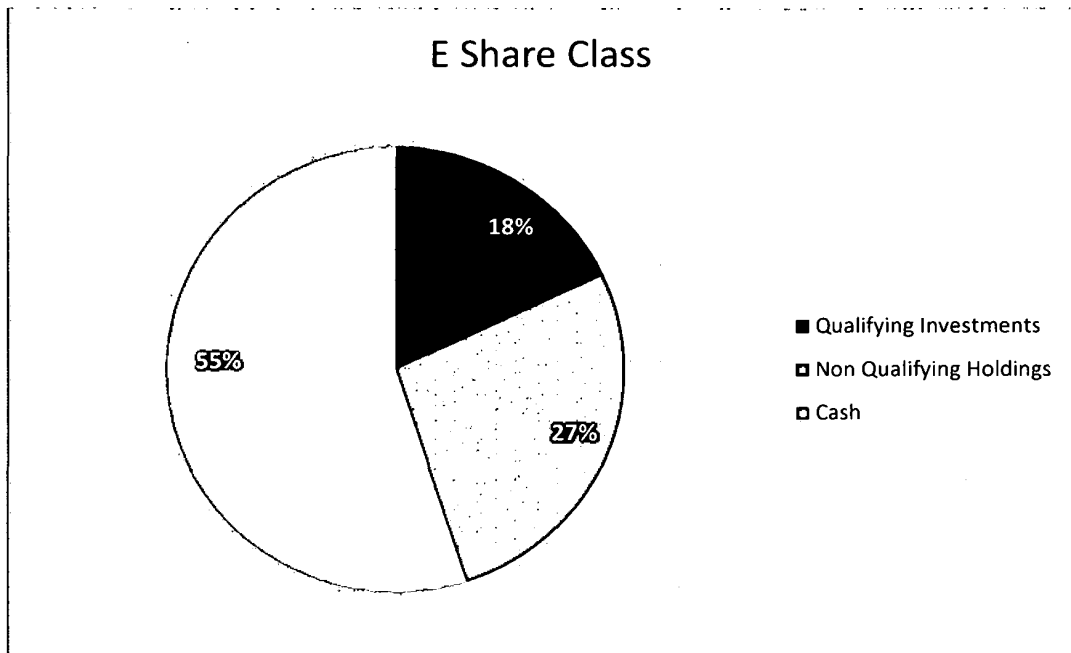
### Investments by Sector – D Share Class



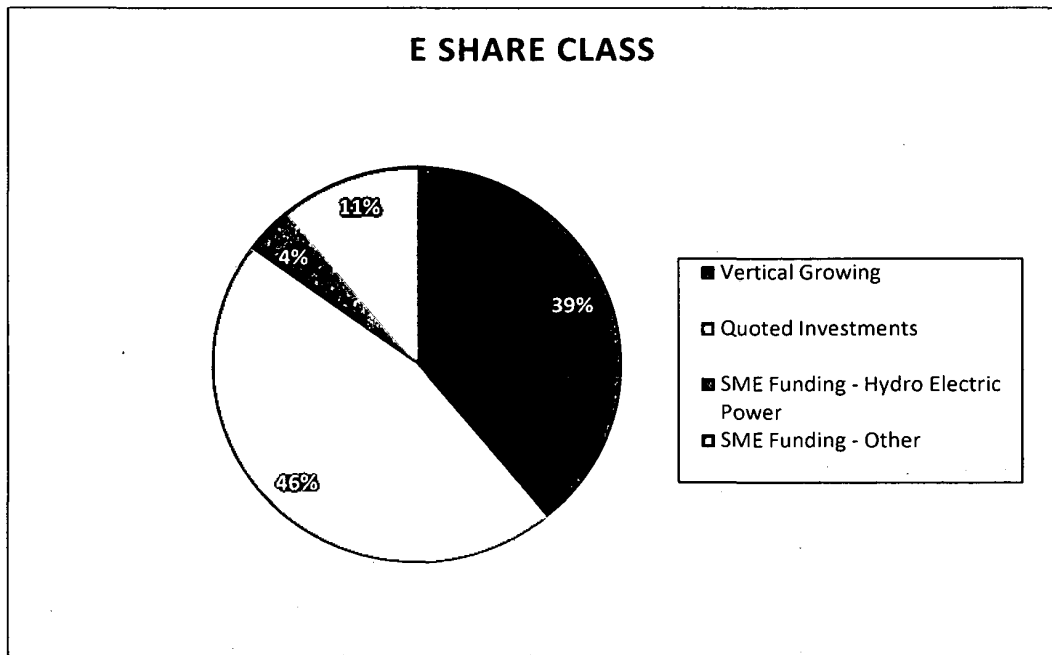
**Strategic Report - Company Strategy and Business Model**

Investment classification for the E Share Class by asset value and sector value are shown below:

*Investment Portfolio – E Share Class*



*Investments by Sector – E Share Class*



## ***Strategic Report - Company Strategy and Business Model***

### ***VCT Regulation***

VCTs were first introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. The Finance Act 2004 introduced changes to VCT legislation designed to make VCTs more attractive to investors. The current tax benefits available to eligible investors in VCTs include:

- Up-front income tax relief of 30% on a maximum investment of £200,000 per tax year on newly-issued shares;
- exemption from income tax on dividends received; and
- exemption from capital gains tax on disposals of shares in VCTs.

Since the Finance Act 2004, the VCT rules have subsequently been amended under the Finance Act 2014 and the Finance (No 2) Act 2015. The Investment Manager, utilising advice from Philip Hare & Associates LLP, ensures continued compliance with any legislative changes.

As referred to in the Chairman's Statement on page 3, further changes are to be introduced with effect from 6 April 2019. The Company will continue to aim to ensure its compliance with the qualification requirements.

The Company has been approved as a VCT by Her Majesty's Revenue and Customs. In order to maintain this approval the Company must comply with certain requirements on a continuing basis. Within three years from the effective date of provisional approval or later allotment at least 70% of the Company's investments must comprise "qualifying holdings" of which at least 30% must be in eligible Ordinary Shares. This investment criterion continues to be met.

### ***FCA Regulation***

On 1 April 2014 Triple Point Income VCT plc registered with the Financial Conduct Authority as a small Alternative Investment Fund Manager ("AIFM") under the AIFM Directive.

### ***Exit Programme***

After successfully returning funds to the A Shareholders, the Company is now committed to realising investments held by the Ordinary Share Class and returning funds to the Ordinary Shareholders as soon as practicable following the end of their five year holding period which was in May. In relation to the C Share Class the Company is intending to secure a partial realisation after its five year anniversary but plans to retain its investment in the Hydro companies until 2029. In relation to the D Share Class the Company is intending to secure a partial realisation after its five year anniversary but plans to retain its investment in the Hydro companies until 2030. In relation to the E Share Class the Company is intending to return funds to the E Shareholders as soon as practicable after their 5 year holding period.

The valuation of, and potential exit routes for, the Company's portfolio of investments are reviewed and discussed at each Board meeting. The Investment Manager has successfully implemented exit plans for other VCTs under its management.

### ***Principal Risks and Risk Management***

The Directors carry 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 main areas of risk identified by them, along with the risks to which the Company is exposed through its operational and investing activities, are detailed below.

**VCT qualifying status risk:** the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board on a quarterly basis. The Board has also appointed Philip Hare & Associates LLP to undertake an independent VCT status monitoring role.

**Investment risk:** the Company's VCT qualifying investments are held in small and medium-sized unquoted companies which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and Investment Manager aim to limit the risk attached to the portfolio as a whole by the careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a spread of holdings in terms of industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

## ***Strategic Report - Company Strategy and Business Model***

**Financial instrument risk:** Financial Instrument risks are described in note 16.

**Financial risk:** as a VCT the Company is exposed to market price risk, credit risk, fair value risk, liquidity risk and interest rate risk. As most of the Company's investments will involve a medium to long-term commitment and will be relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing, other than for short term liquidity.

**Failure of internal controls risk:** the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

### ***Viability Statement***

In accordance with provision C.2.2 of the 2016 revision to the UK Corporate Governance Code, the Directors have assessed the prospect of the Company over a longer period than 12 months required by the Going Concern provision. In order to assess this requirement, the Board takes into account the Company's current position and the principal risks as set out on page 12 and 13 so that the Directors may state that 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.

To provide this assessment the Board has considered the Company's financial position and ability to meet its expenses as they fall due as well as considering longer term viability:

- the expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position;
- the Company has no employees, only Non-Executive Directors and consequently does not have redundancy or other employment related liabilities or responsibilities;
- most of the Company's investments will involve a medium to long-term commitment and will be relatively illiquid but the board reduces the risk as a whole by careful selection and timely realisation of investments; and
- the Directors will continue to monitor closely changes in the VCT legislation and adapt to any changes to ensure the Company maintains approval. The Directors have appointed an independent adviser to undertake the VCT status monitoring role.

Based on the results of this review, the Directors have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due over the period of their assessment. The A Share Class reached its 5 year holding period in April 2017 and were subsequently cancelled on 13 February 2018. The Ordinary Share Class reached its 5 year holding period in May 2018 and the C and D Share Class will partially exit during the next 5 years. Based on this the Directors believe it is reasonable to make their assessment over 5 years.

### ***Share Buy-Back Discount Policy***

The Company has a share buy-back facility, committing to buy back shares at no more than a 10% discount to the prevailing NAV, subject to the Directors' discretion. We will be asking shareholders at the Annual General Meeting to extend the facility for the Company to purchase shares in the market for cancellation. Shareholders should note that if they sell their shares within five years of subscription they forfeit any tax relief obtained. If you are considering selling your shares please contact TPIM on 020 7201 8989.

### ***Environmental, Social, Employee and Human Rights Issues***

Due to the nature of the Company's activities, there being no employees and only 3 Non-Executive Directors, there are no Human Rights Issues to report. Its investment in companies engaged in energy generation from renewable sources means it will contribute to the reduction in carbon emissions.

### ***Gender Diversity***

The Board of Directors comprises 3 male Directors. The Investment Manager has 70 employees and members of whom 37 are men and 33 are women.

## Strategic Report - Investment Manager's Review

### Sector Analysis

The quoted and unquoted investments can be analysed as follows

| Industry Sector                               |                      |                        |                  | Electricity Generation |                      | SME Funding          |              | Quoted Investments | Total Investments |
|---|----------------------|------------------------|------------------|------------------------|----------------------|----------------------|--------------|--------------------|-------------------|
|   | Cinema Digitisation* | Crematorium Management | Vertical Growing | Hydro Electric Power   | Other Electric Power | Hydro Electric Power | Other**      |                    |                   |
|   | £'000                | £'000                  | £'000            | £'000                  | £'000                | £'000                | £'000        | £'000              | £'000             |
| <i>Investments at 31 March 2017</i>           |                      |                        |                  |                        |                      |                      |              |                    |                   |
| Ord Shares                                    | 3,366                | 592                    | -                | 2,771                  | 4,173                | 350                  | 453          | -                  | 11,705            |
| A Shares                                      | -                    | -                      | -                | -                      | 789                  | -                    | 957          | -                  | 1,746             |
| C Shares                                      | -                    | -                      | -                | 10,872                 | -                    | 3,288                | -            | -                  | 14,160            |
| D Shares                                      | -                    | -                      | -                | 11,113                 | -                    | 1,206                | 806          | -                  | 13,125            |
| E Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| <b>Total</b>                                  | <b>3,366</b>         | <b>592</b>             | <b>-</b>         | <b>24,756</b>          | <b>4,962</b>         | <b>4,844</b>         | <b>2,216</b> | <b>-</b>           | <b>40,736</b>     |
| <i>Investments made during the period</i>     |                      |                        |                  |                        |                      |                      |              |                    |                   |
| Ord Shares                                    | (3,366)              | -                      | -                | -                      | 3,366                | -                    | -            | -                  | -                 |
| A Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| C Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| D Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| E Shares                                      | -                    | -                      | 5,000            | -                      | -                    | 400                  | 1,446        | 6,001              | 12,847            |
|   | (3,366)              | -                      | 5,000            | -                      | 3,366                | 400                  | 1,446        | 6,001              | 12,847            |
| <i>Investments realised during the period</i> |                      |                        |                  |                        |                      |                      |              |                    |                   |
| Ord Shares                                    | -                    | -                      | -                | (26)                   | (1,253)              | -                    | -            | -                  | (1,279)           |
| A Shares                                      | -                    | -                      | -                | -                      | (789)                | -                    | (957)        | -                  | (1,746)           |
| C Shares                                      | -                    | -                      | -                | (77)                   | -                    | (400)                | -            | -                  | (477)             |
| D Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| E Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
|   | -                    | -                      | -                | (103)                  | (2,042)              | (400)                | (957)        | -                  | (3,502)           |
| <i>Investments valued during the period</i>   |                      |                        |                  |                        |                      |                      |              |                    |                   |
| Ord Shares                                    | -                    | 54                     | -                | 61                     | 560                  | -                    | (3)          | -                  | 672               |
| A Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| C Shares                                      | -                    | -                      | -                | 907                    | -                    | -                    | -            | -                  | 907               |
| D Shares                                      | -                    | -                      | -                | 604                    | -                    | -                    | (6)          | -                  | 598               |
| E Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | 3            | (117)              | (114)             |
|   | -                    | 54                     | -                | 1,572                  | 560                  | -                    | (6)          | (117)              | 2,063             |
| <i>Investments at 31 March 2018</i>           |                      |                        |                  |                        |                      |                      |              |                    |                   |
| Ord Shares                                    | -                    | 646                    | -                | 2,806                  | 6,846                | 350                  | 450          | -                  | 11,098            |
| A Shares                                      | -                    | -                      | -                | -                      | -                    | -                    | -            | -                  | -                 |
| C Shares                                      | -                    | -                      | -                | 11,702                 | -                    | 2,888                | -            | -                  | 14,590            |
| D Shares                                      | -                    | -                      | -                | 11,717                 | -                    | 1,206                | 800          | -                  | 13,723            |
| E Shares                                      | -                    | -                      | 5,000            | -                      | -                    | 400                  | 1,449        | 5,884              | 12,733            |
| <b>Total</b>                                  | <b>-</b>             | <b>646</b>             | <b>5,000</b>     | <b>26,225</b>          | <b>6,846</b>         | <b>4,844</b>         | <b>2,699</b> | <b>5,884</b>       | <b>52,144</b>     |
| <b>Total investments %</b>                    | <b>0.00%</b>         | <b>1.24%</b>           | <b>9.59%</b>     | <b>50.29%</b>          | <b>13.13%</b>        | <b>9.29%</b>         | <b>5.18%</b> | <b>11.28%</b>      | <b>100.00%</b>    |

\* During the year the companies operating in the Cinema Digitisation sector undertook a change in Investment Strategy. They disposed of their projector systems and acquired portfolios of Rooftop Solar PV assets.

\*\* Other SME funding includes £450,000 of Ordinary Share Class investment, £800,000 of D Ordinary Share Class investment and £1,449,000 of E Ordinary Share Class investment in to a UK based LLP which provides finance to small and medium sized enterprises.

## **Strategic Report - Investment Manager's Review (continued)**

### **Sector Analysis (continued)**

The VCT was established to fund small and medium sized enterprises. At 31 March 2018 it had four share classes each invested in their own portfolio as detailed on page 14. The overall portfolio comprised investments in 19 small, unquoted companies and one quoted Real Estate Investment Trust, across 5 sectors: crematorium management; electricity generation, vertical growing, SME Funding; and Investment Property.

A number of new requirements were put in place following the Patient Capital Review, including an increase in the threshold for qualifying investments from 70% to 80% from 6 April 2019. The Investment Manager monitors compliance with all qualification conditions closely, and maintains a forward-looking Qualifying Investment Tracker. We will endeavour to ensure continuing compliance with all conditions.

### **Review and Outlook**

#### **Ordinary Share Class**

The Company and the Investment Manager are working towards facilitating a rapid exit for shareholders now they have reached their five year holding period.

#### **Crematorium Management**

The Company has an investment in a business that provides crematory and mercury abatement services for the crematoria of a London Borough. This investment receives revenues from local authorities, and has consistently generated a steady return over the years it has been held.

#### **Solar**

The Company holds an investment in Green Energy For Education Limited ("GEFE"), a company that owns a portfolio of rooftop PV systems. The PV systems have been outperforming their electricity generation targets and the investment continues to provide an attractive exposure to a business benefitting from low risk Feed in Tariffs. The Company also holds investments in Digima Limited ("Digima") and Digital Screen Solutions Limited ("DSS"). Both companies have developed their businesses during the year from cinema digitisation, and each now owns a portfolio of rooftop Solar PV panels.

#### **Hydroelectric Power**

After an uncharacteristically dry autumn and winter period in 2016, we are pleased to report that the performance of the hydro schemes has improved over the course of 2017. As a result the majority of the portfolio has recorded an uplift in valuation. One company, Green Highland Shenval Limited, in which the Ordinary Share Class and D Share Class are invested has now resolved a contractual dispute which has resulted in a write down. Nonetheless, the company continues to operate well and we believe that the VCT will recover its original investment in full.

All of the hydroelectric schemes are "run of river" plants which capture excess river flow above levels determined by the Scottish Environment Protection Agency (SEPA). Water flow is generally captured before a descent and flows down the penstock (pipe) to a turbine engine which produces electricity. The water is then returned to the river. The hydro companies benefit from government backed Feed-in Tariff payments based on output and also from the sale of the electricity produced to utilities or other power companies under Power Purchase Agreements (PPAs). The contract terms were renewed during 2017 and, due to the export market rising, the companies have continued to obtain better power prices than were originally forecast of circa 5.00 pence per kWh, currently earning an average of 6.19 pence per kWh (2017: 6.62 pence per kWh).

The hydro companies remain strongly focussed on seeking efficiencies and operating improvements. As part of this focus, during 2017 an Asset Manager was appointed to explore ways in which the companies could further enhance the operational performance of the schemes. Their work included reviewing scheme layouts, hydrology data, performance data and reporting on any inefficiencies and making recommendations on where improvement could be made to enhance performance. The companies are currently implementing some of the recommendations made by the Asset Manager.

When the business rates review took place in 2016 there was some concern that the results would significantly increase the costs of hydro businesses which occupy comparatively large areas of very rural land compared to the relative level of their turnover. The companies, together with other industry members and the British Hydropower Association, have continued to lobby the Scottish Government to recognise these anomalies.

## ***Strategic Report - Investment Manager's Review (continued)***

In February 2017, the Scottish Government announced a 12.5% limit on business rates increases in the hydro sector for schemes up to 1 MW for the year to 31 March 2018 and, on 12 September 2017, further announced a 60% relief on business rates for small-scale hydro schemes from 1 April 2018. The Company has investments in two companies with schemes above 1MW and the position for such schemes still remains unclear. Longer term, the Scottish Government has confirmed that it will work alongside industry organisations to fast track a review of the Plant and Machinery Order, which should address these issues.

We are pleased with the performance of the portfolio to date and we believe that, as the portfolio matures, there remains the opportunity to further enhance its value through strategic operational management.

### ***Gas Power***

The Company has invested in a company that has constructed a gas fired energy centre which will provide a reliable and secure energy supply. The energy centre completed construction and started generating in Q2 2018.

### ***Vertical Growing***

Vertical Growing is the practice of producing food in an indoor growing facility where all inputs (water, light and nutrients) meet the optimum needs of the crop. Vertical growing facilities are designed to have a sealed environment, meaning that the product is grown in a controlled environment, with positive air pressure to prevent any pests entering the facility. This ensures that insects and other pests cannot get access to the crop, removing the need to use pesticides on the crop being grown. A large variety of produce can be grown including herbs and salad leaves. By combining flexible designs and short growing cycles, vertical growing facilities enable the grower to quickly respond to the demands of customers, switching between different products with minimal notice.

### ***Non-Qualifying***

#### ***Real Estate Investment Trust ("REIT")***

The Triple Point Social Housing REIT invests in social housing assets within the UK, in particular homes in the supported housing sector. These homes are adapted to provide care and support to vulnerable tenants with specific requirements, and provide tenants with greater independence than institutional care accommodation. The REIT's portfolio of assets amounts to some £200m and benefits from long term indexed linked leases of at least twenty years to Approved Providers such as housing associations, who are bodies that receive their funding from central and local government. Through these long leases it is able to offer its shareholders an attractive and consistent level of inflation-linked income.

### ***SME Funding***

The Company has non-qualifying investments in four companies which provide finance to SME businesses. Two of these companies are non-bank SME lending businesses which aim to address the financing needs of the UK SME market by providing business critical loans and asset finance to over 60,000 UK Corporate and SME customers. The remaining two companies provide finance in the hydroelectric power sector.

### ***Ordinary Share Class***

The Company and the Investment Manager are working towards returning value to shareholders now they have reached their five year holding period. To this end a significant dividend of £11,821,899 will be paid on 26<sup>th</sup> July 2018.

### ***A Share Class***

On 13 February 2018 the A Ordinary Shares were cancelled, with the final 1p of share capital returned to A Ordinary Class Shareholders on 9 March 2018.

### ***C Share Class***

The Company and the Investment Manager will monitor the ongoing operation and efficiency of the C Share Class investments. The C Share Class has investments in three companies which between them own six hydroelectric schemes in the Scottish Highlands. Further updates on this sector are detailed in the Hydroelectric Power section above.

### ***D Share Class***

We are pleased to report that all of the six hydro schemes located in the Scottish Highlands held by the D Share Class were commissioned on time and within budget. The Company and the Investment Manager focus now turns to improving operation and efficiency of the schemes. Further updates on this sector are detailed in the Hydroelectric Power section above.

## **Strategic Report - Investment Manager's Review (continued)**

### *E Share Class*

The E Share Class has made a qualifying investment of £5 million in a pioneering vertical growing company that has commenced construction of a commercial scale growing facility in Cheshire.

The E Share Class also made a non-qualifying investment in the Triple Point Social Housing Real Estate Investment Trust plc ("REIT"). This investment is targeting a return of 5p per share per annum rising in line with inflation. The first distribution from this investment was received during the year. This distribution was in line with the target for the REIT's first payment of 1p per share from its first accounting period.

Triple Point is paid a management fee of 1% per annum for managing the REIT and consequently has agreed to rebate a corresponding part of its management fee relating to this investment, to ensure VCT Investors are not bearing additional fees.

From 1<sup>st</sup> April 2018 the E Share Class will benefit from the income, risk and returns on a portfolio of established diversified investments operating in Hydroelectric Power, Gas Power, Crematoria, Solar, and SME Lending, providing immediate diversification to the E Share Class. A follow on investment in to the vertical growing company, Perfectly Fresh (Cheshire) Limited is expected later in the year.

Going forward, the Company and the Investment Manager are focused on ensuring that the remaining funds are invested in line with the Company's strategy and the requirements of the VCT legislation.

If you have any questions, please do not hesitate to call us on 020 7201 8990.



Ben Beaton  
Managing Partner  
for Triple Point Investment Management LLP  
14 June 2018

**Strategic Report - Investment Portfolio Summary**

|   | 31 March 2018 |               |               |               | 31 March 2017 |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Cost          |               | Valuation     |               | Cost          |               | Valuation     |               |
|   | £'000         | %             | £'000         | %             | £'000         | %             | £'000         | %             |
| Unquoted qualifying holdings                          | 33,705        | 50.06         | 37,075        | 52.52         | 30,584        | 73.01         | 31,986        | 73.92         |
| Quoted non-qualifying holdings                        | 6,001         | 8.91          | 5,884         | 8.34          | -             | -             | -             | -             |
| Unquoted non-qualifying holdings                      | 9,185         | 13.63         | 9,185         | 13.01         | 8,762         | 20.92         | 8,750         | 20.23         |
| Financial assets at fair value through profit or loss | 48,891        | 72.60         | 52,144        | 73.87         | 39,346        | 93.93         | 40,736        | 94.15         |
| Cash and cash equivalents                             | 18,448        | 27.40         | 18,448        | 26.13         | 2,534         | 6.07          | 2,534         | 5.85          |
|   | <b>67,339</b> | <b>100.00</b> | <b>70,592</b> | <b>100.00</b> | <b>41,880</b> | <b>100.00</b> | <b>43,270</b> | <b>100.00</b> |

**Qualifying Holdings****Unquoted****Rooftop Solar\***

|                              |       |      |       |      |       |      |       |      |
|------------------------------|-------|------|-------|------|-------|------|-------|------|
| Digima Ltd                   | 1,262 | 1.87 | 1,621 | 2.30 | 1,262 | 3.01 | 1,296 | 3.00 |
| Digital Screen Solutions Ltd | 2,020 | 3.00 | 2,062 | 2.92 | 2,020 | 4.82 | 2,070 | 4.78 |

**Solar**

|                                |     |      |     |      |       |      |       |      |
|--------------------------------|-----|------|-----|------|-------|------|-------|------|
| Cmore Energy Ltd               | -   | -    | -   | -    | 1,000 | 2.39 | 1,221 | 2.82 |
| Green Energy for Education Ltd | 475 | 0.71 | 963 | 1.36 | 475   | 1.13 | 752   | 1.74 |
| PJC Renewable Energy Ltd       | -   | -    | -   | -    | 5     | 0.01 | -     | -    |

**Landfill Gas**

|                          |   |   |   |   |     |      |     |      |
|--------------------------|---|---|---|---|-----|------|-----|------|
| Aeris Power Ltd          | - | - | - | - | 525 | 1.25 | 424 | 0.98 |
| Craigahulliar Energy Ltd | - | - | - | - | 350 | 0.84 | 365 | 0.84 |

**Hydro Electric Power**

|   |       |      |       |      |       |       |       |       |
|---|-------|------|-------|------|-------|-------|-------|-------|
| Elementary Energy Ltd                             | 2,060 | 3.06 | 2,310 | 3.27 | 2,060 | 4.92  | 2,102 | 4.86  |
| Green Highland Allt Choire A Bhalachain (225) Ltd | 3,130 | 4.65 | 3,504 | 4.96 | 3,130 | 7.47  | 3,038 | 7.02  |
| Green Highland Allt Garbh Ltd                     | 2,710 | 4.02 | 2,710 | 3.84 | 2,710 | 6.47  | 2,710 | 6.26  |
| Green Highland Allt Ladaidh (1148) Ltd            | 3,500 | 5.20 | 4,092 | 5.80 | 3,500 | 8.36  | 3,500 | 8.09  |
| Green Highland Allt Luaidhe (228) Ltd             | 1,996 | 2.96 | 2,165 | 3.07 | 1,995 | 4.76  | 2,047 | 4.73  |
| Green Highland Allt Phocachain (1015) Ltd         | 3,932 | 5.84 | 4,187 | 5.93 | 3,932 | 9.39  | 3,941 | 9.11  |
| Green Highland Shenval Ltd                        | 1,120 | 1.66 | 692   | 0.98 | 1,120 | 2.67  | 1,120 | 2.59  |
| Green Highland Renewables (Achnacarry) Ltd        | 4,300 | 6.39 | 5,569 | 7.89 | 4,300 | 10.27 | 5,200 | 12.02 |

**Gas Power**

|                           |       |      |       |      |       |      |       |      |
|---------------------------|-------|------|-------|------|-------|------|-------|------|
| Green Peak Generation Ltd | 2,200 | 3.27 | 2,200 | 3.12 | 2,200 | 5.25 | 2,200 | 5.08 |
|---------------------------|-------|------|-------|------|-------|------|-------|------|

**Vertical Growing**

|                              |       |      |       |      |   |   |   |   |
|------------------------------|-------|------|-------|------|---|---|---|---|
| Perfectly Fresh Cheshire Ltd | 5,000 | 7.43 | 5,000 | 7.08 | - | - | - | - |
|------------------------------|-------|------|-------|------|---|---|---|---|

|  |               |              |               |              |               |              |               |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|  | <b>33,705</b> | <b>50.06</b> | <b>37,075</b> | <b>52.52</b> | <b>30,584</b> | <b>73.01</b> | <b>31,986</b> | <b>73.92</b> |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|

\* During the year, with the support of the Investment Manager, two companies which previously invested in the Cinema Digitisation sector, Digima Ltd and Digital Screen Solutions Ltd developed their businesses during the year from cinema digitisation and each now own a portfolio of rooftop solar PV assets.

**Strategic Report - Investment Portfolio Summary**

|   | 31 March 2018 |              |              |              | 31 March 2017 |              |              |              |
|---|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|   | Cost          |              | Valuation    |              | Cost          |              | Valuation    |              |
|   | £'000         | %            | £'000        | %            | £'000         | %            | £'000        | %            |
| <b>Non-Qualifying Holdings</b>                    |               |              |              |              |               |              |              |              |
| <b>Quoted</b>                                     |               |              |              |              |               |              |              |              |
| <u>Investment property</u>                        |               |              |              |              |               |              |              |              |
| TP Social Housing REIT Plc Equity                 | 6,001         | 8.91         | 5,884        | 8.34         | -             | -            | -            | -            |
|   | <b>6,001</b>  | <b>8.91</b>  | <b>5,884</b> | <b>8.34</b>  | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>Unquoted</b>                                   |               |              |              |              |               |              |              |              |
| <u>Crematorium Management</u>                     |               |              |              |              |               |              |              |              |
| Furnace Managed Services Ltd                      | 620           | 0.92         | 646          | 0.92         | 620           | 1.48         | 592          | 1.37         |
| <u>Hydro Electric Power</u>                       |               |              |              |              |               |              |              |              |
| Elementary Energy Ltd                             | 285           | 0.42         | 285          | 0.40         | 310           | 0.74         | 310          | 0.72         |
| Green Highland Allt Choire A Bhalachain (225) Ltd | 318           | 0.47         | 318          | 0.45         | 342           | 0.82         | 342          | 0.79         |
| Green Highland Allt Luaidhe (228) Ltd             | 185           | 0.27         | 185          | 0.26         | 185           | 0.44         | 185          | 0.43         |
| Green Highland Allt Phocachain (1015) Ltd         | 143           | 0.21         | 143          | 0.20         | 161           | 0.38         | 161          | 0.37         |
| Green Highland Renewables (Achnacarry) Ltd        | 65            | 0.10         | 65           | 0.09         | 100           | 0.24         | 100          | 0.23         |
| <u>SME Funding</u>                                |               |              |              |              |               |              |              |              |
| <u>Hydroelectric Power:</u>                       |               |              |              |              |               |              |              |              |
| Broadpoint 2 Ltd                                  | 2,834         | 4.21         | 2,834        | 4.01         | 2,834         | 6.77         | 2,834        | 6.55         |
| Broadpoint 3 Ltd                                  | 2,010         | 2.98         | 2,010        | 2.85         | 2,010         | 4.80         | 2,010        | 4.65         |
| <u>Other:</u>                                     |               |              |              |              |               |              |              |              |
| Aeris Power Ltd                                   | 525           | 0.78         | 499          | 0.71         | -             | -            | -            | -            |
| Funding Path Ltd                                  | 2,200         | 3.27         | 2,200        | 3.12         | 2,200         | 5.25         | 2,216        | 5.12         |
|   | <b>9,185</b>  | <b>13.63</b> | <b>9,185</b> | <b>13.01</b> | <b>8,762</b>  | <b>20.92</b> | <b>8,750</b> | <b>20.23</b> |

Financial Assets are measured at fair value through profit or loss. The initial best estimate of fair value of these investments that are either quoted or not quoted on an active market is the transaction price (i.e. cost). The fair value of these investments is subsequently measured by reference to the enterprise value of the investee company, which is best deemed to reflect the fair value. Where the Board considers the investee company's enterprise value to remain unchanged since acquisition, investments continue to be held at cost less any loan repayments received. Where the Board considers the investee company's enterprise value has changed since acquisition, investments are held at a value measured using a discounted cash flow model or the value expected to be realised on disposal which is equivalent to fair value.

## Strategic Report - Investment Portfolio's Ten Largest VCT Investments

### Triple Point Social Housing REIT Plc

| Date of first investment | Cost £    | Valuation £ | Valuation Method | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|------------------|---|----------------------------|-------------------------------------|
| 17 November 2017         | 6,000,886 | 5,884,408   | Bid Price        | 29  | 1.96                       | 1.96                                |

Summary of Information from Investee Company Financial Statements ending in 2017: £'000

|   |         |
|---|---------|
| Turnover  | 1,027   |
| Earnings before interest, tax, amortisation and depreciation (EBITDA) | 5,680   |
| Profit before tax   | 5,672   |
| Net assets  | 201,672 |

**Triple Point Social Housing REIT Plc** is a UK Real Estate Investment Trust ("REIT") investing in UK Social Housing assets, in particular homes in the Supported Housing sector which have been adapted to provide care and support to vulnerable tenants.

### Perfectly Fresh Cheshire Ltd

| Date of first investment | Cost £    | Valuation £ | Valuation Method | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|------------------|---|----------------------------|-------------------------------------|
| 21 November 2017         | 5,000,000 | 5,000,000   | Cost             | -   | 49.97                      | 49.97                               |

Summary of Information from Investee Company Financial Statements : £'000

No financial information is available as the company has not produced financial statements since it signed its commercial agreements.

**Perfectly Fresh Cheshire Ltd** is constructing a pioneering vertical growing facility. This facility will produce premium quality fresh salads and herbs in indoor, laboratory-like conditions.

## Strategic Report - Investment Portfolio's Ten Largest VCT Investments

### Green Highland Renewables (Achnacarry) Ltd

| Date of first investment | Cost £    | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| 13 August 2014           | 4,300,000 | 5,569,000   | Discounted Cash Flow | 110   | 40.65                      | 40.65                               |

#### Summary of Information from Investee Company Financial Statements ending in 2017: £'000

|   |       |
|---|-------|
| Turnover  | 1,747 |
| Earnings before interest, tax, amortisation and depreciation (EBITDA) | 1,277 |
| Profit before tax   | 605   |
| Net assets before VCT loans   | 4,732 |
| Net assets  | 3,442 |

**Green Highland Renewables (Achnacarry) Ltd** is operating three separate run-of-river hydroelectric power plants located adjacent to Loch Arkaig near Fort William. Having reached financial close in August 2014, the Allt Dubh site (722kw) was commissioned in November 2015 with the Loch Blair site (1,250kw) and the Cheanna Mhuir site (500kw) both successfully commissioned in December 2015. The company earns Feed-in-Tariffs and other revenues from the generation and export of electricity to the National Grid.

### Green Highland Allt Phocachain (1015) Ltd

| Date of first investment | Cost £    | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| 13 November 2014         | 3,932,000 | 4,187,000   | Discounted Cash Flow | 346   | 42.70                      | 100.00                              |

#### Summary of Information from Investee Company Financial Statements ending in 2017: £'000

|   |       |
|---|-------|
| Turnover  | 607   |
| Earnings before interest, tax, amortisation and depreciation (EBITDA) | 408   |
| Loss before tax   | (263) |
| Net assets before VCT loans   | 4,006 |
| Net assets  | 2,569 |

**Green Highland Allt Phocachain (1015) Ltd** operates two separate 500 KW run-of-river hydraulic power plants located in Glen Moriston, in the Scottish Highlands. The company earns Feed-in-Tariffs from generation and export of electricity to the National Grid.

## Strategic Report - Investment Portfolio's Ten Largest VCT Investments

### Green Highland Allt Ladaidh (1148) Ltd

| Date of first investment | Cost £    | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| 20 March 2015            | 3,500,000 | 4,092,000   | Discounted Cash Flow | 294   | 35.17                      | 50.25                               |

#### Summary of Information from Investee Company Financial Statements ending in 2017: £'000

|   |       |
|---|-------|
| Turnover  | 484   |
| Earnings before interest, tax, amortisation and depreciation (EBITDA) | 291   |
| Loss before tax   | (295) |
| Net assets before VCT loans   | 4,560 |
| Net assets  | 3,060 |

**Green Highland Allt Ladaidh (1148) Ltd** operates a 1,350 KW run-of-river hydro-electric power plant near Loch Garry, Invergarry in the Scottish Highlands. The company earns Feed-in-Tariffs and other revenues from the generation and export of electricity to the National Grid.

### Green Highland Allt Choire A Bhalachain (225) Ltd

| Date of first investment | Cost £    | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
|--------------------------|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| 18 July 2014             | 3,130,000 | 3,504,000   | Discounted Cash Flow | 295   | 49.90                      | 100.00                              |

#### Summary of Information from Investee Company Financial Statements ending in 2017: £'000

|   |       |
|---|-------|
| Turnover  | 311   |
| Earnings before interest, tax, amortisation and depreciation (EBITDA) | 9     |
| Loss before tax   | (370) |
| Net assets before VCT loans   | 2,330 |
| Net assets  | 1,382 |

**Green Highland Allt Choire a Bhalachain (225) Ltd** is currently operating a 740kw run-of-river hydro-electric power plant located at Tomdoun, Invergarry in the Scottish Highlands. The project started construction in July 2014 and was commissioned on schedule in November 2015. The company earns Feed-in-Tariffs and other revenues from the generation and export of electricity to the National Grid.

## Strategic Report - Investment Portfolio's Ten Largest VCT Investments

| <b>Broadpoint 2 Ltd</b>   |           |             |                      |   |                            |                                     |
|---|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| Date of first investment  | Cost £*   | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
| 12 February 2015  | 2,834,000 | 2,834,000   | Discounted Cash Flow | 220   | 49.00                      | 98.00                               |
| <u>Summary of Information from Investee Company Financial Statements ending in 2017:</u>                                  |           |             |                      |   |                            | <u>£'000</u>                        |
| Turnover  |           |             |                      |   |                            | -                                   |
| Earnings before interest, tax, amortisation and depreciation (EBITDA)   |           |             |                      |   |                            | (11)                                |
| Loss before tax   |           |             |                      |   |                            | (20)                                |
| Net assets before VCT loans   |           |             |                      |   |                            | 3,088                               |
| Net assets  |           |             |                      |   |                            | (17)                                |
| <b>Broadpoint 2 Ltd</b> is a VCT non-qualifying investment, which has provided funding to hydro-electric power companies. |           |             |                      |   |                            |                                     |

\*The directors consider the fair value to be equivalent to the par value.

| <b>Green Highland Allt Garbh Ltd</b>  |           |             |                   |   |                            |                                     |
|---|-----------|-------------|-------------------|---|----------------------------|-------------------------------------|
| Date of first investment  | Cost £    | Valuation £ | Valuation Method* | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
| 01 April 2015   | 2,710,000 | 2,710,000   | Cost              | 176   | 27.46                      | 50.25                               |
| <u>Summary of Information from Investee Company Financial Statements ending in 2017:</u>  |           |             |                   |   |                            | <u>£'000</u>                        |
| Turnover  |           |             |                   |   |                            | 52                                  |
| Earnings before interest, tax, amortisation and depreciation (EBITDA)   |           |             |                   |   |                            | 17                                  |
| Loss before tax   |           |             |                   |   |                            | (82)                                |
| Net assets before VCT loans   |           |             |                   |   |                            | 4,877                               |
| Net assets  |           |             |                   |   |                            | 3,389                               |
| <b>Green Highland Allt Garbh Ltd</b> completed construction in August 2017 and is currently operating a run-of-river hydroelectric power plant near Glen Affric, Cannich. The 1,500kW Allt Garbh scheme earns Feed-in-Tariffs and other revenues from the generation and export of electricity to the National Grid. It is in its first year of generation and is operating in line with expectation. |           |             |                   |   |                            |                                     |

\*The directors consider the valuation method used appropriate, due to the drag along rights which exist in the Investment Agreement between the Company and Green Highland Allt Garbh Ltd.

## Strategic Report - Investment Portfolio's Ten Largest VCT Investments

| <b>Funding Path Ltd</b>  |           |             |                     |   |                            |                                     |
|--|-----------|-------------|---------------------|---|----------------------------|-------------------------------------|
| Date of first investment   | Cost £*   | Valuation £ | Valuation Method    | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
| 29 January 2016  | 2,200,000 | 2,200,000   | Share of Net Assets | 112   | 49.00                      | 98.00                               |
| <u>Summary of Information from Investee Company Financial Statements ending in 2017:</u>   |           |             |                     |   |                            | <u>£'000</u>                        |
| Turnover   |           |             |                     |   |                            | 275                                 |
| Earnings before interest, tax, amortisation and depreciation (EBITDA)  |           |             |                     |   |                            | 268                                 |
| Profit before tax  |           |             |                     |   |                            | 41                                  |
| Net assets before VCT loans  |           |             |                     |   |                            | 3,232                               |
| Net assets   |           |             |                     |   |                            | 32                                  |
| <b>Funding Path Ltd</b> is a VCT non-qualifying investment, which has invested in an LLP that provides finance to small and medium sized enterprises (SMEs). |           |             |                     |   |                            |                                     |

\*The directors consider the fair value to be equivalent to the par value.

| <b>Elementary Ltd</b>   |           |             |                      |   |                            |                                     |
|---|-----------|-------------|----------------------|---|----------------------------|-------------------------------------|
| Date of first investment  | Cost £    | Valuation £ | Valuation Method     | Income recognised by TP Income for the year £'000 | Equity Held by TP Income % | Equity Held by TPIM managed funds % |
| 18 March 2013   | 2,060,000 | 2,310,000   | Discounted Cash Flow | 204   | 49.93                      | 99.22                               |
| <u>Summary of Information from Investee Company Financial Statements ending in 2017:</u>  |           |             |                      |   |                            | <u>£'000</u>                        |
| Turnover  |           |             |                      |   |                            | 285                                 |
| Earnings before interest, tax, amortisation and depreciation (EBITDA)   |           |             |                      |   |                            | 205                                 |
| Loss before tax   |           |             |                      |   |                            | (61)                                |
| Net assets before VCT loans   |           |             |                      |   |                            | 1,893                               |
| Net assets  |           |             |                      |   |                            | 353                                 |
| <b>Elementary Energy Ltd</b> is currently operating a 500kw run-of-river hydroelectric power plant situated at Abhainn Shalachain river at Fiunary, Morven, Scotland. The plant was commissioned in January 2015 and is operating successfully earning Feed-in-Tariffs and other revenues from the generation and export of electricity to the National Grid. |           |             |                      |   |                            |                                     |

**Strategic Report – Significant Influence and Control**

The principal undertakings in which the Company's interest at the year-end is 20% or more are as follows:

| <b>Name</b>                                     | <b>Registered address</b>                                       | <b>Holding</b> |
|---|---|----------------|
| Aeris Power Limited                             | 30 Camp Road, Farnborough, Hampshire, GU14 6EW                  | 100.00%        |
| Broadpoint 2 Limited                            | 18 St Swithin's Lane, London, EC4N 8AD                          | 49.00%         |
| Digima Limited                                  | 30 Camp Road, Farnborough, Hampshire, GU14 6EW                  | 30.87%         |
| Digital Screen Solutions Limited                | 30 Camp Road, Farnborough, Hampshire, GU14 6EW                  | 35.36%         |
| Elementary Energy Limited                       | 18 St Swithin's Lane, London, EC4N 8AD                          | 49.93%         |
| Funding Path Limited                            | 18 St Swithin's Lane, London, EC4N 8AD                          | 49.00%         |
| Furnace Managed Services Limited                | 30 Buckland Gardens, Ryde, Isle of Wight, PO33 3AG              | 99.72%         |
| Green Energy for Education Limited              | 18 St Swithin's Lane, London, EC4N 8AD                          | 50.00%         |
| Green Highland Allt Choire A Bhalachain Limited | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 49.90%         |
| Green Highland Allt Garbh Limited               | Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW | 27.46%         |
| Green Highland Allt Ladaidh (1148) Limited      | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 35.17%         |
| Green Highland Allt Luaidhe (228) Limited       | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 35.18%         |
| Green Highland Allt Phochachain (1015) Limited  | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 42.70%         |
| Green Highland Renewables (Achnacarry) Limited  | Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW | 40.65%         |
| Green Highland Shenval Limited                  | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 28.16%         |
| Green Peak Generation Limited                   | Q Court, 3 Quality Street, Edinburgh, EH4 5BP                   | 48.26%         |
| Perfectly Fresh Cheshire Limited                | 18 St Swithin's Lane, London, EC4N 8AD                          | 49.97%         |

- All investments are held in the UK.
- The investments are a combination of debt and equity.
- Equity holding is equal to the voting rights.

The Strategic Report has been approved by the Board and signed on their behalf by the Chairman.

  
 David Frank  
 Chairman  
 14 June 2018

## ***Report of the Directors***

The Directors present their Report and the audited Financial Statements for the year ended 31 March 2018.

### ***Details of Directors***

**David Frank** was a partner in Slaughter and May for twenty two years before retiring from the firm in 2008. As well as being the firm's first Practice Partner from 2001 to 2008, his practice involved acting for several venture capital houses, including 3i and Schroder Ventures. He was also involved in several flotations in the venture capital sector, including 3i, Baronsmead and SVG Capital. Since retiring from legal practice, he has established a portfolio of voluntary roles. He has been a Director and Chairman of the Company since 11 November 2010.

**Simon Acland** has over twenty five years' experience in venture capital, primarily at Quester, where he became Managing Director. When Quester was sold in 2007 it had £200m under management and was one of the leading UK venture capital and VCT investment managers. Simon was a director of over 20 companies in Quester's portfolio, many of which achieved successful exits through flotation or trade sales. Simon is also a director of various other private companies and charities, and a member of the investment committee of the British Business Bank's Angel Co-Fund. Simon is also an Executive Director of Green Angel Syndicate, the UK's only business angel group focussed on investing in the green economy. Simon was appointed a Director on 12 March 2009.

**Michael Stanes** has been an Investment Director at Heartwood Investment Management, a London-based firm providing investment management and wealth structuring services for high net worth individuals, since 2010. He began his career at Warburg Investment Management (which became Mercury Asset Management) where he ran equity portfolios in London and Tokyo. He then moved to the US where he founded a business on behalf of Merrill Lynch offering equity portfolio management to high net worth individuals. In 2002 he joined Goldman Sachs Asset Management in London running global equity portfolios for a range of institutional and individual clients before joining a new fund management partnership as CEO. Michael was appointed a Director on 21 November 2012.

All Directors are considered to be independent.

The Board has considered provision B.7.2 of the UK Corporate Governance Code (April 2016) and believes that all the Directors continue to be effective and to demonstrate commitment to their roles, the Board and the Company. The Directors are discussed further within the Corporate Governance report on pages 31 and 32 which demonstrates the Board's compliance with the UK Corporate Governance code.

### ***Activities and Status***

The Company is a Venture Capital Trust and its main activity is investing. The Company has chosen to focus its investing activities towards companies involved in renewable energy, energy production, innovative vertical growing and SME funding.

The Company has been approved as a VCT by HMRC and, in the opinion of the Directors, has conducted its affairs so as to enable it to continue to obtain such approval.

The Company is registered in England as a Public Limited Company (Registration number 6421083). The Directors have managed, and intend to continue to manage, the Company's affairs in such a manner as to comply with Section 274 of the Income Tax Act 2007 which grants approval as a VCT.

The Company was not at any time up to the date of this report a close company within the meaning of S439 of the Corporation Tax Act 2010.

### ***Post Balance Sheet Events***

For details of post balance sheet events see note 21 to the Financial Statements.

### ***Directors' and Officers' Liability Insurance***

The Company has, as permitted by S233 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary, indemnifying them against certain liabilities which may be incurred by them in relation to their offices with the Company.

## **Report of the Directors**

### ***Matters Covered in the Strategic Report***

Dividends and financial risk management have both been discussed within the Strategic Report on pages 2,3 and 13.

### ***Management***

TPIM acts as Investment Manager to the Company. The principal terms of the Company's management agreement with TPIM are set out in note 5 to the Financial Statements.

The Board has evaluated the performance of the Investment Manager based on the returns generated since taking on the management of the Fund and a review of the management contract and the services provided in accordance with its terms. As required by the Listing Rules, the Directors confirm that in their opinion the continuing appointment of TPIM as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of other VCTs managed by TPIM and the service provided by TPIM to the Company.

### ***Substantial Shareholdings***

As at the date of this report no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

### ***Global Greenhouse Gas Emissions***

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

### ***Annual General Meeting***

Notice convening the 2018 Annual General Meeting of the Company and a form of proxy in respect of that meeting can each be found at the end of this document.

### ***Share Capital, Rights Attaching to the Shares and Restrictions on Voting and Transfer***

The Company had in issue 19,463,120 Ordinary Shares, 13,441,438 C Ordinary Shares, 13,701,636 D Ordinary Shares and 28,949,575 E Ordinary Shares at 31 March 2018 (see note 15). As at that date none of the issued shares were held by the Company as treasury shares. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's articles of association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities pari passu with other holders of ordinary shares of that class; and

c) the right to receive notice of and to attend and speak and vote in person or on a poll by proxy at any general meeting of the Company. On a show of hands every member present or represented and voting has one vote and on a poll every member present or represented and voting has one vote for every share of which that member is the holder; the validly executed appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

## ***Report of the Directors***

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's articles of association with a notice pursuant to S793 of the Companies Act 2006 (notice by a Company requiring information about interests in its shares), the Company can until the default ceases suspend the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

Shareholders, either alone or with other shareholders, have other rights as set out in the Company's articles of association and in company law.

A member may choose whether his or her shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his or her shares, subject in the case of certificated shares to the rules set out in the Company's articles of association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell-out rules relating to the shares in the Company's articles of association, shareholders are subject to the compulsory acquisition provisions in S974 to S991 of the Companies Act 2006.

### ***Amendment of Articles of Association***

The Company's articles of association may be amended by the members of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).

### ***Appointment and Replacement of Directors***

A person may be appointed as a Director of the Company by the shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors; no person, other than a Director retiring by rotation or otherwise, shall be appointed or re-appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's articles of association.

Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first Annual General Meeting of the Company following his or her appointment. At each Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election.

The Companies Act allows shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiry of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company.

A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's articles of association.

## **Report of the Directors**

### *Powers of the Directors*

Subject to the provisions of the Companies Act, the memorandum and articles of association of the Company and any directions given by shareholders by special resolution, the articles of association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

### *Directors Responsibilities*

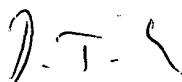
The Directors confirm that:

- so far as each of the Directors is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### *Auditor*

Grant Thornton UK LLP resigned as the company's auditor during the year following the conclusion of a formal tender process led by the Company's audit committee. The Directors appointed BDO LLP to fill the casual vacancy. BDO LLP will offer themselves for appointment as auditor in accordance with S489(4) of the Companies Act 2006. A resolution to appoint BDO LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming annual General Meeting.

On behalf of the Board.



David Frank  
Director  
14 June 2018

## **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements 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 year. In preparing these Financial Statements, 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 IFRS have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements 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 Financial Statements and the Remuneration report 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.


The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the Financial Statements, taken as a whole, provide the information necessary to assess the Company's position, performance, business model and strategy and are fair, balanced and understandable.

The Company's Financial Statements are published on the TPIM website, [www.triplepoint.co.uk](http://www.triplepoint.co.uk). The maintenance and integrity of this website is the responsibility of TPIM and not of the Company. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- The Financial Statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- 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



David Frank  
Chairman  
14 June 2018

## Corporate Governance

This Corporate Governance Report forms part of the Directors' Report on pages 26-29.

The Financial Conduct Authority requires through the listing rules, all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the 'Code') issued by the Financial Reporting Council (FRC) in 2016.

The Board of Triple Point Income VCT plc has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code 2016) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code 2016, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (April 2016), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against principles and recommendations of the AIC Code 2016, by reference to the AIC Guide, which incorporates the UK Corporate Governance Code (April 2016), will provide improved reporting to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the code, except as set out on page 35 under the heading Compliance Statement.

The Company is committed to maintaining high standards in corporate governance and has complied with the recommendations of the AIC Code 2016 and the relevant provisions of the UK Corporate Governance Code (April 2016), except as set out at the end of this report in the Compliance Statement.

### *Board of Directors*

The Company has a Board of three Non-Executive Directors. Since all Directors are Non-Executive and day-to-day management responsibilities are sub-contracted to the Investment Manager, the Company does not have a Chief Executive Officer. The Directors have a range of business and financial skills which are relevant to the Company; these are described on page 26 of this report. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, by the Investment Manager. The Board has direct access to company secretarial advice and compliance services provided by the Investment Manager which is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties.

Any appointment of new Directors to the Board is conducted, and appointments made, on merit and with due regard for the benefits of diversity on the Board, including gender. All Directors are able to allocate sufficient time to the Company to discharge their responsibilities.

The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board. There is a formal schedule of matters reserved for Board decision and the agreement between the Company and the Investment Manager has authority limits beyond which Board approval must be sought.

The Investment Manager has authority over the management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services. In practice the Investment Manager makes investment recommendations for the Board's approval. In addition all investment decisions involving other VCTs managed by the Investment Manager are taken by the Board rather than the Investment Manager. Other matters reserved for the Board include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of any dividend or return of capital to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Investment Manager;
- the performance of the Company, including monitoring the net asset value per share; and
- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda and has no involvement in the day to day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders. The Chairman does not have significant commitments conflicting with his obligations to the Company.

## Corporate Governance

### Board of Directors (continued)

The Company Secretary is responsible for advising the Board on all governance matters. All of the Directors have access to the advice and services of the Company Secretary which has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. As all of the Directors are Non-Executive, it is not considered appropriate to identify a member of the Board as the senior Non-Executive Director of the Company.

The Company's articles of association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

The Company's articles of association require that one third of the Directors should retire by rotation each year and seek re-election at the Annual General Meeting and that Directors newly appointed by the Board should seek re-appointment at the next Annual General Meeting. The Board complies with the requirement of the UK Corporate Governance Code (April 2016) that all Directors are required to submit themselves for re-election at least every three years.

Under provision B.7.1 of the UK Corporate Governance Code Non-Executive Directors who have served longer than nine years should be subject to annual re-election. After the current period, Simon Acland will have served as a Non-Executive Director for 9 years and will offer himself for re-election annually.

During the period covered by these Financial Statements the following meetings were held:

| <b>Directors present</b> | <b>4 Full Board Meetings</b> | <b>2 Audit Committee Meetings</b> |
|--------------------------|------------------------------|-----------------------------------|
| David Frank, Chairman    | 4                            | 2                                 |
| Simon Acland             | 4                            | 2                                 |
| Michael Stanes           | 4                            | 2                                 |

### Audit Committee

The Board has appointed an audit committee of which David Frank is Chairman, which deals with matters relating to audit, financial reporting and internal control systems. The Committee meets as required and has direct access to BDO LLP, the Company's auditor.

The audit committee safeguards the objectivity and independence of the auditor by reviewing the nature and extent of non-audit services supplied by the external auditor to the Company. BDO LLP do not provide any non-audit services to the company.

When considering whether to recommend the reappointment of the external auditor the audit committee takes into account their current fee tender compared to the external audit fees paid by other similar companies. The audit committee will then recommend to the Board the appointment of an external auditor which is ratified at the Annual General Meeting.

The FRC's Ethical Standard requires the audit partner to rotate every five years. During the year an audit tender process was undertaken. This resulted in the resignation of Grant Thornton UK LLP and the directors appointing BDO LLP to fill the casual vacancy.

The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the audit plan provided to the audit committee by the external auditor and the discussions then held on topics raised. The audit committee will challenge the external auditor at the audit committee meeting if appropriate.

## Corporate Governance

### Audit Committee (continued)

The audit committee's terms of reference include the following roles and responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published Financial Statements and other formal announcements or regulatory returns relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

The committee reviews its terms of reference and effectiveness annually and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary.

The Board considers that the members of the committee collectively have the skills and experience required to discharge their duties effectively, and that the Chairman of the committee meets the requirements of the UK Corporate Governance Code (April 2016) as to relevant financial experience.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the committee considers annually whether there is a need for such a function and, if there were, would recommend it be established.

In respect of the year ended 31 March 2018, the audit committee discharged its responsibilities by:

- conducting a formal audit tender process and making a recommendation to the board in relation to the removal of Grant Thornton UK LLP and the appointment and approval of remuneration and terms of engagement of BDO LLP;
- reviewing the external auditor's plan for the audit of the Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing TPIM's statement of internal controls operated in relation to the Company's business and assessing those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of TPIM's compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's half-yearly results and draft annual Financial Statements prior to Board approval;
- reviewing the external auditor's audit plan document to the audit committee on the annual Financial Statements; and
- reviewing the Company's going concern status.

The audit committee is responsible for considering and reporting on any significant issues that arise in relation to the Financial Statements.

The key areas of risk that have been identified and considered by the audit committee in relation to the business activities and the Financial Statements of the Company are as follows:

- valuation and existence of unquoted investments; and
- compliance with HM Revenue & Customs conditions for maintenance of approved Venture Capital Trust status.

## ***Corporate Governance***

The audit committee relies on the Investment Manager to assess the valuation of unquoted investments and the existence of those investments. The Investment Manager has a director on the board of all the investee companies and meets regularly with the other directors and hence has an oversight of all the investments made. The audit committee have reviewed the valuations and discussed them with both the Investment Manager and the external auditor to confirm their assessment of the valuation of unquoted investments and the existence of those investments.

The Investment Manager has confirmed to the audit committee that the conditions for maintaining the Company's status as an approved Venture Capital Trust had been complied with throughout the year. The position is also reviewed by Philip Hare & Associates LLP in its capacity as adviser to the Company on taxation matters.

The audit committee has considered the whole Report and Accounts for the year ended 31 March 2018 and has reported to the Board that it considers them to be fair, balanced and understandable providing the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

### ***Internal Control***

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. As part of this process an annual review of the internal control systems is carried out. The review covers all material controls including financial, operational and risk management systems. The Directors regularly review financial results and investment performance with the Investment Manager.

The Directors have established an ongoing process designed to meet the particular needs of the Company in identifying, evaluating and managing risks to which it is exposed. The process adopted is one whereby the Directors identify the risks to which the Company is exposed including, among others, market risk, VCT qualifying investment risk and operational risks which are recorded on a risk register. The controls employed to mitigate these risks are identified and the residual risks are rated taking into account the impact of the mitigating factors. The risk register is updated twice a year.

TPIM is engaged to provide administrative (including accounting) services and retains physical custody of the documents of title relating to investments.

The Directors regularly review the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Internal control systems include the production and review of quarterly bank reconciliations and management accounts.

The Investment Manager's procedures are subject to internal compliance checks.

Capital management is monitored and controlled by the Investment Manager. The capital being managed includes equity and fixed interest VCT qualifying investments, cash balances and liquid resources including debtors and creditors.

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- to ensure sufficient liquid resources are available to meet the funding requirements of its investments and to fund new investments where identified.

### ***Going Concern***

After making the necessary enquiries, the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for at least the next 12 months. The Board receives regular reports from the

## Corporate Governance

### *Going Concern (continued)*

Investment Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to apply the going concern basis in preparing the Financial Statements.

### *Relations with Shareholders*

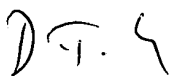
The Board recognises the value of maintaining regular communications with shareholders. In addition to the formal business of the Annual General Meeting, an opportunity is given to all shareholders to question the Board and the Investment Manager on matters relating to the Company's operation and performance. The Board and the Investment Manager will also respond to any written queries made by shareholders during the course of the year and both can be contacted at 18 St Swithin's Lane, London, EC4N 8AD or on 020 7201 8989.

### *Compliance Statement*

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code (April 2016) provisions throughout the accounting period. With the exception of the limited items outlined below, the Directors consider that the Company has complied throughout the period under review with the provisions set out in the UK Corporate Governance Code (April 2016).

1. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise (B.4.1).
2. Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise (B.6.1, B.6.3).
3. The Company does not have a senior Independent Director. The Board does not consider such an appointment appropriate for the Company (A.4.1).
4. The Company conducts a formal review as to whether there is a need for an internal audit function. The Directors do not consider that an internal audit would be an appropriate control for a Venture Capital Trust (C.3.6).
5. As all the Directors are Non-Executive, it is not considered appropriate to appoint a Nomination or Remuneration Committee (B.2.1 and D.2.1).
6. The Audit committee includes three Non-Executive Directors all of whom are considered independent. David Frank is Chairman of the Company and is also chairman of the audit committee but it is not considered appropriate to appoint another independent director. The Board regularly reviews the independence of its Directors (C.3.1).

On behalf of the Board



David Frank  
Chairman  
14 June 2018

## Directors' Remuneration Report

### Introduction

This report is submitted in accordance with schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, in respect of the year ended 31 March 2018. This report also meets the Financial Conduct Authority's Listing Rules and describes how the Board has applied the principles relating to Directors' remuneration set out in UK Corporate Governance Code (issued April 2016). The reporting requirements require two sections to be included, a Policy Report and an Annual Remuneration Report which are presented below.

### Directors' Remuneration Policy Report

This statement of the Directors' Remuneration Policy was effective following approval by shareholders at the Annual General Meeting on 24 August 2017. The Board currently comprises three Directors, all of whom are Non-Executive. The Board does not have a separate remuneration committee as the Company has no employees or executive directors. The Board has not retained external advisers in relation to remuneration matters but has access to information about Directors' fees paid by other companies of a similar size and type. No views which are relevant to the formulation of the Directors' remuneration policy have been expressed to the Company by shareholders, whether at a general meeting or otherwise.

The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, be fair and be comparable with that of other relevant Venture Capital Trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly 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. The articles of association provide that the Directors shall be paid in aggregate a sum not exceeding £100,000 per annum. None of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as Non-Executive Directors of the Company.

The articles of association provide that Directors shall retire and be subject to re-election at the first Annual General Meeting after their appointment and that any Director who has not been re-elected for three years shall retire and be subject to re-election at the Annual General Meeting. Also any Director not considered independent shall retire each year and offer himself for re-election at the Annual General Meeting. The Directors' service contracts provide for an appointment of 12 months, after which three months' written notice must be given by either party. A Director who ceases to hold office is not entitled to receive any payment other than accrued fees (if any) for past services. The same policies will apply if a new Director is appointed.

Details of each Director's contract are shown below. The Chairman is paid more than the other Directors to reflect the additional responsibilities of that role. There are no other fees payable to the Directors for additional services outside of their contracts.

|                       | <b>Date of Contract</b> | <b>Unexpired term of contract at 31 March 2018</b> | <b>Annual rate of Directors' fees<br/>£</b> | <b>Policy on payment of loss of office</b> |
|-----------------------|-------------------------|--|---|--|
| David Frank, Chairman | 11-Nov-10               | None   | 20,000                                      | None                                       |
| Simon Acland          | 12-Mar-09               | None   | 17,500                                      | None                                       |
| Michael Stanes        | 21-Nov-12               | None   | 17,500                                      | None                                       |

It was agreed that the Directors' remuneration would increase when the E Share Class Offer was launched, in the case of David Frank, to £20,000 and in the case of the other Directors to £17,500.

## Directors' Remuneration Report

### Annual Remuneration Report

The remuneration policy described above was approved on 24 August 2017 at the Annual General Meeting and will remain unchanged for another three year period. The Board will review the remuneration of the Directors in line with the VCT industry on an annual basis, if thought appropriate. Otherwise, only a change in role is likely to incur a change in remuneration of any one Director.

### Directors' Remuneration (audited information)

The fees paid to Directors in respect of the year ended 31 March 2018 and the prior year are shown below:

|                             | Emoluments for<br>the year ended<br>31 March 2018 | Emoluments for<br>the year ended<br>31 March 2017 |
|-----------------------------|---|---|
|                             | £   | £   |
| David Frank                 | 20,000  | 18,492  |
| Simon Acland                | 17,500  | 15,992  |
| Michael Stanes              | 17,500  | 15,992  |
|                             | <hr/> 55,000                                      | <hr/> 50,476                                      |
| Employers' NI contributions | 1,210   | 607   |
| <b>Total Emoluments</b>     | <hr/> <b>56,210</b>                               | <hr/> <b>51,083</b>                               |

None of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as Non-Executive Directors of the Company.

Information required on executive Directors, including the Chief Executive Officer and employees, has been omitted because the Company has neither and therefore it is not relevant.

Directors' emoluments compared to payments to shareholders:

|                                   | 31 March 2018      | 31 March 2017    |
|-----------------------------------|--------------------|------------------|
|                                   | £'000              | £'000            |
| Dividends paid:                   |                    |                  |
| • Ordinary Shareholders           | 1,460              | -                |
| • A Shareholders                  | 2,196              | -                |
| • C Shareholders                  | 672                | 672              |
| • D Shareholders                  | 685                | -                |
| Share buy-backs                   | -                  | -                |
| <b>Total paid to shareholders</b> | <hr/> <b>5,013</b> | <hr/> <b>672</b> |
| <b>Directors' emoluments</b>      | <hr/> <b>56</b>    | <hr/> <b>51</b>  |

### Directors' Share Interests (audited information)

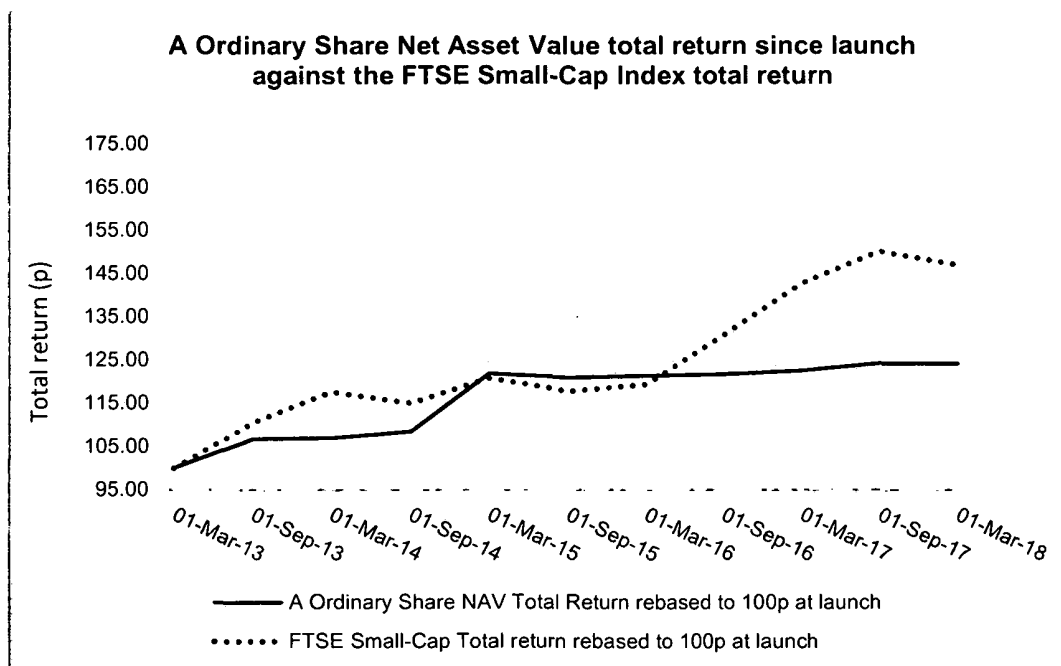
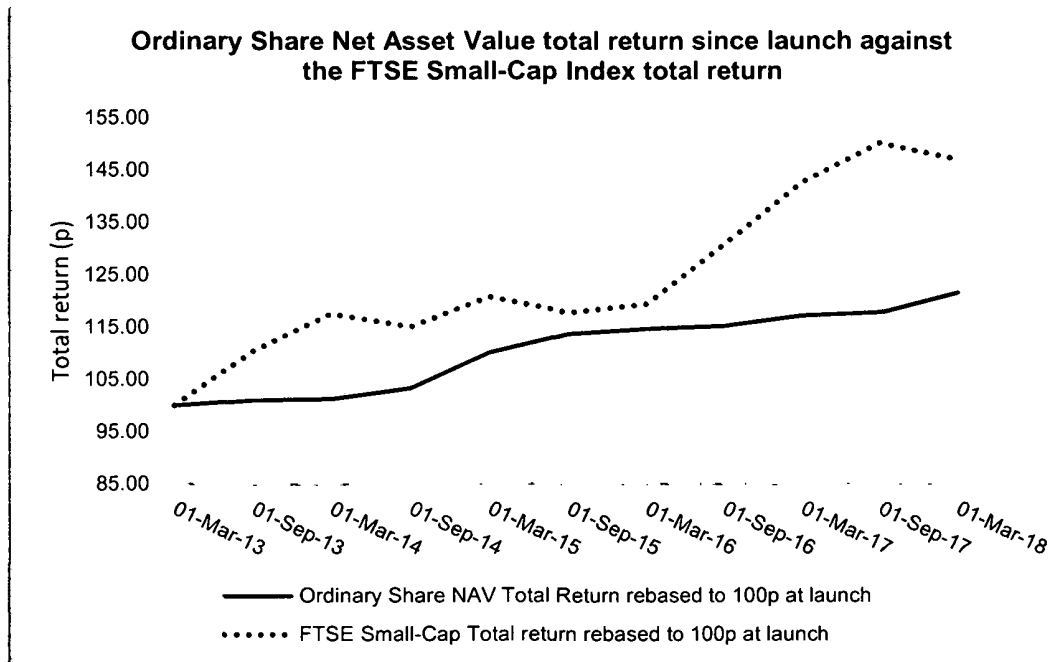
At 31 March 2018 the Directors held no shares in the Company (2017: Nil). At 31 March 2018 Simon Acland's wife held 48,750 D Class Shares (2017: 48,750). There have been no changes in the holdings of the Directors or their connected parties between 31 March 2018 and the date of this report. There are no requirements or restrictions on Directors holding shares in the Company.

## Directors' Remuneration Report

### Company Performance

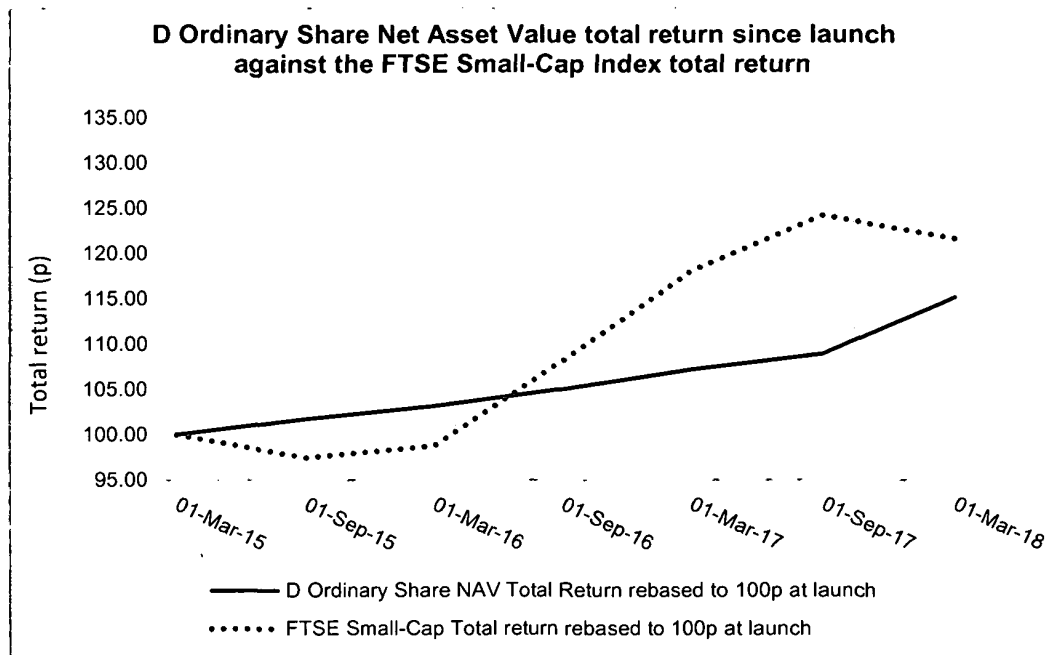
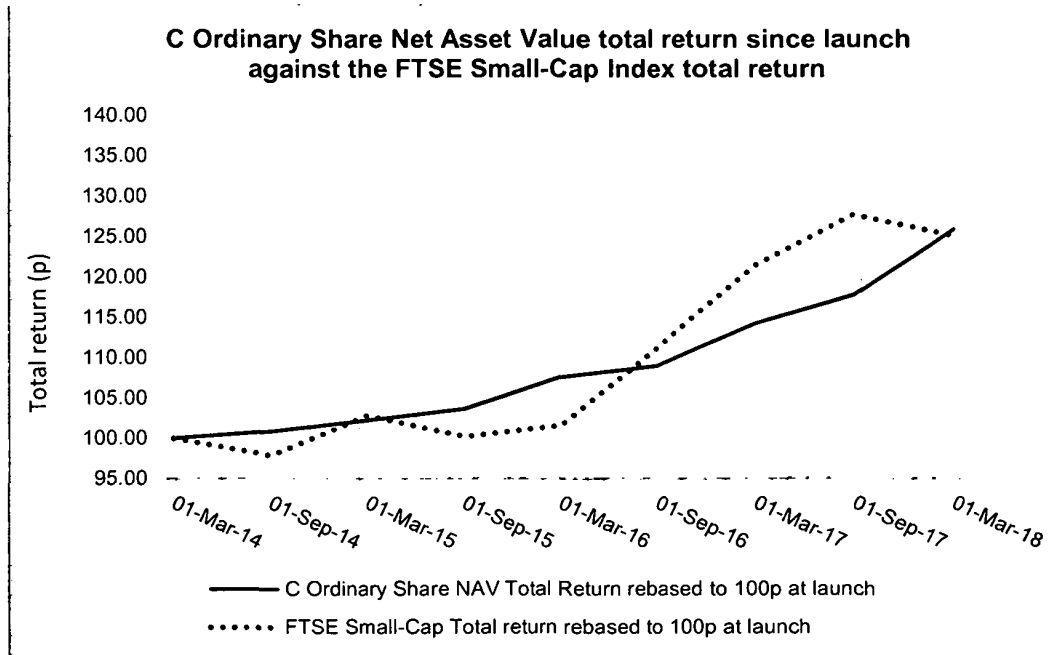
The following performance graphs compare the Net Asset Value of the Company's established share classes over the period from issue to 31 March 2018 with the total return from a notional investment in the FTSE Small-Cap index over the same period.

The performance graph has not been generated for the E Share Class as it is considered there is insufficient history of this Share Class to offer meaningful comparison. Once the E Share Class has an adequate history it will be included.



## Directors' Remuneration Report

### Company Performance (continued)



These charts have been prepared in accordance with part 3 to schedule 8 of the Companies Act 2006. The Company measures its performance against its target returns as detailed in the Strategic Report on page 5.

The charts do not take in to account the tax benefit of investing in a VCT.

## ***Directors' Remuneration Report***

### ***Statement of Voting at the Annual General Meeting***

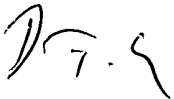
The 2017 Remuneration Report was presented to the Annual General Meeting in August 2017 and received shareholder approval following a vote 99.6% of those voting were in favour and 4,899 shares abstained.

The 2017 Remuneration Policy was presented to the Annual General Meeting in August 2017 and received shareholder approval following a vote 99.1% in favour and 30,143 shares abstained.

### ***Statement of the Chairman***

At 31 March 2018 the Directors' fees are fixed at £20,000 for the Chairman and £17,500 for each of the other Directors. As mentioned on page 36, Directors' fees were increased alongside the launch of the E Shares. The remuneration of the Directors reflects the experience of the Board as a whole and is fair and comparable with that of other relevant Venture Capital Trusts that are similar in size and have similar investment objectives and structures.

On behalf of the Board



David Frank  
Chairman  
14 June 2018

## ***Independent auditor's report to the members of Triple Point Income VCT Plc***

### **Opinion**

We have audited the financial statements of Triple Point Income VCT Plc (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. We have not audited the non-statutory information set out on pages 50 - 59 which does not form part of the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 listed 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.

### **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 12 and 13 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 13 in the annual report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 34 in 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 page 13 in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### **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 which 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.

| Description  | How our audit addressed the matter  |
|--|---|
| <p>The valuation of investments is a highly subjective accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the company.</p> <p>89% of the underlying investment portfolio is represented by unquoted equity and loan stock. Further information is disclosed in notes 2 and 10 to the financial statements.</p> | <p>In respect of the investments valued using discounted cash flow models ("DCF") (representing 64% of the portfolio), we performed the following specific procedures:</p> <ul style="list-style-type: none"> <li>• Challenged the appropriateness of the key assumptions including discount factors, inflation, asset life, energy yield and power price applied by benchmarking to available industry data and consulting with our internal valuations specialists where appropriate;</li> <li>• Vouched significant inputs to independent evidence where appropriate;</li> <li>• Utilised spreadsheet analysis tools to assess the integrity of the model;</li> <li>• Vouched cash and other net assets to bank statements and investee company management accounts;</li> <li>• Considered the accuracy of forecasting by comparing previous forecasts to actual results with regards to the power generation assumptions included in the model.</li> <li>• Formed an expectation of the acceptable range of valuations based on the range of reasonably alternative inputs and considered whether the valuations were appropriate and within the acceptable range.</li> </ul> <p>For those investments valued using a methodology other than a DCF method (representing 36% of the portfolio), we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and Accounting standards.</li> <li>• Re-performed the calculation of the value attributable to the company.</li> <li>• Verified and benchmarked key inputs and estimates to independent information and our own research.</li> <li>• Reviewed and challenged the inputs to the valuation and assessed the impact of the estimation uncertainty concerning these assumptions.</li> </ul> |

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The application of these key considerations gives rise to different levels of materiality for the company, the quantum and purpose of which are tabulated below.

| <b>Materiality measure</b>  | <b>Purpose</b>  | <b>Basis and Key considerations</b>   | <b>Quantum (£)</b> |
|---|---|---|--------------------|
| Financial statement materiality   | Assessing whether the financial statements as a whole present a true and fair view  | 2% of the value of non-current asset investments  | £1,000,000         |
| Performance materiality   | Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.  | 65% of financial statement materiality, taking into consideration the risk and control environment and history of prior errors (if any) | £650,000           |
| Specific materiality – classes of transactions and balances which impact on the realised return | Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | 10% of revenue return before tax  | £130,000           |

We agreed with the Audit Committee that we would report to the Audit Committee all audit differences in excess of £7,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

## An overview of the scope of our audit

We undertook a full scope audit of the company. Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and the overall control environment. Based on this understanding we assessed those aspects of the Company's financial statements which were most likely to give rise to a material misstatement and directed our audit approach towards those areas.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the 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** – the statement given by the directors on page 30 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
- **Directors' statement of compliance with the UK Corporate Governance Code** – 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; or
- **Audit committee reporting** - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

### **Opinions on other matters prescribed by the Companies Act 2006**

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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

### **Responsibilities of directors**

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

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**

Following the recommendation of the Audit Committee, we were appointed by the audit committee on 9 November 2017 to audit the financial statements for the year ending 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 1 year covering the year ended 31 March 2018 only.

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.

Our audit opinion is consistent with the additional report to the Audit Committee.

## **Use of our report**

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.

*BDO LLP*

Peter Smith (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom  
14 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of Comprehensive Income**

For the year ended 31 March 2018

|  | Note  | 31 March 2018 |               |                | 31 March 2017 |               |                |
|--|-------|---------------|---------------|----------------|---------------|---------------|----------------|
|  |       | Rev.<br>£'000 | Cap.<br>£'000 | Total<br>£'000 | Rev.<br>£'000 | Cap.<br>£'000 | Total<br>£'000 |
| <b>Income</b>  |       |               |               |                |               |               |                |
| Investment income  | 4     | 2,620         | -             | 2,620          | 2,307         | -             | 2,307          |
| Gain arising on the disposal of investments during the year    | 10/11 | -             | 108           | 108            | -             | -             | -              |
| Gain arising on the revaluation of investments at the year end | 10    | -             | 2,096         | 2,096          | -             | 815           | 815            |
| Investment return  |       | <u>2,620</u>  | <u>2,204</u>  | <u>4,824</u>   | <u>2,307</u>  | <u>815</u>    | <u>3,122</u>   |
| <b>Expenses</b>  |       |               |               |                |               |               |                |
| Investment management fees                                     | 5     | 986           | 329           | 1,315          | 568           | 189           | 757            |
| Financial and regulatory costs                                 |       | 42            | -             | 42             | 32            | -             | 32             |
| General administration   |       | 191           | 153           | 344            | 117           | -             | 117            |
| Legal and professional fees                                    | 6     | 86            | 38            | 124            | 51            | 4             | 55             |
| Directors' remuneration  | 7     | 56            | -             | 56             | 50            | -             | 50             |
| Operating expenses   |       | <u>1,361</u>  | <u>520</u>    | <u>1,881</u>   | <u>818</u>    | <u>193</u>    | <u>1,011</u>   |
| Profit/(loss) before taxation                                  |       | 1,259         | 1,684         | 2,943          | 1,489         | 622           | 2,111          |
| Taxation   | 8     | <u>(189)</u>  | <u>99</u>     | <u>(90)</u>    | <u>(298)</u>  | <u>52</u>     | <u>(246)</u>   |
| Profit after taxation  |       | <u>1,070</u>  | <u>1,783</u>  | <u>2,853</u>   | <u>1,191</u>  | <u>674</u>    | <u>1,865</u>   |
| Profit and total comprehensive income for the period           |       | <u>1,070</u>  | <u>1,783</u>  | <u>2,853</u>   | <u>1,191</u>  | <u>674</u>    | <u>1,865</u>   |
| <b>Basic and diluted earnings per share (pence)</b>            |       |               |               |                |               |               |                |
| Ordinary Share   | 9     | 0.73p         | 2.77p         | 3.50p          | 0.88p         | 1.17p         | 2.05p          |
| A Share  | 9     | (0.22p)       | 1.74p         | 1.52p          | 1.15p         | 0.03p         | 1.18p          |
| C Share  | 9     | 5.02p         | 6.32p         | 11.34p         | 3.06p         | 3.40p         | 6.46p          |
| D Share  | 9     | 3.85p         | 3.94p         | 7.79p          | 4.01p         | (0.08p)       | 3.93p          |
| E Share  | 9     | (0.92p)       | (0.78p)       | (1.70p)        | -             | -             | -              |

The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations.

This Statement of Comprehensive Income includes all recognised gains and losses. The accompanying notes are an integral part of these statements.

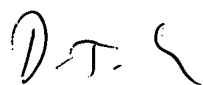
**Balance Sheet**

at 31 March 2018

Company No: 06421083

|  | Note | 31 March 2018<br>£'000 | 31 March 2017<br>£'000 |
|--|------|------------------------|------------------------|
| <b>Non-current assets</b>                                  |      |                        |                        |
| Financial assets at fair value through profit or loss      | 10   | <u>52,144</u>          | <u>39,947</u>          |
| <b>Current assets</b>                                      |      |                        |                        |
| Assets held for sale                                       | 11   | -                      | 789                    |
| Receivables  | 12   | 1,376                  | 1,726                  |
| Cash and cash equivalents                                  | 13   | <u>18,448</u>          | <u>2,534</u>           |
|  |      | <u>19,824</u>          | <u>5,049</u>           |
| Total Assets   |      | <u>71,968</u>          | <u>44,996</u>          |
| <b>Current liabilities</b>                                 |      |                        |                        |
| Payables and accrued expenses                              | 14   | 659                    | 253                    |
| Current taxation payable                                   |      | <u>91</u>              | <u>264</u>             |
|  |      | <u>750</u>             | <u>517</u>             |
| Net Assets   |      | <u>71,218</u>          | <u>44,479</u>          |
| <b>Equity attributable to equity holders of the parent</b> |      |                        |                        |
| Share capital  | 15   | 756                    | 518                    |
| Share redemption reserve                                   |      | 2                      | 2                      |
| Share premium  |      | 44,968                 | 16,307                 |
| Special distributable reserve                              |      | 23,968                 | 27,301                 |
| Capital reserve  |      | 942                    | (841)                  |
| Revenue reserve  |      | <u>582</u>             | <u>1,192</u>           |
| Total equity   |      | <u>71,218</u>          | <u>44,479</u>          |
| <b>Shareholder' funds</b>                                  |      |                        |                        |
| Ordinary Share   | 17   | 65.74p                 | 69.74p                 |
| A Share  | 17   | -                      | 42.46p                 |
| C Share  | 17   | 112.84p                | 106.49p                |
| D Share  | 17   | 107.98p                | 105.19p                |
| E Share  | 17   | 98.32p                 | -                      |

The statements were approved by the Directors and authorised for issue on 14 June 2018 and are signed on their behalf by:



David Frank  
Chairman  
14 June 2018

The accompanying notes are an integral part of this statement.

**Statement of Changes in Shareholders' Equity**

For the year ended 31 March 2018

|  | Issued<br>Capital<br>£'000 | Share<br>Redemption<br>Reserve<br>£'000 | Share<br>Premium<br>£'000 | Special<br>Distributable<br>Reserve<br>£'000 | Capital<br>Reserve<br>£'000 | Revenue<br>Reserve<br>£'000 | Total<br>£'000 |
|--|----------------------------|---|---------------------------|--|-----------------------------|-----------------------------|----------------|
| <b>Year ended 31 March 2018</b>                    |                            |   |                           |  |                             |                             |                |
| Opening balance                                    | 518                        | 2                                       | 16,307                    | 27,301                                       | (841)                       | 1,192                       | 44,479         |
| Issue of new shares                                | 289                        | -                                       | 29,441                    | -  | -                           | -                           | 29,730         |
| Cost of issue                                      | -                          | -                                       | (780)                     | -  | -                           | -                           | (780)          |
| Purchase of own shares                             | (51)                       | -                                       | -                         | -  | -                           | -                           | (51)           |
| Cancellation of share premium                      | -                          | -                                       | -                         | -  | -                           | -                           | -              |
| Dividends paid                                     | -                          | -                                       | -                         | (3,333)                                      | -                           | (1,680)                     | (5,013)        |
| Transactions with owners                           | 238                        | -                                       | 28,661                    | (3,333)                                      | -                           | (1,680)                     | 23,886         |
| Profit for the year                                | -                          | -                                       | -                         | -  | 1,783                       | 1,070                       | 2,853          |
| Other comprehensive income                         | -                          | -                                       | -                         | -  | -                           | -                           | -              |
| Profit and total comprehensive income for the year | -                          | -                                       | -                         | -  | 1,783                       | 1,070                       | 2,853          |
| Balance at 31 March 2018                           | 756                        | 2                                       | 44,968                    | 23,968                                       | 942                         | 582                         | 71,218         |

Capital reserve consists of:

Investment holding gains

Other realised losses

3,250

(2,308)942**Year ended 31 March 2017**

|  |     |   |        |        |         |       |        |
|--|-----|---|--------|--------|---------|-------|--------|
| Opening balance                                    | 518 | 2 | 16,307 | 27,447 | (1,515) | 527   | 43,286 |
| Issue of new shares                                | -   | - | -      | -      | -       | -     | -      |
| Purchase of own shares                             | -   | - | -      | -      | -       | -     | -      |
| Cancellation of share premium                      | -   | - | -      | -      | -       | -     | -      |
| Dividend paid                                      | -   | - | -      | (146)  | -       | (526) | (672)  |
| Transactions with owners                           | -   | - | -      | (146)  | -       | (526) | (672)  |
| Profit for the year                                | -   | - | -      | -      | 674     | 1,191 | 1,865  |
| Other comprehensive income                         | -   | - | -      | -      | -       | -     | -      |
| Profit and total comprehensive income for the year | -   | - | -      | -      | 674     | 1,191 | 1,865  |
| Balance at 31 March 2017                           | 518 | 2 | 16,307 | 27,301 | (841)   | 1,192 | 44,479 |

Capital reserve consists of:

Investment holding gains

Other realised losses

1,390

(2,231)(841)

The capital reserve represents the proportion of Investment Management fees charged against capital and realised/unrealised gains or losses on the disposal/revaluation of investments. The unrealised capital reserve, share redemption reserve and share premium reserve are not distributable. The special distributable reserve was created on court cancellation of the share premium account. The revenue, special distributable and realised capital reserves are distributable by way of dividend.

At 31 March 2018 the total reserves available for distribution are £22,242,000. This consists of the distributable revenue reserve net of the realised capital loss and the special distributable reserve.

## Statement of Cash Flows

### For the year ended 31 March 2018

|  | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                                      |                                      |                                      |
| Profit before taxation   | 2,943                                | 2,111                                |
| (Gain) arising on the disposal of investments during the period                  | (108)                                | -                                    |
| (Gain) arising on the revaluation of investments at the period end               | (2,096)                              | (815)                                |
| Cashflow generated by operations   | 739                                  | 1,296                                |
| (Increase) in receivables  | (210)                                | (571)                                |
| Increase/(decrease) in payables  | 406                                  | (63)                                 |
| Taxation   | (263)                                | (183)                                |
| Net cash flows from operating activities   | <u>672</u>                           | <u>479</u>                           |
| <b>Cash flow from investing activities</b>                                       |                                      |                                      |
| Purchase of financial assets at fair value through profit or loss                | (11,001)                             | -                                    |
| Proceeds of sale of financial assets at fair value through profit or loss*       | 2,357                                | 1,695                                |
| Net cash flows from investing activities   | <u>(8,644)</u>                       | <u>1,695</u>                         |
| <b>Cash flows from financing activities</b>                                      |                                      |                                      |
| Issue of new shares  | 29,730                               | -                                    |
| Cost of issue  | (780)                                | -                                    |
| Repayment of capital   | (51)                                 | -                                    |
| Dividends paid   | (5,013)                              | (672)                                |
| Net cash flows from financing activities   | <u>23,886</u>                        | <u>(672)</u>                         |
| Net increase/(decrease) in cash and cash equivalents                             | <u>15,914</u>                        | <u>1,502</u>                         |
| <b>Reconciliation of net cash flow to movements in cash and cash equivalents</b> |                                      |                                      |
| Opening cash and cash equivalents  | 2,534                                | 1,032                                |
| Net increase/(decrease) in cash and cash equivalents                             | <u>15,914</u>                        | <u>1,502</u>                         |
| Closing cash and cash equivalents  | <u>18,448</u>                        | <u>2,534</u>                         |

\*Includes deferred consideration of £561,000, relating to a disposal in the prior period.

The accompanying notes are an integral part of these statements.

**Unaudited Non-Statutory Analysis of - The Ordinary Share Fund**

|  | 31 March 2018    |                  |                | 31 March 2017    |                  |                |
|--|------------------|------------------|----------------|------------------|------------------|----------------|
|  | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
| Investment income                                    | 382              | -                | 382            | 421              | -                | 421            |
| Realised gain on investments                         | -                | 76               | 76             | -                | -                | -              |
| Unrealised gain on investments                       | -                | 639              | 639            | -                | 258              | 258            |
| Investment return                                    | 382              | 715              | 1,097          | 421              | 258              | 679            |
| Investment management fees                           | (175)            | (179)            | (354)          | (163)            | (43)             | (206)          |
| Other expenses                                       | (30)             | (38)             | (68)           | (44)             | -                | (44)           |
| Profit before taxation                               | 177              | 498              | 675            | 214              | 215              | 429            |
| Taxation   | (34)             | 41               | 7              | (43)             | 12               | (31)           |
| Profit after taxation                                | 143              | 539              | 682            | 171              | 227              | 398            |
| Profit and total comprehensive income for the period | 143              | 539              | 682            | 171              | 227              | 398            |
| Basic and diluted earnings per share                 | 0.73p            | 2.77p            | 3.50p          | 0.88p            | 1.17p            | 2.05p          |

**Balance Sheet**

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Non-current assets</b>                             |                                      |                                      |
| Financial assets at fair value through profit or loss | 11,098                               | 11,705                               |
| <b>Current assets</b>                                 |                                      |                                      |
| Assets held for sale                                  | -                                    | -                                    |
| Receivables   | 62                                   | 334                                  |
| Cash and cash equivalents                             | 1,868                                | 1,632                                |
| Corporation tax                                       | 7                                    | -                                    |
|   | 1,937                                | 1,966                                |
| <b>Current liabilities</b>                            |                                      |                                      |
| Payables  | (240)                                | (62)                                 |
| Corporation tax                                       | -                                    | (36)                                 |
| Net assets  | 12,795                               | 13,573                               |
| <b>Equity attributable to equity holders</b>          | 12,795                               | 13,573                               |
| Net asset value per share                             | 65.74p                               | 69.74p                               |

**Statement of Changes in Shareholders' Equity**

|                             | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening shareholders' funds | 13,573                               | 13,175                               |
| Purchase of own shares      | -                                    | -                                    |
| Issue of new shares         | -                                    | -                                    |
| Profit for the period       | 682                                  | 398                                  |
| Dividends paid              | (1,460)                              | -                                    |
| Closing shareholders' funds | 12,795                               | 13,573                               |

## Unaudited Non-Statutory Analysis of - The Ordinary Share Fund

| Investment Portfolio                                  | 31 March 2018 |               |               |               | 31 March 2017 |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Cost          |               | Valuation     |               | Cost          |               | Valuation     |               |
|   | £'000         | %             | £'000         | %             | £'000         | %             | £'000         | %             |
| Unquoted qualifying holdings                          | 8,376         | 70.10         | 9,367         | 72.25         | 9,381         | 73.62         | 10,000        | 74.98         |
| Unquoted non-qualifying holdings                      | 1,705         | 14.28         | 1,731         | 13.35         | 1,730         | 13.58         | 1,705         | 12.78         |
| Financial assets at fair value through profit or loss | 10,081        | 84.38         | 11,098        | 85.60         | 11,111        | 87.20         | 11,705        | 87.76         |
| Cash and cash equivalents                             | 1,868         | 15.62         | 1,868         | 14.40         | 1,632         | 12.80         | 1,632         | 12.24         |
|   | <u>11,949</u> | <u>100.00</u> | <u>12,966</u> | <u>100.00</u> | <u>12,743</u> | <u>100.00</u> | <u>13,337</u> | <u>100.00</u> |
| <b>Qualifying Holdings</b>                            |               |               |               |               |               |               |               |               |
| <b>Unquoted</b>                                       |               |               |               |               |               |               |               |               |
| <i><u>Rooftop Solar Systems*</u></i>                  |               |               |               |               |               |               |               |               |
| Digima Ltd  | 1,262         | 10.56         | 1,621         | 12.50         | 1,262         | 9.90          | 1,296         | 9.72          |
| Digital Screen Solutions Ltd                          | 2,020         | 16.91         | 2,062         | 15.90         | 2,020         | 15.85         | 2,070         | 15.52         |
| <i><u>Solar</u></i>                                   |               |               |               |               |               |               |               |               |
| Cmore Energy Ltd                                      | -             | -             | -             | -             | 1,000         | 7.85          | 1,221         | 9.15          |
| Green Energy for Education Ltd                        | 475           | 3.98          | 963           | 7.43          | 475           | 3.73          | 752           | 5.64          |
| PJC Renewable Energy Ltd                              | -             | -             | -             | -             | 5             | 0.04          | -             | -             |
| <i><u>Hydro Electric Power</u></i>                    |               |               |               |               |               |               |               |               |
| Elementary Energy Ltd                                 | 2,060         | 17.24         | 2,310         | 17.82         | 2,060         | 16.17         | 2,102         | 15.76         |
| Green Highland Shenval Ltd                            | 359           | 3.00          | 211           | 1.63          | 359           | 2.82          | 359           | 2.69          |
| <i><u>Gas Power</u></i>                               |               |               |               |               |               |               |               |               |
| Green Peak Generation Ltd                             | 2,200         | 18.41         | 2,200         | 16.97         | 2,200         | 17.26         | 2,200         | 16.50         |
|   | <u>8,376</u>  | <u>70.10</u>  | <u>9,367</u>  | <u>72.25</u>  | <u>9,381</u>  | <u>73.62</u>  | <u>10,000</u> | <u>74.98</u>  |
| <b>Non-Qualifying Holdings</b>                        |               |               |               |               |               |               |               |               |
| <b>Unquoted</b>                                       |               |               |               |               |               |               |               |               |
| <i><u>Crematorium Management</u></i>                  |               |               |               |               |               |               |               |               |
| Furnace Managed Services Ltd                          | 620           | 5.19          | 646           | 4.98          | 620           | 4.87          | 592           | 4.44          |
| <i><u>Hydro Electric Power</u></i>                    |               |               |               |               |               |               |               |               |
| Elementary Energy Ltd                                 | 285           | 2.39          | 285           | 2.20          | 310           | 2.43          | 310           | 2.32          |
| <i><u>SME Funding</u></i>                             |               |               |               |               |               |               |               |               |
| <i><u>Hydro Electric Power:</u></i>                   |               |               |               |               |               |               |               |               |
| Broadpoint 2 Ltd                                      | 350           | 2.93          | 350           | 2.70          | 350           | 2.75          | 350           | 2.62          |
| <i><u>Other:</u></i>                                  |               |               |               |               |               |               |               |               |
| Funding Path Ltd                                      | 450           | 3.77          | 450           | 3.47          | 450           | 3.53          | 453           | 3.40          |
|   | <u>1,705</u>  | <u>14.28</u>  | <u>1,731</u>  | <u>13.35</u>  | <u>1,730</u>  | <u>13.58</u>  | <u>1,705</u>  | <u>12.78</u>  |

\* During the year, with the support of the Investment Manager, two companies which previously invested in the Cinema Digitisation sector, Digima Ltd and Digital Screen Solutions Ltd developed their businesses during the year from cinema digitisation and each now own a portfolio of rooftop solar PV assets.

**Unaudited Non-Statutory Analysis of - The A Ordinary Share Fund****Statement of Comprehensive Income**

|   | Year ended<br>31 March 2018 |                  |                | Year ended<br>31 March 2017 |                  |                |
|---|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|   | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 |
| Investment income   | 32                          | -                | 32             | 110                         | -                | 110            |
| Realised gain on investments                                | -                           | 32               | 32             | -                           | -                | -              |
| Unrealised gain on investments                              | -                           | 65               | 65             | -                           | 7                | 7              |
| Investment return   | 32                          | 97               | 129            | 110                         | 7                | 117            |
| Investment management fees                                  | (5)                         | (23)             | (28)           | (30)                        | (8)              | (38)           |
| Other expenses  | (32)                        | -                | (32)           | (6)                         | -                | (6)            |
| Profit/(loss) before taxation                               | (5)                         | 74               | 69             | 74                          | (1)              | 73             |
| Taxation  | (5)                         | 4                | (1)            | (15)                        | 3                | (12)           |
| Profit/(loss) after taxation                                | (10)                        | 78               | 68             | 59                          | 2                | 61             |
| Profit/(loss) and total comprehensive income for the period | (10)                        | 78               | 68             | 59                          | 2                | 61             |
| Basic and diluted earnings/(loss) per share                 | (0.22p)                     | 1.74p            | 1.52p          | 1.15p                       | 0.03p            | 1.18p          |

**Balance Sheet**

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Non-current assets</b>                             |                                      |                                      |
| Financial assets at fair value through profit or loss | -                                    | 957                                  |
| <b>Current assets</b>                                 |                                      |                                      |
| Assets held for sale                                  | -                                    | 789                                  |
| Receivables   | -                                    | 311                                  |
| Cash and cash equivalents                             | -                                    | 146                                  |
|   | -                                    | 1,246                                |
| <b>Current liabilities</b>                            |                                      |                                      |
| Payables  | -                                    | (11)                                 |
| Corporation tax                                       | -                                    | (13)                                 |
| Net assets  | -                                    | 2,179                                |
| <b>Equity attributable to equity holders</b>          | -                                    | 2,179                                |
| Net asset value per share                             | -                                    | 42.46p                               |

**Statement of Changes in Shareholders' Equity**

|                              | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|------------------------------|--------------------------------------|--------------------------------------|
| Opening shareholders' funds  | 2,179                                | 2,118                                |
| Profit/(loss) for the period | 68                                   | 61                                   |
| Dividends paid               | (2,196)                              | -                                    |
| Closing shareholders' funds  | -                                    | 2,179                                |

## Unaudited Non-Statutory Analysis of - The A Ordinary Share Fund

| Investment Portfolio                                  | 31 March 2018 |   |           |   | 31 March 2017 |        |           |        |
|---|---------------|---|-----------|---|---------------|--------|-----------|--------|
|   | Cost          |   | Valuation |   | Cost          |        | Valuation |        |
|   | £'000         | % | £'000     | % | £'000         | %      | £'000     | %      |
| Unquoted qualifying holdings                          | -             | - | -         | - | 875           | 44.40  | 789       | 41.70  |
| Unquoted non-qualifying holdings                      | -             | - | -         | - | 950           | 48.20  | 957       | 50.58  |
| Financial assets at fair value through profit or loss | -             | - | -         | - | 1,825         | 92.60  | 1,746     | 92.28  |
| Cash and cash equivalents                             | -             | - | -         | - | 146           | 7.40   | 146       | 7.72   |
|   | -             | - | -         | - | 1,971         | 100.00 | 1,892     | 100.00 |
| <b>Qualifying Holdings</b>                            |               |   |           |   |               |        |           |        |
| <b>Unquoted</b>                                       |               |   |           |   |               |        |           |        |
| <u>Landfill Gas</u>                                   |               |   |           |   |               |        |           |        |
| Aeris Power Ltd                                       | -             | - | -         | - | 525           | 26.64  | 424       | 22.41  |
| Craigahulliar Energy Ltd                              | -             | - | -         | - | 350           | 17.76  | 365       | 19.29  |
|   | -             | - | -         | - | 875           | 44.40  | 789       | 41.70  |
| <b>Non-Qualifying Holdings</b>                        |               |   |           |   |               |        |           |        |
| <b>Unquoted</b>                                       |               |   |           |   |               |        |           |        |
| <u>SME Funding</u>                                    |               |   |           |   |               |        |           |        |
| <i>Other:</i>   |               |   |           |   |               |        |           |        |
| Funding Path Ltd                                      | -             | - | -         | - | 950           | 48.20  | 957       | 50.58  |
|   | -             | - | -         | - | 950           | 48.20  | 957       | 50.58  |

## Unaudited Non-Statutory Analysis of - The C Ordinary Share Fund

### Statement of Comprehensive Income

|  | Year ended<br>31 March 2018 |                  |                | Year ended<br>31 March 2017 |                  |                |
|--|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|  | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 |
| Investment income                                    | 1,048                       | -                | 1,048          | 804                         | -                | 804            |
| Unrealised gain on investments                       | -                           | 907              | 907            | -                           | 514              | 514            |
| Investment return                                    | 1,048                       | 907              | 1,955          | 804                         | 514              | 1,318          |
| Investment management fees                           | (251)                       | (72)             | (323)          | (244)                       | (70)             | (314)          |
| Other expenses                                       | (34)                        | -                | (34)           | (45)                        | (2)              | (47)           |
| Profit/(loss) before taxation                        | 763                         | 835              | 1,598          | 515                         | 442              | 957            |
| Taxation   | (88)                        | 14               | (74)           | (103)                       | 14               | (89)           |
| Profit/(loss) after taxation                         | 675                         | 849              | 1,524          | 412                         | 456              | 868            |
| Profit and total comprehensive income for the period | 675                         | 849              | 1,524          | 412                         | 456              | 868            |
| Basic and diluted earnings per share                 | 5.02p                       | 6.32p            | 11.34p         | 3.06p                       | 3.40p            | 6.46p          |

### Balance Sheet

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current assets</b>                             |                                      |                                      |
| Financial assets at fair value through profit or loss | 14,590                               | 14,160                               |
| <b>Current assets</b>                                 |                                      |                                      |
| Receivables   | 187                                  | 76                                   |
| Cash and cash equivalents                             | 551                                  | 257                                  |
|   | 738                                  | 333                                  |
| <b>Current liabilities</b>                            |                                      |                                      |
| Payables  | (87)                                 | (89)                                 |
| Corporation tax                                       | (75)                                 | (90)                                 |
| Net assets  | 15,166                               | 14,314                               |
| <b>Equity attributable to equity holders</b>          | 15,166                               | 14,314                               |
| Net asset value per share                             | 112.84p                              | 106.49p                              |

### Statement of Changes in Shareholders' Equity

|                             | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening shareholders' funds | 14,314                               | 14,118                               |
| Profit for the period       | 1,524                                | 868                                  |
| Dividends paid              | (672)                                | (672)                                |
| Closing shareholders' funds | 15,166                               | 14,314                               |

## Unaudited Non-Statutory Analysis of - The C Ordinary Share Fund

| Investment Portfolio                                  | 31 March 2018 |               |               |               | 31 March 2017 |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Cost          |               | Valuation     |               | Cost          |               | Valuation     |               |
|   | £'000         | %             | £'000         | %             | £'000         | %             | £'000         | %             |
| Unquoted qualifying holdings                          | 9,430         | 70.40         | 11,176        | 73.81         | 9,430         | 69.45         | 10,269        | 71.23         |
| Unquoted non-qualifying holdings                      | 3,414         | 25.49         | 3,414         | 22.54         | 3,891         | 28.66         | 3,891         | 26.99         |
| Financial assets at fair value through profit or loss | 12,844        | 95.89         | 14,590        | 96.35         | 13,321        | 98.11         | 14,160        | 98.22         |
| Cash and cash equivalents                             | 551           | 4.11          | 551           | 3.65          | 257           | 1.89          | 257           | 1.78          |
|   | <b>13,395</b> | <b>100.00</b> | <b>15,141</b> | <b>100.00</b> | <b>13,578</b> | <b>100.00</b> | <b>14,417</b> | <b>100.00</b> |

## Qualifying Holdings

## Unquoted

Hydro Electric Power

|   |              |              |               |              |              |              |               |              |
|---|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| Green Highland Allt Choire A Bhalachain (225) Ltd | 3,130        | 23.37        | 3,504         | 23.14        | 3,130        | 23.05        | 3,038         | 21.07        |
| Green Highland Allt Phocachain (1015) Ltd         | 2,000        | 14.93        | 2,103         | 13.89        | 2,000        | 14.73        | 2,031         | 14.09        |
| Green Highland Renewables (Achnacarry) Ltd        | 4,300        | 32.10        | 5,569         | 36.78        | 4,300        | 31.67        | 5,200         | 36.07        |
|   | <b>9,430</b> | <b>70.40</b> | <b>11,176</b> | <b>73.81</b> | <b>9,430</b> | <b>69.45</b> | <b>10,269</b> | <b>71.23</b> |

## Non-Qualifying Holdings

## Unquoted

Hydro Electric Power

|   |     |      |     |      |     |      |     |      |
|---|-----|------|-----|------|-----|------|-----|------|
| Green Highland Allt Choire A Bhalachain (225) Ltd | 318 | 2.37 | 318 | 2.10 | 342 | 2.52 | 342 | 2.37 |
| Green Highland Allt Phocachain (1015) Ltd         | 143 | 1.07 | 143 | 0.94 | 161 | 1.19 | 161 | 1.12 |
| Green Highland Renewables (Achnacarry) Ltd        | 65  | 0.49 | 65  | 0.43 | 100 | 0.74 | 100 | 0.69 |

SME FundingHydro Electric Power:

|                  |              |              |              |              |              |              |              |              |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Broadpoint 2 Ltd | 2,084        | 15.56        | 2,084        | 13.76        | 2,484        | 18.29        | 2,484        | 17.23        |
| Broadpoint 3 Ltd | 804          | 6.00         | 804          | 5.31         | 804          | 5.92         | 804          | 5.58         |
|                  | <b>3,414</b> | <b>25.49</b> | <b>3,414</b> | <b>22.54</b> | <b>3,891</b> | <b>28.66</b> | <b>3,891</b> | <b>26.99</b> |

## Unaudited Non-Statutory Analysis of - The D Ordinary Share Fund

### Statement of Comprehensive Income

|   | Year ended<br>31 March 2018 |                  |                | Year ended<br>31 March 2017 |                  |                |
|---|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|   | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 |
| Investment income   | 933                         | -                | 933            | 972                         | -                | 972            |
| Unrealised gain on investments                              | -                           | 598              | 598            | -                           | 36               | 36             |
| Investment return   | 933                         | 598              | 1,531          | 972                         | 36               | 1,008          |
| Investment management fees                                  | (250)                       | (71)             | (321)          | (239)                       | (68)             | (307)          |
| Other expenses  | (34)                        | -                | (34)           | (47)                        | (2)              | (49)           |
| Profit/(loss) before taxation                               | 649                         | 527              | 1,176          | 686                         | (34)             | 652            |
| Taxation  | (124)                       | 14               | (110)          | (137)                       | 23               | (114)          |
| Profit/(loss) after taxation                                | 525                         | 541              | 1,066          | 549                         | (11)             | 538            |
| Profit/(loss) and total comprehensive income for the period | 525                         | 541              | 1,066          | 549                         | (11)             | 538            |
| Basic and diluted earnings/(loss) per share                 | 3.85p                       | 3.94p            | 7.79p          | 4.01p                       | (0.08p)          | 3.93p          |

### Balance Sheet

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current assets</b>                             |                                      |                                      |
| Financial assets at fair value through profit or loss | 13,723                               | 13,125                               |
| <b>Current assets</b>                                 |                                      |                                      |
| Receivables   | 1,093                                | 1,005                                |
| Cash and cash equivalents                             | 253                                  | 499                                  |
|   | 1,346                                | 1,504                                |
| <b>Current liabilities</b>                            |                                      |                                      |
| Payables  | (165)                                | (91)                                 |
| Corporation tax                                       | (110)                                | (125)                                |
| Net assets  | 14,794                               | 14,413                               |
| <b>Equity attributable to equity holders</b>          | 14,794                               | 14,413                               |
| Net asset value per share                             | 107.98p                              | 105.19p                              |

### Statement of Changes in Shareholders' equity

|                             | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening shareholders' funds | 14,413                               | 13,875                               |
| Profit for the period       | 1,066                                | 538                                  |
| Dividends paid              | (685)                                | -                                    |
| Closing shareholders' funds | 14,794                               | 14,413                               |

## Unaudited Non-Statutory Analysis of - The D Ordinary Share Fund

### Investment Portfolio

|   | 31 March 2018 |               |               |               | 31 March 2017 |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Cost          |               | Valuation     |               | Cost          |               | Valuation     |               |
|   | £'000         | %             | £'000         | %             | £'000         | %             | £'000         | %             |
| Unquoted qualifying holdings                          | 10,899        | 81.68         | 11,532        | 82.51         | 10,898        | 80.20         | 10,928        | 80.21         |
| Unquoted non-qualifying holdings                      | 2,191         | 16.43         | 2,191         | 15.67         | 2,191         | 16.13         | 2,197         | 16.13         |
| Financial assets at fair value through profit or loss | 13,090        | 98.11         | 13,723        | 98.18         | 13,089        | 96.33         | 13,125        | 96.34         |
| Cash and cash equivalents                             | 253           | 1.89          | 253           | 1.82          | 499           | 3.67          | 499           | 3.66          |
|   | <u>13,343</u> | <u>100.00</u> | <u>13,976</u> | <u>100.00</u> | <u>13,588</u> | <u>100.00</u> | <u>13,624</u> | <u>100.00</u> |

### Qualifying Holdings

#### Unquoted

##### Hydro Electric Power

|   |               |              |               |              |               |              |               |              |
|---|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| Green Highland Allt Garbh Ltd             | 2,710         | 20.31        | 2,710         | 19.39        | 2,710         | 19.94        | 2,710         | 19.89        |
| Green Highland Allt Ladaidh (1148) Ltd    | 3,500         | 26.23        | 4,092         | 29.28        | 3,500         | 25.76        | 3,500         | 25.69        |
| Green Highland Allt Luaidhe (228) Ltd     | 1,996         | 14.96        | 2,165         | 15.49        | 1,995         | 14.68        | 2,047         | 15.02        |
| Green Highland Allt Phocachain (1015) Ltd | 1,932         | 14.48        | 2,084         | 14.91        | 1,932         | 14.22        | 1,910         | 14.02        |
| Green Highland Sherval Ltd                | 761           | 5.70         | 481           | 3.44         | 761           | 5.60         | 761           | 5.59         |
|   | <u>10,899</u> | <u>81.68</u> | <u>11,532</u> | <u>82.51</u> | <u>10,898</u> | <u>80.20</u> | <u>10,928</u> | <u>80.21</u> |

### Non-Qualifying Holdings

#### Unquoted

##### Hydro Electric Power

|                                       |     |      |     |      |     |      |     |      |
|---------------------------------------|-----|------|-----|------|-----|------|-----|------|
| Green Highland Allt Luaidhe (228) Ltd | 185 | 1.39 | 185 | 1.32 | 185 | 1.36 | 185 | 1.36 |
|---------------------------------------|-----|------|-----|------|-----|------|-----|------|

##### SME Funding

##### Hydroelectric Power:

|                  |       |      |       |      |       |      |       |      |
|------------------|-------|------|-------|------|-------|------|-------|------|
| Broadpoint 3 Ltd | 1,206 | 9.04 | 1,206 | 8.63 | 1,206 | 8.88 | 1,206 | 8.85 |
|------------------|-------|------|-------|------|-------|------|-------|------|

##### Other:

|                  |              |              |              |              |              |              |              |              |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Funding Path Ltd | 800          | 6.00         | 800          | 5.72         | 800          | 5.89         | 806          | 5.92         |
|                  | <u>2,191</u> | <u>16.43</u> | <u>2,191</u> | <u>15.67</u> | <u>2,191</u> | <u>16.13</u> | <u>2,197</u> | <u>16.13</u> |

**Unaudited Non-Statutory Analysis of - The E Ordinary Share Fund****Statement of Comprehensive Income**

|   | Year ended<br>31 March 2018 |                  |                | Year ended<br>31 March 2017 |                  |                |
|---|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|   | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000            | Capital<br>£'000 | Total<br>£'000 |
| Investment income   | 225                         | -                | 225            | -                           | -                | -              |
| Realised gain on investments                                | -                           | -                | -              | -                           | -                | -              |
| Unrealised loss on investments                              | -                           | (113)            | (113)          | -                           | -                | -              |
| Investment return   | 225                         | (113)            | 112            | -                           | -                | -              |
| Investment management fees                                  | (483)                       | (137)            | (620)          | -                           | -                | -              |
| Other expenses  | (67)                        | -                | (67)           | -                           | -                | -              |
| Profit/(loss) before taxation                               | (325)                       | (250)            | (575)          | -                           | -                | -              |
| Taxation  | 62                          | 26               | 88             | -                           | -                | -              |
| Profit/(loss) after taxation                                | (263)                       | (224)            | (487)          | -                           | -                | -              |
| Profit/(loss) and total comprehensive income for the period | (263)                       | (224)            | (487)          | -                           | -                | -              |
| Basic and diluted earnings/(loss) per share                 | (0.92p)                     | (0.78p)          | (1.70p)        | -                           | -                | -              |

**Balance Sheet**

|   | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| <b>Non current assets</b>                             |                                      |                                      |
| Financial assets at fair value through profit or loss | 12,733                               | -                                    |
| <b>Current assets</b>                                 |                                      |                                      |
| Receivables   | 34                                   | -                                    |
| Cash and cash equivalents                             | 15,776                               | -                                    |
| Corporation tax                                       | 87                                   | -                                    |
|   | 15,897                               | -                                    |
| <b>Current liabilities</b>                            |                                      |                                      |
| Payables  | (167)                                | -                                    |
| Net assets  | 28,463                               | -                                    |
| <b>Equity attributable to equity holders</b>          |                                      |                                      |
| Net asset value per share                             | 98.32p                               | -                                    |

**Statement of Changes in Shareholders' equity**

|                             | Year ended<br>31 March 2018<br>£'000 | Year ended<br>31 March 2017<br>£'000 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Issue of new shares         | 28,950                               | -                                    |
| Profit for the period       | (487)                                | -                                    |
| Closing shareholders' funds | 28,463                               | -                                    |

## Unaudited Non-Statutory Analysis of - The E Ordinary Share Fund

| Investment Portfolio                                  | 31 March 2018 |               |               |               | 31 March 2017 |          |           |          |
|---|---------------|---------------|---------------|---------------|---------------|----------|-----------|----------|
|   | Cost          |               | Valuation     |               | Cost          |          | Valuation |          |
|   | £'000         | %             | £'000         | %             | £'000         | %        | £'000     | %        |
| Unquoted qualifying holdings                          | 5,000         | 17.45         | 5,000         | 17.54         | -             | -        | -         | -        |
| Quoted non-qualifying holdings                        | 6,001         | 20.94         | 5,884         | 20.64         | -             | -        | -         | -        |
| Unquoted non-qualifying holdings                      | 1,875         | 6.55          | 1,849         | 6.48          | -             | -        | -         | -        |
| Financial assets at fair value through profit or loss | 12,876        | 44.94         | 12,733        | 44.66         | -             | -        | -         | -        |
| Cash and cash equivalents                             | 15,776        | 55.06         | 15,776        | 55.34         | -             | -        | -         | -        |
|   | <b>28,652</b> | <b>100.00</b> | <b>28,509</b> | <b>100.00</b> | <b>-</b>      | <b>-</b> | <b>-</b>  | <b>-</b> |
| <b>Qualifying Holdings</b>                            |               |               |               |               |               |          |           |          |
| <b>Unquoted</b>                                       |               |               |               |               |               |          |           |          |
| <u>Vertical Growing</u>                               |               |               |               |               |               |          |           |          |
| Perfectly Fresh Cheshire Ltd                          | 5,000         | 17.45         | 5,000         | 17.54         | -             | -        | -         | -        |
|   | <b>5,000</b>  | <b>17.45</b>  | <b>5,000</b>  | <b>17.54</b>  | <b>-</b>      | <b>-</b> | <b>-</b>  | <b>-</b> |
| <b>Non-Qualifying Holdings</b>                        |               |               |               |               |               |          |           |          |
| <b>Quoted</b>   |               |               |               |               |               |          |           |          |
| <u>Investment Property</u>                            |               |               |               |               |               |          |           |          |
| TP Social Housing REIT Plc Equity                     | 6,001         | 20.94         | 5,884         | 20.64         | -             | -        | -         | -        |
|   | <b>6,001</b>  | <b>20.94</b>  | <b>5,884</b>  | <b>20.64</b>  | <b>-</b>      | <b>-</b> | <b>-</b>  | <b>-</b> |
| <b>Unquoted</b>                                       |               |               |               |               |               |          |           |          |
| <u>SME Funding</u>                                    |               |               |               |               |               |          |           |          |
| <u>Hydroelectric Power:</u>                           |               |               |               |               |               |          |           |          |
| Broadpoint 2 Ltd                                      | 400           | 1.40          | 400           | 1.40          | -             | -        | -         | -        |
| <u>Other:</u>   |               |               |               |               |               |          |           |          |
| Funding Path Ltd                                      | 950           | 3.32          | 950           | 3.33          | -             | -        | -         | -        |
| Aeris Power Ltd                                       | 525           | 1.83          | 499           | 1.75          | -             | -        | -         | -        |
|   | <b>1,875</b>  | <b>6.55</b>   | <b>1,849</b>  | <b>6.48</b>   | <b>-</b>      | <b>-</b> | <b>-</b>  | <b>-</b> |

## ***Notes to the Financial Statements***

### **1. Corporate Information**

The Financial Statements of the Company for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 14 June 2018.

The Company was admitted for listing on the London Stock Exchange on 6 February 2008.

The Company is incorporated and domiciled in Great Britain and registered in England and Wales. The address of its registered office, which is also its principal place of business, is 18 St Swithin's Lane, London EC4N 8AD.

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The functional and reporting currency is sterling, reflecting the primary economic environment in which the Company operates.

The principal activity of the Company is investment. The Company's investment strategy is to offer combined exposure to cash or cash based funds and venture capital investments focused on companies with contractual revenues from financially secure counterparties.

### **2. Basis of Preparation and Accounting Policies**

#### ***Basis of Preparation***

After making the necessary enquiries, the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The Board receives regular reports from the Investment Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to apply the going concern basis in preparing the Financial Statements.

The Financial Statements of the Company for the year to 31 March 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union and comply with the Statement of Recommended Practice: "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued by the Association of Investment Companies (AIC) in November 2014 and updated in January 2017, in so far as this does not conflict with IFRS.

The Financial Statements are prepared on a historical cost basis except that investments are shown at fair value through profit or loss.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgements.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to:

- the valuation of unlisted financial investments held at fair value through profit or loss, which are valued on the basis noted below (under the heading Non-Current Asset Investments) and in note 10; and
- the recognition or otherwise of accrued income on loan notes and similar instruments granted to investee companies which is assessed in conjunction with the overall valuation of unlisted financial investments as noted above.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period or in the period of revision and future periods if the revision affects both current and future periods. The carrying value of investments is disclosed in note 10.

## Notes to the Financial Statements

### 2. Basis of Preparation and Accounting Policies (continued)

The Directors do not believe that there are any further key judgements made in applying accounting policies or estimates in respect of the Financial Statements.

These Financial Statements have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU).

These accounting policies have been applied consistently in preparing these Financial Statements.

#### *Standards issued but not yet effective*

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these Financial Statements.

- IFRS 9 Financial Instruments (financial periods commencing 1 January 2018 or later)
- IFRS 15 Revenue from contracts with customers (financial periods commencing 1 January 2018 or later)
- IFRS 16 Leases (financial periods commencing 1 January 2019 or later)

The Directors have assessed the impact and are of the opinion that these standards will not have a material effect on the Financial Statements because investments will continue to be measured at fair value through profit and loss and there will be no material impact from the new impairment model.

#### *Presentation of Statement of Comprehensive Income*

In order better to reflect the activities of a Venture Capital Trust, and in accordance with the guidance issued by the Association of Investment Companies, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Income Statement.

The Company has no external debt; consequently all capital is represented by the value of share capital, distributable and other reserves. Total shareholder equity at 31 March 2018 was £71.2 million (2017: £44.5 million).

#### *Non-Current Asset Investments*

The Company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis in accordance with the investment policy detailed in the Strategic Report on pages 5 and 6 and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly upon initial recognition the investments are designated by the Company as "at fair value through profit or loss" in accordance with IAS39 "Financial instruments recognition and measurement". They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income and allocated to "capital" at the time of acquisition). Subsequently the investments are valued at "fair value" which is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. This is measured as follows:

- unlisted investments are fair valued by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Fair value is established by using measurements of value such as price of recent transactions, discounted cash flows, cost, and initial cost of investment; and
- listed investments are fair valued at bid price on the relevant date.

Where securities are designated upon initial recognition as at fair value through profit or loss, gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income for the year as capital items in accordance with the AIC SORP 2014. The profit or loss on disposal is calculated net of transaction costs of disposal.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

The Company has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures" and, upon initial recognition, will measure its investments in Associates at fair value with subsequent changes to fair value recognised in the income statement in the period of change.

## **Notes to the Financial Statements**

### **2. Basis of Preparation and Accounting Policies (continued)**

#### *Income*

Investment income includes interest earned on bank balances and investment loans and includes income tax withheld at source. Dividend income is shown net of any related tax credit and is brought into account on the ex-dividend date.

Fixed returns on investment loans and debt are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

#### *Expenses*

All expenses are accounted for on the accruals basis. Expenses are charged to revenue with the exception of the investment management exit fee which has been charged to the capital account and the investment management fee which has been charged 75% to the revenue account and 25% to the capital account to reflect, in the Directors' opinion, the expected long term split of returns in the form of income and capital gains respectively from the investment portfolio.

The Company's general expenses are split between the Share Classes using the net asset value of each Share Class divided by the total net asset value of the Company.

#### *Taxation*

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate in accordance with IAS 12 "Income Taxes". The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the "marginal" basis as recommended by the AIC SORP 2014.

In accordance with IAS 12, deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

#### *Financial Instruments*

The Company's principal financial assets are its investments and the accounting policies in relation to those assets are set out above. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### *Issued Share Capital*

Ordinary Shares, C Shares, D Shares and E shares are classified as equity because they do not contain an obligation to transfer cash or another financial asset. Issue costs associated with the allotment of shares have been deducted from the share premium account in accordance with IAS 32.

#### *Cash and Cash Equivalents*

Cash and cash equivalents representing cash available at less than 3 months' notice are classified as loans and receivables under IAS 39.

#### *Reserves*

The revenue reserve (retained earnings) and capital reserve reflect the guidance in the AIC SORP 2014. The capital reserve represents the proportion of Investment Management fees charged against capital and realised/unrealised gains or losses on the disposal/revaluation of investments. The unrealised capital reserve, share redemption reserve and share premium reserve are not distributable. The special distributable reserve was created on court cancellation of the share premium account. The revenue, special distributable and realised capital reserves are distributable by way of dividend.

## Notes to the Financial Statements

### 2. Basis of Preparation and Accounting Policies (continued)

#### Consolidated Financial Statements

The Directors have concluded that the Company has control over two companies in which it has invested, as prescribed by IFRS 10 "Consolidated Financial Statements". The Company continues to satisfy the criteria to be regarded as an investment entity as defined in IFRS 10.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value measurement" and IAS 39 "Financial Instruments: Recognition and Measurement".

### 3. Segmental Reporting

The Directors are of the opinion that the Company only has a single operating segment of business, being investment activity. All revenues and assets are generated and held in the UK.

### 4. Investment Income

|   | Ord<br>Shares<br>£'000 | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 | Total<br>£'000 |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| <b>Year ended 31 March 2018</b>                   |                        |                      |                      |                      |                      |                |
| Loan stock interest                               | 379                    | 31                   | 748                  | 933                  | 93                   | 2,184          |
| Dividends receivable                              | -                      | -                    | 299                  | -                    | -                    | 299            |
| Interest receivable on bank and other<br>balances | 3                      | 1                    | 1                    | -                    | 103                  | 108            |
| Other Investment Income                           | -                      | -                    | -                    | -                    | 9                    | 9              |
| Property Income                                   | -                      | -                    | -                    | -                    | 20                   | 20             |
|   | <u>382</u>             | <u>32</u>            | <u>1,048</u>         | <u>933</u>           | <u>225</u>           | <u>2,620</u>   |
| <b>Year ended 31 March 2017</b>                   |                        |                      |                      |                      |                      |                |
| Loan stock interest                               | <u>421</u>             | <u>110</u>           | <u>804</u>           | <u>972</u>           | <u>-</u>             | <u>2,307</u>   |
|   | <u>421</u>             | <u>110</u>           | <u>804</u>           | <u>972</u>           | <u>-</u>             | <u>2,307</u>   |

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 5. Investment Management Fees

TPIM provides investment management and administration services to the Company under an Investment Management Agreement effective 6 February 2008 and deeds of variation to that agreement effective 21 November 2012, 28 October 2014 and 7 October 2016.

**Ordinary Shares:** The agreement provides for an investment management fee of 1.50% per annum of net assets payable quarterly in arrear for the Ordinary Shares. For the Ordinary Shares issued under the 2007 offer the agreement ran until 6 February 2014 after which the management fee of 1.5% has not been charged. For all other Ordinary Shares the appointment shall continue until at least 30 April 2018. Thereafter there is a 1% exit fee on all funds returned to shareholders.

**A Shares:** The agreement provides for an investment management fee of 1.50% per annum of net assets payable quarterly in arrear. The appointment ran until 30 April 2017. Thereafter a 1% exit fee was charged on all funds returned to shareholders.

**C shares:** The agreement provides for an administration and investment management fee of 2% per annum of net assets payable quarterly in arrear for an appointment of at least six years from the admission of those shares. Subject to distributions to the C Shareholders exceeding the C Share hurdle of 100 pence per share, the Investment Manager will be entitled to a performance incentive fee of 20%.

**D shares:** The agreement provides for an administration and investment management fee of 2% per annum of net assets payable quarterly in arrear for an appointment of at least six years from the admission of those shares. Subject to distributions to the D Shareholders exceeding the D Share hurdle of 100 pence per share, the Investment Manager will be entitled to a performance incentive fee of 20%.

**E shares:** The agreement provides for an administration and investment management fee of 2% per annum of net assets payable quarterly in arrear for an appointment of at least six years from the admission of those shares. Subject to distributions to the E Shareholders exceeding the E Share hurdle of 100 pence per share, the Investment Manager will be entitled to a performance incentive fee of 20%.

To date there have been no performance fees paid.

An administration fee equal to 0.25% per annum of the Company's net assets is payable quarterly in arrear.

|                                 | Ord<br>Shares<br>£'000 | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 | Total<br>£'000 |
|---------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| <b>Year ended 31 March 2018</b> |                        |                      |                      |                      |                      |                |
| Investment Management Fees      | 191                    | 3                    | 287                  | 285                  | 549                  | 1,315          |
| <b>Year ended 31 March 2017</b> |                        |                      |                      |                      |                      |                |
| Investment Management Fees      | 173                    | 32                   | 279                  | 273                  | -                    | 757            |

*Disclosure by share class is unaudited*

Fees paid to the Investment Manager for administrative and other services during the year was £331,000 (2017: £108,000). The investment Manager also received fees of £145,961 (2017: £462,342) for services provided to investee companies.

## Notes to the Financial Statements

### 6. Legal and Professional Fees

Legal and professional fees include remuneration paid to the Company's auditor, BDO LLP (2017 fees payable to Grant Thornton UK LLP) as shown in the following table:

|   | Ord<br>Shares<br>£'000 | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 | Total<br>£'000 |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| <b>Year ended 31 March 2018</b>   |                        |                      |                      |                      |                      |                |
| Fees payable to the<br>Company's auditor:<br>- for the audit of the financial<br>statements | 5                      | 1                    | 5                    | 5                    | 11                   | 27             |
|   | <u>5</u>               | <u>1</u>             | <u>5</u>             | <u>5</u>             | <u>11</u>            | <u>27</u>      |
| <b>Year ended 31 March 2017</b>   |                        |                      |                      |                      |                      |                |
| Fees payable to the<br>Company's auditor:<br>- for the audit of the financial<br>statements | 8                      | 2                    | 9                    | 9                    | -                    | 28             |
|   | <u>8</u>               | <u>2</u>             | <u>9</u>             | <u>9</u>             | <u>-</u>             | <u>28</u>      |

*Disclosure by share class is unaudited*

### 7. Directors' Remuneration

|                                 | Ord<br>Shares<br>£'000 | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 | Total<br>£'000 |
|---------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| <b>Year ended 31 March 2018</b> |                        |                      |                      |                      |                      |                |
| David Frank                     | 4                      | -                    | 4                    | 4                    | 8                    | 20             |
| Simon Acland                    | 3                      | -                    | 4                    | 3                    | 8                    | 18             |
| Michael Stanes                  | 3                      | 1                    | 3                    | 4                    | 7                    | 18             |
|                                 | <u>10</u>              | <u>1</u>             | <u>11</u>            | <u>11</u>            | <u>23</u>            | <u>56</u>      |
| <b>Year ended 31 March 2017</b> |                        |                      |                      |                      |                      |                |
| David Frank                     | 6                      | 1                    | 6                    | 5                    | -                    | 18             |
| Simon Acland                    | 5                      | 1                    | 5                    | 5                    | -                    | 16             |
| Michael Stanes                  | 5                      | -                    | 5                    | 6                    | -                    | 16             |
|                                 | <u>16</u>              | <u>2</u>             | <u>16</u>            | <u>16</u>            | <u>-</u>             | <u>50</u>      |

The only remuneration received by the Directors was their Directors' fees. The Company has no employees other than the Non-Executive Directors. The average number of Non-Executive Directors in the year was three. Full disclosure of Directors' remuneration is included in the Directors' Remuneration report.

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 8. Taxation

|   | Ord<br>Shares<br>£'000 | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 | Total<br>£'000 |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| <b>Year ended 31 March 2018</b>                 |                        |                      |                      |                      |                      |                |
| Profit/(loss) on ordinary activities before tax | 675                    | 69                   | 1,598                | 1,176                | (575)                | 2,858          |
| Corporation tax @ 19%                           | 129                    | 13                   | 304                  | 224                  | (110)                | 560            |
| Effect of:                                      |                        |                      |                      |                      |                      |                |
| Utilisation of tax losses b/fwd                 | -                      | -                    | -                    | -                    | -                    | -              |
| Capital (gains) not taxable                     | (136)                  | (18)                 | (172)                | (114)                | 21                   | (419)          |
| Income received not taxable                     | -                      | -                    | (57)                 | -                    | -                    | (57)           |
| Disallowed expenditure                          | -                      | 6                    | -                    | -                    | -                    | 6              |
| Unrelieved tax losses arising in the year       | -                      | -                    | (1)                  | -                    | 1                    | -              |
| Prior year adjustment                           | -                      | -                    | -                    | -                    | -                    | -              |
| Tax charge/(credit)                             | (7)                    | 1                    | 74                   | 110                  | (88)                 | 90             |

### Year ended 31 March 2017

|   |      |     |       |     |   |       |
|---|------|-----|-------|-----|---|-------|
| Profit on ordinary activities before tax  | 429  | 73  | 957   | 652 | - | 2,111 |
| Corporation tax @ 20%                     | 86   | 15  | 192   | 130 | - | 423   |
| Effect of:                                |      |     |       |     |   |       |
| Utilisation of tax losses b/fwd           | -    | -   | -     | -   | - | -     |
| Capital (gains) not taxable               | (52) | (2) | (103) | (7) | - | (164) |
| Income received not taxable               | -    | -   | -     | -   | - | -     |
| Disallowed expenditure                    | -    | -   | -     | -   | - | -     |
| Unrelieved tax losses arising in the year | -    | -   | -     | -   | - | -     |
| Prior year adjustment                     | (3)  | (1) | -     | (9) | - | (13)  |
| Tax charge                                | 31   | 12  | 89    | 114 | - | 246   |

Capital gains and losses are exempt from corporation tax due to the Company's status as a Venture Capital Trust.

*Disclosure by share class is unaudited*

### 9. Earnings/(loss) per Share

Earnings per Ordinary Share is 3.50p (2017: 2.05p) based on the profit after tax of £682,000 (2017: £398,000) and on the weighted average number of shares in issue during the period of 19,463,120 (2017: 19,463,120).

On the 13 February 2018, the A Ordinary Shares were cancelled. During the period to cancellation the profit per A Ordinary Share was 1.52p (2017: 1.18p) and was based on a profit from ordinary activities after tax of £68,000 (2017: £61,000) and on the weighted average number of A Ordinary Shares in issue during the period of 4,484,662 (2017: 5,131,353).

Earnings per C Share are 11.34p (2017: 6.46p) based on the profit after tax of £1,524,000 (2017: £868,000) and on the weighted average number of shares in issue during the period of 13,441,438 (2017: 13,441,438).

Earnings per D Share are 7.79p (2017: 3.93p) based on the profit after tax of £1,066,000 (2017: £538,000) and on the weighted average number of shares in issue during the period of 13,701,636 (2017: 13,701,636).

Loss per E Share are 1.70p (2017: Nil) based on the loss after tax of £487,000 (2017: Nil) and on the weighted average number of shares in issue during the period of 28,536,456 (2017: Nil).

## Notes to the Financial Statements

### 9. Earnings/(loss) per Share (continued)

With the exception of the A and E Share Classes, the weighted average number of shares are equal to the number of shares in issue at 31 March 2018.

Other than the cancellation of the A Ordinary Shares and the issue of new E Ordinary Shares there were no other changes to the number of shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted return per share figures are included in these Financial Statements.

*Disclosure by share class is unaudited*

### 10. Financial Assets at Fair Value through Profit or Loss

#### Investments

Fair Value Hierarchy:

Level 1: quoted prices on active markets for identical assets or liabilities. The fair value of financial instruments traded on active markets is based on quoted market prices at the balance sheet date. A market is regarded as active where the market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: the fair value of financial instruments that are not traded on active markets is determined by using valuation techniques. These valuation techniques maximise the use of observable inputs including market data where it is available either directly or indirectly and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: the fair value of financial instruments that are not traded on an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as discounted cash flows. If one or more of the significant inputs is based on unobservable inputs including market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period. Any change in fair value is recognised through the Statement of Comprehensive Income. Further details of these investments are provided in the Investment Manager's Review and Investment Portfolio.

The portfolio of the Company is classified as level 3, with the exception of the investment in Triple Point Social Housing REIT Plc which is classified as level 1. Further details of the types of investments are provided in the Investment Manager's Review on pages 14 to 17.

The Company's Investment Manager performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Level 3 valuations include assumptions based on non-observable data with the majority of investments being valued on discounted cash flows or price of recent transactions.

Unconsolidated subsidiaries consist of Aeris Power Limited and Furnace Managed Services Limited, which are included in investments as per the company's accounting policy. The Company has loan investments totalling £231,690 in these companies. The loans have an interest rate of 11.66% and 10% respectively.

## Notes to the Financial Statements

### 10. Financial Assets at Fair Value through Profit or Loss (continued)

| Valuation techniques and unobservable inputs: |   |   |  |
|---|---|---|--|
| Sector  | Valuation Techniques  | Significant unobservable inputs   | Inter relationship between significant unobservable inputs and fair value measurement<br><i>Estimated fair value would increase/(decrease) if:</i> |
| Hydroelectric Power                           | <ul style="list-style-type: none"> <li>Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.</li> </ul> | <ul style="list-style-type: none"> <li>Discount rate 7.25% (2017: 10%)</li> <li>Inflation rate 2.5% (2017: 2%)</li> </ul> | <ul style="list-style-type: none"> <li>The discount rate was lower/(higher)</li> <li>The inflation rate was higher/(lower)</li> </ul>              |
| Solar   | <ul style="list-style-type: none"> <li>Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.</li> </ul> | <ul style="list-style-type: none"> <li>Discount rate 6.75% (2017: 8%)</li> <li>Inflation rate 2.5% (2017: 2%)</li> </ul>  | <ul style="list-style-type: none"> <li>The discount rate was lower/(higher)</li> <li>The inflation rate was higher/(lower)</li> </ul>              |

The Board considers the discount rates used reflect the current levels of risk and life expectancy of the investments and to be in line with market expectations. However, consideration has been given whether the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. Each unquoted portfolio company has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions.

On this basis, where discount rates have been applied to the unquoted investments, alternative discount rates have been considered, an upside case and a downside case. For the upside case, the assumptions were flexed 1% and for the downside scenarios the assumptions were flexed by 0.5%. No sensitivity has been performed on other key assumptions such as asset life, P50 and power price forecasts because the Directors do not believe there are reasonable alternative assumptions.

The two alternative scenarios for each investment have been modelled with the resulting movements as follows: Applying the downside alternative, the aggregate change in value of the unquoted investments would be a reduction in the value of the portfolio of £1,500,000 or 2.88%.

Using the upside alternative the aggregate value of the unquoted investments would be an increase of £3,609,000 or 6.93%.

It is considered that, due to the prudent selection of discount rates by the Board, the sensitivity discussed above provides the most meaningful potential impact of the possible changes across the portfolio.

**Notes to the Financial Statements****10. Financial Assets at Fair Value through Profit or Loss (continued)**

Movements in investments held at fair value through the profit or loss during the year to 31 March 2018 were as follows:

**Level 1 Quoted Investments**

|  | <b>Ord Shares</b> | <b>A Shares</b> | <b>C Shares</b> | <b>D Shares</b> | <b>E Shares</b> | <b>Total</b> |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|--------------|
|  | <i>£'000</i>      | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i> |
| Opening cost                               | -                 | -               | -               | -               | -               | -            |
| Opening investment holding gains           | -                 | -               | -               | -               | -               | -            |
| <b>Opening fair value</b>                  | -                 | -               | -               | -               | -               | -            |
| Transfers between share classes            | -                 | -               | -               | -               | -               | -            |
| Purchases at cost                          | -                 | -               | -               | -               | 6,001           | 6,001        |
| Disposal proceeds                          | -                 | -               | -               | -               | -               | -            |
| Realised gains                             | -                 | -               | -               | -               | -               | -            |
| Investment holding gains                   | -                 | -               | -               | -               | (117)           | (117)        |
| Reclassification from assets held for sale | -                 | -               | -               | -               | -               | -            |
| <b>Closing fair value at 31 March 2018</b> | -                 | -               | -               | -               | 5,884           | 5,884        |
| Closing cost                               | -                 | -               | -               | -               | 6,001           | 6,001        |
| Closing investment holding gains           | -                 | -               | -               | -               | (117)           | (117)        |

**Level 3 Unquoted Investments**

|  | <b>Ord Shares</b> | <b>A Shares</b> | <b>C Shares</b> | <b>D Shares</b> | <b>E Shares</b> | <b>Total</b> |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|--------------|
|  | <i>£'000</i>      | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i>    | <i>£'000</i> |
| Opening cost                               | 11,111            | 950             | 13,321          | 13,089          | -               | 38,471       |
| Opening investment holding gains           | 594               | 7               | 839             | 36              | -               | 1,476        |
| <b>Opening fair value</b>                  | 11,705            | 957             | 14,160          | 13,125          | -               | 39,947       |
| Transfers between share classes            | -                 | (1,446)         | (400)           | -               | 1,846           | -            |
| Purchases at cost                          | -                 | -               | -               | -               | 5,000           | 5,000        |
| Disposal proceeds                          | (1,322)           | (7)             | (77)            | -               | -               | (1,406)      |
| Realised gains                             | 76                | 7               | -               | -               | -               | 83           |
| Investment holding gains                   | 639               | 65              | 907             | 598             | 3               | 2,212        |
| Reclassification from assets held for sale | -                 | 424             | -               | -               | -               | 424          |
| <b>Closing fair value at 31 March 2018</b> | 11,098            | -               | 14,590          | 13,723          | 6,849           | 46,260       |
| Closing cost                               | 10,081            | -               | 12,844          | 13,090          | 6,875           | 42,890       |
| Closing investment holding gains           | 1,017             | -               | 1,746           | 633             | (26)            | 3,370        |

## Notes to the Financial Statements

### 10. Financial Assets at Fair Value through Profit or Loss (continued)

Year ended 31 March 2017

|  | Level 3 Unquoted Investments |                      |                      |                      |                      | Total<br>£'000 |
|--|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
|  | Ord Shares<br>£'000          | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 |                |
| Opening cost                               | 11,789                       | 950                  | 13,807               | 13,090               | -                    | 39,636         |
| Opening investment holding gains           | 203                          | -                    | 325                  | -                    | -                    | 528            |
| <b>Opening fair value</b>                  | <b>11,992</b>                | <b>950</b>           | <b>14,132</b>        | <b>13,090</b>        | <b>-</b>             | <b>40,164</b>  |
| Disposal proceeds                          | (742)                        | -                    | (136)                | (762)                | -                    | (1,640)        |
| Investment holding losses                  | 258                          | 7                    | 514                  | 36                   | -                    | 815            |
| Transfer between share classes             | (411)                        | -                    | (350)                | 761                  | -                    | -              |
| Reclassification from assets held for sale | 608                          | -                    | -                    | -                    | -                    | 608            |
| <b>Closing fair value at 31 March 2017</b> | <b>11,705</b>                | <b>957</b>           | <b>14,160</b>        | <b>13,125</b>        | <b>-</b>             | <b>39,947</b>  |
| Closing cost                               | 11,111                       | 950                  | 13,321               | 13,089               | -                    | 38,471         |
| Closing investment holding gains           | 594                          | 7                    | 839                  | 36                   | -                    | 1,476          |

All investments are designated as fair value through the profit or loss at the time of acquisition and all capital gains or losses arising on investments are so designated. Given the nature of the Company's venture capital investments, the changes in fair values of such investments recognised in these Financial Statements are not considered to be readily convertible to cash in full at the balance sheet date and accordingly any gains or losses on these items are treated as unrealised.

Further details of the types of investments are provided in the Investment Manager's review and investment portfolio on pages 14-24, and details of entities over which the VCT has significant influence are included on page 25.

*Disclosure by share class is unaudited*

#### Material disposals during the year

| <u>Investee Company</u> | <u>Opening<br/>Valuation</u> | <u>Disposal</u> | <u>Realised<br/>Gain</u> |
|-------------------------|------------------------------|-----------------|--------------------------|
| Cmore Energy Ltd        | 1,221,000                    | 1,253,472       | 32,472                   |
|                         | 1,221,000                    | 1,253,472       | 32,472                   |

### 11. Assets Held for Sale

There were no assets held for sale at 31 March 2018.

|                          | Year ended<br>31 March 2017 |                      |                      |                      |                      | Total<br>£'000 |
|--------------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------|
|                          | Ord.<br>Shares<br>£'000     | A<br>Shares<br>£'000 | C<br>Shares<br>£'000 | D<br>Shares<br>£'000 | E<br>Shares<br>£'000 |                |
| Aeris Power Ltd          | -                           | 424                  | -                    | -                    | -                    | 424            |
| Craigahulliar Energy Ltd | -                           | 365                  | -                    | -                    | -                    | 365            |
|                          | -                           | 789                  | -                    | -                    | -                    | 789            |

There were no income or expenses for the year relating to these disposals.

The investment in Craigahulliar Energy Limited was disposed of on 8 September 2017.

## Notes to the Financial Statements

### 11. Assets Held for Sale (continued)

#### Material disposals during the year

| <u>Investee Company</u>  | <u>Opening<br/>Valuation</u><br>£'000 | <u>Disposal</u><br>£'000 | <u>Realised<br/>Gain</u><br>£'000 |
|--------------------------|---------------------------------------|--------------------------|-----------------------------------|
| Craigahulliar Energy Ltd | 365                                   | 390                      | 25                                |
|                          | <u>365</u>                            | <u>390</u>               | <u>25</u>                         |

Aeris Power Ltd which was previously treated as an asset held for sale has been reclassified as a financial asset at fair value through profit or loss as at 31 March 2018. It is no longer the intention to dispose of this investment.

*Disclosure by share class is unaudited*

### 12. Receivables

|                                | <u>Ord<br/>Shares</u><br>£'000 | <u>A<br/>Shares</u><br>£'000 | <u>C<br/>Shares</u><br>£'000 | <u>D<br/>Shares</u><br>£'000 | <u>E<br/>Shares</u><br>£'000 | <u>Total</u><br>£'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------|
| <b>31 March 2018</b>           |                                |                              |                              |                              |                              |                       |
| Other debtors                  | 60                             | -                            | 185                          | 1,091                        | -                            | 1,336                 |
| Prepayments and accrued income | 2                              | -                            | 2                            | 2                            | 34                           | 40                    |
|                                | <u>62</u>                      | <u>-</u>                     | <u>187</u>                   | <u>1,093</u>                 | <u>34</u>                    | <u>1,376</u>          |
| <b>31 March 2017</b>           |                                |                              |                              |                              |                              |                       |
| Other debtors                  | 332                            | 311                          | 74                           | 1,003                        | -                            | 1,720                 |
| Prepayments and accrued income | 2                              | -                            | 2                            | 2                            | -                            | 6                     |
|                                | <u>334</u>                     | <u>311</u>                   | <u>76</u>                    | <u>1,005</u>                 | <u>-</u>                     | <u>1,726</u>          |

Other debtors relate to interest receivable on investment loans.

### 13. Cash and Cash Equivalents

Cash and cash equivalents comprise deposits with The Royal Bank of Scotland plc and Cater Allen Private Bank.

### 14. Payables and Accrued Expenses

|                      | <u>Ord<br/>Shares</u><br>£'000 | <u>A<br/>Shares</u><br>£'000 | <u>C<br/>Shares</u><br>£'000 | <u>D<br/>Shares</u><br>£'000 | <u>E<br/>Shares</u><br>£'000 | <u>Total</u><br>£'000 |
|----------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------|
| <b>31 March 2018</b> |                                |                              |                              |                              |                              |                       |
| Payables             | 52                             | -                            | 80                           | 158                          | 153                          | 443                   |
| Other taxes and SS   | 1                              | -                            | 1                            | 1                            | 3                            | 6                     |
| Accrued expenses     | 187                            | -                            | 6                            | 6                            | 11                           | 210                   |
|                      | <u>240</u>                     | <u>-</u>                     | <u>87</u>                    | <u>165</u>                   | <u>167</u>                   | <u>659</u>            |
| <b>31 March 2017</b> |                                |                              |                              |                              |                              |                       |
| Payables             | 52                             | 9                            | 78                           | 81                           | -                            | 220                   |
| Accrued expenses     | 10                             | 2                            | 11                           | 10                           | -                            | 33                    |
|                      | <u>62</u>                      | <u>11</u>                    | <u>89</u>                    | <u>91</u>                    | <u>-</u>                     | <u>253</u>            |

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 15. Share Capital

|  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| <b>Ordinary Shares of £0.01 each</b>   |               |               |
| Issued & Fully Paid                    |               |               |
| No. Of Shares                          | 19,463,120    | 19,463,120    |
| Par Value £'000                        | 195           | 195           |
| <b>A Ordinary Shares of £0.01 each</b> |               |               |
| Issued & Fully Paid                    |               |               |
| Number of shares                       | -             | 5,131,353     |
| Par Value £'000                        | -             | 51            |
| <b>C Ordinary Shares of £0.01 each</b> |               |               |
| Issued & Fully Paid                    |               |               |
| Number of shares                       | 13,441,438    | 13,441,438    |
| Par Value £'000                        | 135           | 135           |
| <b>D Ordinary Shares of £0.01 each</b> |               |               |
| Issued & Fully Paid                    |               |               |
| Number of shares                       | 13,701,636    | 13,701,636    |
| Par Value £'000                        | 137           | 137           |
| <b>E Ordinary Shares of £0.01 each</b> |               |               |
| Issued & Fully Paid                    |               |               |
| Number of shares                       | 28,949,575    | -             |
| Par Value £'000                        | 290           | -             |
| <b>Total Shares of £0.01 each</b>      |               |               |
| Issued & Fully Paid                    |               |               |
| Number of shares                       | 75,555,769    | 51,737,547    |
| Par Value £'000                        | 756           | 518           |

The rights attached to each class of share are disclosed in the Directors' Report on pages 27 and 28.

On 15 May 2017 a new E Share Class offer closed with a total of 28,949,575 E Shares being issued. This offer raised just under £30m and incurred costs of issue in the sum of £780,456.

On 9 March 2018 the A Shares were cancelled.

### 16. Financial Instruments and Risk Management

The Company's financial instruments comprise VCT qualifying investments and non-qualifying investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy detailed in the Strategic Report on pages 5 and 6.

The following table discloses the financial assets and liabilities of the Company in the categories defined by IAS 39, "Financial Instruments; Recognition & Measurement".

**Notes to the Financial Statements****16. Financial Instruments and Risk Management (continued)**

|   | Total value   | Loan and receivables | Financial liabilities held at amortised cost | Designated at fair value through profit or loss |
|---|---------------|----------------------|--|---|
| <b>Year ended 31 March 2018</b>                       |               |                      |  |   |
| <b>Assets:</b>  |               |                      |  |   |
| Financial assets at fair value through profit or loss | 52,144        | -                    | -  | 52,144  |
| Receivables   | 1,336         | 1,336                | -  | -   |
| Cash and cash equivalents                             | 18,448        | 18,448               | -  | -   |
|   | <u>71,928</u> | <u>19,784</u>        | <u>-</u>                                     | <u>52,144</u>                                   |
| <b>Liabilities:</b>                                   |               |                      |  |   |
| Other payables  | 443           | -                    | 443  | -   |
| Accrued expenses                                      | 210           | -                    | 210  | -   |
|   | <u>653</u>    | <u>-</u>             | <u>653</u>                                   | <u>-</u>  |
| <b>Year ended 31 March 2017</b>                       |               |                      |  |   |
| <b>Assets:</b>  |               |                      |  |   |
| Financial assets at fair value through profit or loss | 39,947        | -                    | -  | 39,947  |
| Assets held for Sale                                  | 789           | -                    | -  | 789   |
| Receivables   | 1,720         | 1,720                | -  | -   |
| Cash and cash equivalents                             | 2,534         | 2,534                | -  | -   |
|   | <u>44,990</u> | <u>4,254</u>         | <u>-</u>                                     | <u>40,736</u>                                   |
| <b>Liabilities:</b>                                   |               |                      |  |   |
| Other payables  | 220           | -                    | 220  | -   |
|   | <u>220</u>    | <u>-</u>             | <u>220</u>                                   | <u>-</u>  |

Fixed Asset Investments (see note 10 and note 11) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that where an investee company's enterprise value, which is equivalent to fair value, remains unchanged since acquisition that investment should continue to be held at cost less any loan repayments received. Where they consider the investee company's enterprise value has changed since acquisition, that should be reflected by the investment being held at a value measured using a discounted cash flow model or a recent transaction price.

In carrying out its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The Company's approach to managing its risks is set out below together with a description of the nature of the financial instruments held at the balance sheet date:

**Market Risk**

The Company's VCT qualifying investments are held in small and medium-sized unquoted companies which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments by carrying out rigorous due diligence procedures and by maintaining a spread of holdings in terms of industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis. Details of the Company's investment portfolio at the balance sheet date are set out on pages 18 to 24:

## Notes to the Financial Statements

### 16. Financial Instruments and Risk Management (continued)

#### Market Risk (continued)

An increase of 1% in the value of investments would increase the capital profits for the period and the net asset value at 31 March 2018 by £521,000. A decrease of 1% would reduce the capital profits and net asset value by the same amount. A movement of 1% is used as a multiple to demonstrate the impact of varying changes on the capital profits and net asset value of the Company.

#### Interest Rate Risk

Some of the Company's financial assets are interest bearing, of which some are at fixed rates and some at variable rates. As a result, the Company is exposed to interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

Investments made into qualifying holdings are part equity and part loan. The loan element of investments totals £12,239,000 (2017: £18,949,000) and is subject to fixed interest rates of between 21.6% and 29.5% for between 5 - 20 years and, as a result, there is no cash flow interest rate risk. As the loans are held in conjunction with equity and are valued in combination as part of the enterprise value, fair value risk is considered part of market risk.

The Company also has non-qualifying loan investments of £8,272,000 (2017: £8,220,000) which carry interest rates between 7.75 and 13.5% for between 5 – 15 years.

The amounts held in variable rate investments at the balance sheet date are as follows:

|                 | 31 March 2018 | 31 March 2017 |
|-----------------|---------------|---------------|
|                 | £'000         | £'000         |
| Cash on deposit | 18,448        | 2,534         |
|                 | <u>18,448</u> | <u>2,534</u>  |

An increase in interest rates of 1% per annum would not have a material effect either on the revenue for the year or the net asset value at 31 March 2018. The Board believes that in the current economic climate a movement of 1% is a reasonable illustration.

#### Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying value of the financial assets represent the maximum credit risk exposure at the balance sheet date.

|                                 | 31 March 2018 | 31 March 2017 |
|---------------------------------|---------------|---------------|
|                                 | £'000         | £'000         |
| Qualifying Investment loans     | 12,239        | 18,949        |
| Non Qualifying Investment loans | 8,272         | 8,220         |
| Cash on deposit                 | 18,448        | 2,534         |
| Receivables                     | 1,336         | 1,720         |
|                                 | <u>40,295</u> | <u>31,423</u> |

The Directors do not consider any investment loan included above to be past due or impaired and no issues have been identified which would be cause for concern with regards the quality of credit for any investee company.

The Company's bank accounts are maintained with The Royal Bank of Scotland plc ("RBS"). Should the credit quality or financial position of RBS deteriorate significantly, the Investment Manager will move the cash holdings to another bank. Credit risk arising on unquoted loan stock held within unlisted investments is considered to be part of Market risk as disclosed above.

## **Notes to the Financial Statements**

### **16. Financial Instruments and Risk Management (continued)**

#### **Liquidity Risk**

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which are illiquid. As a result the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored by the Board on a quarterly basis.

The Board maintains a liquidity management policy where cash and future cash flows from operating activities will be sufficient to pay expenses. At 31 March 2018 cash amounted to £18,448,000 (2017: £2,534,000).

#### **Foreign Currency Risk**

The Company does not have exposure to material foreign currency risks.

### **17. Net Asset Value per Share**

The net asset value per Ordinary Share is 65.74p (2017: 69.74p) and is based on Net Assets of £12,795,000 (2017: £13,573,000) divided by the 19,463,120 (2017: 19,463,120) Ordinary Shares in issue.

The net asset value per A Ordinary Share is Nil (2017: 42.46p) and is based on Net Assets of Nil (2017: £2,179,000) divided by the Nil (2017: 5,131,353) A Ordinary Shares in issue.

The net asset value per C Ordinary Share is 112.84p (2017: 106.49p) and is based on Net Assets of £15,166,000 (2017: £14,314,000) divided by the 13,441,438 (2017: 13,441,438) C Ordinary Shares in issue.

The net asset value per D Ordinary Share is 107.98p (2017: 105.19p) and is based on Net Assets of £14,794,000 (2017: £14,413,000) divided by the 13,701,636 (2017: 13,701,636) D Ordinary Shares in issue.

The net asset value per E Ordinary Share is 98.32p (2017: Nil) and is based on Net Assets of £28,463,000 (2017: Nil) divided by the 28,949,575 (2017: Nil) A Ordinary Shares in issue.

### **18. Commitments and Contingencies**

The Company has no outstanding commitments or contingent liabilities.

### **19. Relationship with Investment Manager**

During the period, TPIM received £1,640,212 which has been expensed (2017: £864,459) for providing management and administrative services to the Company. At 31 March 2018 £443,427 was owing to TPIM (2017: £220,315).

### **20. Related Party Transactions**

The Directors' Remuneration Report on pages 36 to 40 discloses the Directors' remuneration and shareholdings.

There were no other related party transactions during the period.

### **21. Post Balance Sheet Events**

After the balance sheet date, on 1<sup>st</sup> April 2018, the investments held by the Ordinary Share Class were transferred to the E Share Class at the valuation in these audited financials.

There were no other post balance sheet events.

## **Notes to the Financial Statements**

### **22. Dividends**

#### Ordinary Shares:

The Company paid a dividend to Ordinary Class Shareholders of £1,459,734, equal to 7.5p per share, on 14 July 2017. This was paid from the Special Distributable Reserve. The Board has resolved to pay a dividend of £11,821,899 equal to 60.74p per share on 26<sup>th</sup> July 2018 to shareholders on the register on 13<sup>th</sup> July 2018.

#### A Shares:

The Company paid a dividend to A Class Shareholders of £1,282,838 equal to 25p per share on 14 July 2017 and a final dividend of £912,868 equal to 17.79p per share was paid on 8 December 2017. £1,677,047 of the dividends for the year was paid from the Special Distributable Reserve with £518,659 paid from the Revenue Reserve.

Following the final dividend, the shares were cancelled and a final payment of £51,314 equal to 1p per share was paid to the A Ordinary Shareholders, bringing the total return to Ordinary Shareholders to 99.99p

#### C Shares:

The Company paid a dividend to C Class Shareholders of £672,072, equal to 5p per share, on 14 July 2017. Of this £195,666 was paid from the Special Distributable Reserve with the balance being paid from the Revenue Reserve. The Board has resolved to pay a third dividend of £672,072 equal to 5.00p per share on 26<sup>th</sup> July 2018 to shareholders on the register on 13<sup>th</sup> July 2018.

#### D Shares:

The Company paid its first dividend to D Class Shareholders of £685,082, equal to 5p per share, on 14 July 2017. This was paid entirely from the Revenue Reserve. The Board has resolved to pay a second dividend of £685,082 equal to 5.00p per share on 26<sup>th</sup> July 2018 to shareholders on the register on 13<sup>th</sup> July 2018.

## **Information**

### **Details of Advisers**

**Secretary and Registered Office:**

Triple Point Investment Management LLP  
18 St Swithin's Lane  
London  
EC4N 8AD

**Registered Number**

06421083

**FCA Registration number**

659457

**Investment Manager and Administrator**

Triple Point Investment Management LLP  
18 St Swithin's Lane  
London  
EC4N 8AD

Tel: 020 7201 8989

**Independent Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Solicitors**

Howard Kennedy LLP  
No. 1 London Bridge  
London  
SE1 9BG

**Registrars**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands  
B63 3DA

**VCT Taxation Advisers**

Philip Hare & Associates LLP  
First floor  
4-6 Staple Inn  
Holborn  
London  
WC1V 7QH

**Bankers**

The Royal Bank of Scotland plc  
54 Lime Street  
London  
EC3M 7NQ

## ***Shareholder Information***

### ***The Company***

Triple Point Income VCT plc (formerly TP70 2008(l) VCT plc) is a Venture Capital Trust. The Investment Manager is Triple Point Investment Management LLP.

### ***Financial Calendar***

The Company's financial calendar is as follows:

|               |  |
|---------------|--|
| 26 July 2018  | Annual General Meeting   |
| November 2018 | Interim report for the six months ending 30 September 2018 despatched                              |
| June 2019     | Results for the year to 31 March 2018 announced; Annual Report and Financial Statements published. |

# Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Triple Point Income VCT plc will be held at 18 St. Swithin's Lane, EC4N 8AD at 10.00am on Thursday 26 July 2018, for the following purposes:

## Ordinary Business

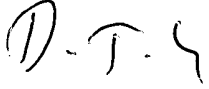
1. To receive, consider and adopt the Report of the Directors and Financial Statements for the year ended 31 March 2018 together with the Independent Auditors Report thereon (*Ordinary Resolution*).
2. To approve the Directors' Remuneration Report for the year ended 31 March 2018 (*Ordinary Resolution*).
3. To re-elect Simon Acland as a Director (*Ordinary Resolution*).
4. To appoint BDO LLP as auditor and determine their remuneration (*Ordinary Resolution*).

## Special Business

5. That the Company be and is hereby authorised in accordance with s701 of the Companies Act 2006 (the "Act") to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares, C Shares, D Shares and E Shares provided that:
  - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is an amount equal to 10% of the issued Ordinary Shares as at the date of this Resolution;
  - (ii) the maximum aggregate number of C Shares authorised to be purchased is an amount equal to 10% of the issued C Shares as at the date of this Resolution;
  - (iii) the maximum aggregate number of D Shares authorised to be purchased is an amount equal to 10% of the issued D Shares as at the date of this Resolution;
  - (iv) the maximum aggregate number of E Shares authorised to be purchased is an amount equal to 10% of the issued E Shares as at the date of this Resolution;
  - (v) the minimum price which may be paid for an Ordinary Share, C Share, D Share or E Share is 1 pence;
  - (vi) the maximum price which may be paid for an Ordinary Share, C Share, D Share or E Share is an amount, exclusive of expenses, equal to 105 per cent. of the average of the middle market prices for the Ordinary Shares, C Shares, D Shares or E Shares as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which that Ordinary Share, C Share, D Share or E Shares (as applicable) is purchased; and
  - (vii) this authority shall expire either at the conclusion of the next Annual General Meeting of the Company or 15 months following the date of the passing of this Resolution, whichever is the first to occur (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired. (*Special Resolution*).

# Notice of Annual General Meeting

By Order of the Board



David Frank  
Director

Registered Office:  
18 St Swithin's Lane  
London  
EC4N 8AD

14 June 2018

Notes:

- (i) A member entitled to vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company.
- (ii) A form of proxy is enclosed. To be effective, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority) must be deposited at or posted to the office of the registrars of the Company, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, so as to be received not less than 48 hours before the time fixed for the Meeting. Completion and return of the form of proxy will not preclude a member from attending or voting at the Meeting in person if he or she so wishes.
- (iii) Only those members registered in the Company's Register of Members 48 hours before the Meeting (or in the event of an adjournment, 48 hours prior to the adjourned meeting) or their duly appointed proxy, shall be entitled to attend or vote at the Meeting. Such shareholders may only cast votes in respect of Shares held by them at such time.
- (iv) Copies of the service contracts of each of the Directors, the register of Directors' interests in shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company, will be available for inspection at the registered office of the Company during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

# Form of Proxy

Relating to the 2018 Annual General Meeting of Triple Point Income VCT plc

I/We .....  
BLOCK CAPITALS PLEASE – Name in which shares registered

of .....

hereby appoint .....

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00am on Thursday 26 July 2018, notice of which was sent to shareholders with the Directors' Report and the Accounts for the period ended 31 March 2018, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

| Resolution number  | For | Against | Withheld |
|--|-----|---------|----------|
| 1. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31 March 2018 together with the Independent Auditors Report. |     |         |          |
| 2. To approve the Directors' Remuneration Policy.  |     |         |          |
| 3. To re-elect Simon Acland as a Director.   |     |         |          |
| 4. To appoint BDO LLP as auditor and determine their remuneration.   |     |         |          |
| 5. To authorise the Directors to make market purchases of the Company's own shares (Special Resolution).   |     |         |          |

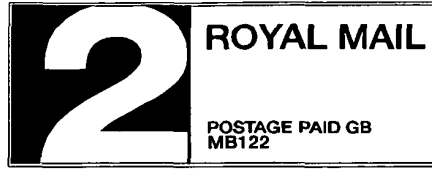
Signed: ..... Dated: ..... 2018

**Notes**

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 48 hours before the commencement of the meeting.

Third fold and tuck in

**Neville Registrars Limited**  
BUSINESS REPLY SERVICE  
**Registrars for Triple Point Income VCT plc**  
**Neville House**  
**18 Laurel Lane**  
**Halesowen**  
**West Midlands B63 3DA**



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First Fold