

# Investec Structured Products Calculus VCT plc

Annual Report & Accounts  
29 February 2012

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# Investment Objective

## Investment Objective

The Company's principal objectives for investors are to

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

Full details of the Company's investment policy can be found on pages 17 and 18

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# Financial Review

## Ordinary Share Fund

	12 Months to 29 February 2012	13 Months to 28 February 2011
Total return		
Total return	(£80,000)	£308,000
Total return per ordinary share	(1.7)p	8.3p
Revenue		
Net loss after tax	(£71,000)	(£112,000)
Revenue return per ordinary share	(1.5)p	(3.0)p
Dividend		
Recommended final dividend	5.25p	5.25p
	As at 29 February 2012	As at 28 February 2011
Assets (investments valued at bid market prices)		
Net assets	£4,501,000	£4,836,000
Net asset value ("NAV") per ordinary share	95.0p	102.1p
Mid market quotation		
Ordinary shares	97.5p	99.5p
Premium/(discount) to NAV	2.6%	(2.5)%

## C Share Fund

	11 Months to 29 February 2012*
Total return	
Total return	(£33,000)
Total return per C share	(1.7)p
Revenue	
Net loss after tax	(£45,000)
Revenue return per C share	(2.3)p
Dividend	
Recommended final dividend	4.5p
	As at 29 February 2012
Assets (investments valued at bid market prices)	
Net assets	£1,788,000
NAV per C share	92.6p
Mid market quotation	
C shares	94.0p
Premium to NAV	1.5%

\* The C shares were issued in three tranches, on 1 April 2011, 5 April 2011 and 4 May 2011

# Chairman's Statement

I am delighted to present your Company's results for the year ended 29 February 2012. The Investec Structured Products Calculus VCT plc is a tax efficient listed company which aims to address shareholder needs for

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

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

The net asset value per ordinary share was 95.0 pence as at 29 February 2012 compared to 102.1 pence as at 28 February 2011. This is after paying a dividend to ordinary shareholders in 2011 of 5.25 pence per share. The net asset value per C share was 92.6 pence as at 29 February 2012 compared to a value immediately following close of the C share fundraising of 93.6 pence. The net asset values have subsequently risen to 95.3 pence per ordinary share and 92.8 pence per C share as at 30 April 2012. Your Board and Managers are encouraged by the performance of the Company to date and believe it is well placed to make further progress in the forthcoming year.

## Structured Products Portfolio

Our non-Qualifying Investments are managed by Investec Structured Products. As at 29 February 2012, the Ordinary Share Fund held a portfolio of eight Structured Products and the C Share Fund held a portfolio of three Structured Products based on the FTSE 100 Index. The products differ by duration and counterparty in order to minimise risk and create a diversified portfolio of investments. Up to 20 per cent of the Structured Products portfolio of the C Share Fund will be able to be invested in other indices besides the FTSE 100 Index.

The Structured Products portfolio is currently performing well. As at 29 February 2012 the FTSE 100 was trading at 5,871.51. This means that while the level of the FTSE 100 will change, if all of the Structured Products in both the Ordinary Share Fund and C Share Fund were to mature at this level, they would yield the maximum payoff for investors in each share fund.

## Venture Capital Investments

Calculus Capital manages the portfolio of VCT Qualifying Investments made by the Company. The overall value of the unquoted portfolio showed a rise of £710,000 during the year. Several new Qualifying Investments were made during the year on behalf of the Ordinary Share Fund and the C Share Fund across a broad range of industries.

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

## Dividend

In line with our aim to provide a regular tax-free dividend stream, the Directors are pleased to propose a final dividend of 5.25 pence per ordinary share and 4.5 pence per C share which, subject to shareholder approval, will be paid on 31 July 2012 to ordinary shareholders and C shareholders on the register on 15 June 2012.

## Developments Since the Year End

Since the year end, the Royal Bank of Scotland Autocall Structured Product has matured with a total return of 110.5 (initial capital of 100 and growth of 10.5). There was £50,000 held in the Ordinary Share Fund and £200,000 in the C Share Fund. The Ordinary Share Fund has also sold its £343,000 investment in the Nomura Bank International Structured Product which matures on 20 February 2013 to the C Share Fund at current market value of £441,875. This Product was originally bought to pay back any borrowing, however the early sale, which was made possible by positive market performance, has allowed for the borrowing requirement in each fund to be reduced. The Company has used the funds to invest in new Qualifying Investments. In April 2012, £175,000 and £75,000 were invested in Participate Sport Limited and £100,000 and £50,000 in Secure Electrans Limited on behalf of the Ordinary and C Share Funds respectively.

## Board Changes

The Directors have reviewed the operation of the Board and concluded that it is operating effectively. However, pressure of other commitments has led Mark Rayward and Philip Swatman to decide to stand down as Directors at the Annual General Meeting. The Board has decided that the remaining four Directors (three of them independent) will constitute a Board of adequate size, given that the Structured Products investments have been made and the Qualifying Investment programme is well underway. I would like to thank Mark and Philip for their wisdom and effort since the Company's launch.

## Outlook

The euro zone crisis continues to be a concern for the UK economy, which is expected to remain fragile in 2012. Access to finance for smaller UK companies remains tight despite Government initiatives, providing an attractive investment scenario for the Company. Your Board and Managers are encouraged by the number of attractive investment opportunities available and will continue to build a diversified portfolio of investments to deliver sustained long-term performance.

Michael O'Higgins  
Chairman  
1 June 2012

A handwritten signature in black ink, appearing to read 'Michael O'Higgins', written over a light blue horizontal line.

# Investment Manager's Review (Qualifying Investments)

## Portfolio Developments

Calculus Capital Limited manages the portfolio of Qualifying Investments made by the Company. It is intended that approximately 75 per cent of the Company's funds will be invested over a three year period in a diversified portfolio of holdings in unquoted qualifying companies.

During the year under review, the Company completed Qualifying Investments in five unquoted companies, Terrain Energy Limited ("Terrain"), MicroEnergy Generation Services Limited ("MicroEnergy"), Lime Technology Limited ("Lime"), Heritage House Media Limited ("Heritage") and Viscount Safe Custody Services Limited ("Viscount").

## Terrain Energy Limited

In March 2011, the Ordinary Share Fund made a follow-on equity investment of £50,000 in Terrain, and in August, the C Share Fund made a £90,000 investment, of which £45,000 was in ordinary shares and £45,000 was 7 per cent long-term loan stock. Terrain was established in October 2009 to develop a portfolio of onshore oil and gas production and development assets, predominantly in the UK.

Terrain acquired interests in two additional licences during the year. The new licence interests are a 10 per cent interest in a gas exploration opportunity in the Larne-Lough Neagh basin in County Antrim and a 12.5 per cent interest in an oil exploration licence at Burton on the Wolds in the East Midlands. The main prospect at Larne is a conventional gas play which is thought to be an extension of the Morecambe Bay gas field. 288 km of 2D seismic data has recently been obtained with the plan to drill a gas appraisal well in 2013. Burton on the Wolds is located on the southern margin of the Widmerpool Gulf geological basin. A well is planned for the third/fourth quarter of 2012 to evaluate a prospect with targets at two distinct stratigraphic levels. Of the other licence interests, Kedlington is oil producing and there are plans to convert gas also produced to electricity on site and feed into the grid. Kirkington and Dukes Wood are due to be brought back into production in May 2012.

Latest Audited Results	2010 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
<b>Year ended 31 December</b>				
Turnover	271	Total cost	300	90
Pre-tax loss	(158)	Income recognised in period	14	2
Net assets	1,953	Equity valuation	113	48
Valuation basis: Fair value based on cost of investment supported by discounted cash flow and comparable company analysis		Loan stock valuation	200	45
		Total valuation	313	93
		Voting rights*	2.50%	1.05%

\* Other funds managed by Calculus Capital, excluding those shown above, have combined voting rights of 19.20 per cent.

## MicroEnergy Generation Services Limited

In early April 2011, £300,000 was invested in MicroEnergy from the Ordinary Share Fund, of which £150,000 was ordinary equity and £150,000 was 7 per cent long-term loan stock

MicroEnergy is a company set up to acquire renewable, microgeneration facilities, including (but not limited to) wind, anaerobic digestion, hydro and micro CHP (Combined Heat and Power). The company has entered into a contract to buy a fleet of 84 small wind turbines (<5kW) installed on farm land in East Anglia. The portfolio will provide MicroEnergy with sufficient scale to mitigate concerns of poor short-term performance at any particular site. The first eighteen turbines of the fleet had been installed by the end of the Company's financial year, with a further 21 installed since that date giving a total to date of 39. The revenues from the fleet of installed turbines come from two sources, both of which are inflation protected, being directly linked to RPI. First there is the Government backed feed-in tariff ("FIT") paid by the electricity suppliers for every kilowatt of electricity generated. Secondly there is the export tariff for any surplus electricity not used by the site owner that is exported to the grid. Provided electricity generation is maintained, FITs are guaranteed at 28p (inflation linked to RPI) per kWh for 20 years.

Latest Audited Results	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
No accounts have been produced	Total cost	300	-
	Income recognised in period	10	-
	Equity valuation	150	-
	Loan stock valuation	150	-
Valuation basis Cost	Total valuation	300	-
	Voting rights*	8.67%	-

\* Other funds managed by Calculus Capital have combined voting rights of 9.89 per cent

## Lime Technology Limited

A small additional investment of approximately £8,000 was invested from the Ordinary Share Fund in Lime, a low carbon based building materials developer, to convert warrants into shares.

The company's main product is Hembuild, a lime, hemp and linseed based building material manufactured in panel form and used in the mainstream construction industry. Lime has recently completed its contracts for the new Marks & Spencer Cheshire Oaks' superstore, their largest outside Marble Arch, and a warehouse for Kane's Foods. Lime is currently completing a contract to build new archives for the London Science Museum. Lime's subsidiary, Hemp Technology, which operates a fibre processing plant, has been operating profitably since August 2011. Hemp Technology's sales of processed linseed to the paper industry have increased from nil to an annualised rate of approximately 5,000 tonnes since Easter 2011.

Latest Audited Results	2011 £'000	2010 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
Year ended	31 Oct	4 Nov			
Turnover	4,507	3,726	Total cost	307	-
Pre-tax loss	(2,020)	(1,556)	Income recognised in period	19	-
Net (liabilities)/assets	(157)	252	Equity valuation	30	-
			Loan stock valuation	250	-
Valuation basis Earnings multiple			Total valuation	280	-
			Voting rights*	0.47%	-

\* Other funds managed by Calculus Capital have combined voting rights of 41.86 per cent

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

## Heritage House Media Limited

An investment of approximately £125,000 and £63,000 was made in Heritage on behalf of the Ordinary and C Share Funds respectively following a corporate and financial restructuring of the business. As part of this transaction, the Company also invested £1,834 and £917 on behalf of the Ordinary and C Share Funds respectively to acquire 100 per cent of the shares in Investec SPV Limited ("Investec SPV"). Investec SPV, in turn, owns shares and securities in Heritage which were purchased from Foresight 2 VCT plc and Foresight 3 VCT plc.

The Heritage business includes printed visitor attractions and accommodation directories published under the brands Hudson's, VisitBritain, Dream Weddings and OpenBritain and a contract publishing division providing guidebooks for visitor attractions. The aim of the restructuring was to position Heritage to migrate from printed directories to a digital media offering. Although a significant start has been made on the digital media plan, progress is behind schedule. The company's bank has given notice of the withdrawal of overdraft facilities. We have decided against providing additional capital to make up the shortfall, have put the business up for sale and have written the investment down to nil.

Latest Audited Results	2010 £'000	2009 £'000	Investment Information	Ordinary	C
				Share Fund £'000	Share Fund £'000
<b>Year ended 30 September</b>					
Net liabilities	(3,639)	(1,522)	Total cost <sup>†</sup>	127	64
			Income recognised in period	-	-
			Equity valuation	-	-
			Loan stock valuation	-	-
Valuation basis: Discounted cash flow			Total valuation	-	-
			Voting rights held directly*	2.00%	1.00%
			Voting rights held by Investec SPV*	5.70%	2.90%

<sup>†</sup> Including the investment in Investec SPV of £1,834 and £917 respectively.

\* Other funds managed by Calculus Capital, excluding those shown above, have combined voting rights of 36.30 per cent.

## Viscount Safe Custody Services Limited

Viscount is the holding company for Metropolitan Safe Deposits, which provides safe custody services in the central London area. The Ordinary Share Fund invested £190,000, of which £90,000 was invested as ordinary equity and £100,000 as 8 per cent long-term loan stock, and the C Share Fund invested £90,000, of which £40,000 was ordinary equity and £50,000 was 8 per cent long-term loan stock. In a connected transaction, Viscount acquired United Gold. United Gold was recently launched to provide private investors with a seamless way to buy, store, insure and sell bullion.

Founded in 1983, Metropolitan is one of the oldest established brands in the safe custody sector in London. The company currently runs two safe custody sites in Knightsbridge and St John's Wood. These profitable businesses provide customers with access to the vaults seven days a week. Traditionally, this service has been provided by the clearing banks but high street banks are fast withdrawing from such physical banking services and Metropolitan is well placed to take advantage of these opportunities. Providing private investors with a seamless and convenient way to buy, store and sell bullion, primarily gold, is a logical extension of Metropolitan's services to customers.

Latest Audited Results	2011 £'000	2010 £'000	Investment Information	Ordinary Share Fund £'000	C Share Fund £'000
<b>Year ended 30 June</b>					
Turnover	1,327	1,271	Total cost	190	90
Pre-tax profit	196	210	Income recognised in period	-	-
Net assets	772	776	Equity valuation	90	40
			Loan stock valuation	100	50
Valuation basis	Earnings multiple		Total valuation	190	90
			Voting rights*	2 20%	1 00%

\* Other funds managed by Calculus Capital, excluding those shown above, have combined voting rights of 39.00 per cent

### Qualifying Investments

As at the year end, £1,222,000 had been invested on behalf of the Ordinary Share Fund in Qualifying Investments representing approximately 27.0 per cent of the net funds raised. £243,000 had been invested in Qualifying Investments on behalf of the C Share Fund, representing approximately 13.3 per cent of the net funds raised.

### Developments Since the Year End

Since the year end, £175,000 and £75,000 has been invested in Participate Sport Limited from the Ordinary Share Fund and C Share Fund respectively. Participate is a mass participation sports event business which owns, promotes and delivers sports events across cycling, running, triathlon and open water swimming. Participate has, in turn, acquired Human Race to create the UK's largest and most diverse mass participation sports events company, delivering over 55 events to over 100,000 participants. The combined entity is to be rebranded Human Race. A further £100,000 and £50,000 has been invested from the two funds in Secure Electrans Limited. Secure is a payment technology company holding key patents covering e-commerce security. British Gas holds a stake of approximately 20 per cent. Both investments were made in April 2012.

### Outlook

Recent figures for the UK's gross domestic product (GDP) for the first quarter of 2012 show the second consecutive quarter of decline. Smaller companies can be a good lead indicator of underlying economic activity. Although the outlook remains challenging, there are signs that the UK economy may fare better in 2012 than is generally predicted and the Manager believes that, overall, the portfolio is well-positioned to benefit from any upturn.

Calculus Capital Limited  
1 June 2012

# Investment Manager's Review (Structured Products)

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

In line with the Company's strategy set out in the original Offer documents, a large percentage of the initial cash raised has been used to build a portfolio of Structured Products. The portfolio of Structured Products has been constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The FTSE 100 Initial Index Levels for these investments range from 4,805.75 to 5,718.13.

At the year end, the FTSE 100 closing level was 5,871.51. The total amount to date invested in Structured Products stands at £2,542,980 for the Ordinary Share Fund and £850,000 for the C Share Fund, representing 56.2 per cent and 46.7 per cent of the net funds raised respectively. As at 29 February 2012 the Structured Products portfolio was valued at £3,156,172 for the Ordinary Share Fund and £934,538 for the C Share Fund.

Since year end, the FTSE 100 has been volatile, causing fluctuations in the value of the Structured Products portfolio. However, while values may change, as at 30 April 2012 the Structured Products portfolio was valued at £2,687,000 for the ordinary shares and £1,168,000 for the C shares.

Since the year end, both funds had their first product mature in the middle of March 2012 – the RBS Autocall matured with a payout of 10.5 per cent after being invested for one year.

The original intention was to use borrowings to fund Qualifying investments pending maturity of some of the portfolio of Structured Products. The Managers have managed to minimise such borrowings by the Ordinary Share Fund by selling its £350,000 investment in the Nomura Bank International Structured Product after the year end at its current fair market value of £441,875 to the C Share Fund. The price this sold at allows for the C Share Fund to gain a sizeable return in nine months, which is better than could be had for a similar risk by investing in a primary issue but also gave a healthy return to the Ordinary Share Fund. The cash flow improves for the Company as a whole, as returns have been captured earlier than expected. The starting level of the FTSE 100 for the Nomura Structured Product was 5,188.43, so as long as the Final Index Level is above this level when it matures on 20 February 2013, the product would yield the maximum payoff.

Markets have been turbulent since the half-year report, however, 5 year swap rates are roughly the same, volatility has dropped, but the FTSE has increased substantially. Overall this has led to an increase in the valuations of the Structured Products portfolio.

The Investment Manager constantly reviews the portfolio of investments to assess asset allocation and the need to realise investments.

## Ordinary Share Fund Structured Products Portfolio as at 29 February 2012

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 29 February 2012	Valuation as at 29 February 2012	Return/Capital at Risk ("CAR") <sup>†</sup>
The Royal Bank of Scotland plc	05/05/2010	12/05/2015	5,341.93	£275,000	£0.96	£264,000	£1,102.6	£303,215	162.5% if FTSE100* higher, CAR if FTSE100 falls by more than 50%
Investec Bank plc	14/05/2010	19/11/2015	5,262.85	£500,000	£0.98	£489,550	£1,224.7	£612,332	185% if FTSE100* higher, CAR if FTSE100 falls by more than 50%
Abbey National Treasury Services	25/05/2010	18/11/2015	4,940.68	£350,000	£0.99	£346,430	£1,331.9	£466,165	185% if FTSE100* higher, CAR if FTSE100 falls by more than 50%

<sup>†</sup> Capital at Risk ("CAR") is explained in note 15 on page 56.

The above investments have been designed to meet the 43.75p per ordinary share interim return by 14 December 2015.

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 29 February 2012	Valuation as at 29 February 2012	Return/Capital at Risk ("CAR")
Nomura Bank International	28/05/2010	20/02/2013	5,188.43	£350,000	£0.98	£343,000	£1,247.1	£436,485	137% if FTSE100* higher, CAR if FTSE100 falls by more than 50%
Morgan Stanley International	10/06/2010	17/12/2012	5,132.50	£500,000	£1.00	£500,000	£1,243.6	£621,800	134% if FTSE100* higher, CAR if FTSE100 falls by more than 50%
HSBC Bank plc	01/07/2010	06/07/2012	4,805.75	£500,000	£1.00	£500,000	£1,222.3	£611,165	125.1% if FTSE100* higher, CAR if FTSE100 falls by more than 50%
The Royal Bank of Scotland plc**	18/03/2011	20/03/2017	5,718.13	£50,000	£1.00	£50,000	£1,063.7	£53,185	Autocallable 10.5% p.a., CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services**	03/08/2011	05/02/2014	5,584.51	£50,000	£1.00	£50,000	£1,036.5	£51,825	126% if FTSE 100* higher, CAR if FTSE 100 falls more than 50%

The above investments are aimed to provide additional return as dividends. These investments may be sold prior to maturity if it is deemed that a greater return can be made by Calculus Capital investing in Qualifying Investments.

# Investment Manager's Review (Structured Products) (continued)

## C Share Fund Structured Products Portfolio as at 29 February 2012

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 29 February 2012	Valuation as at 29 February 2012	Return/Capital at Risk ("CAR")
Investec Bank plc**	05/08/2011	10/03/2017	5,246.99	£450,000	£1.00	£450,000	£1,143.33	£514,498	182% if FTSE 100* higher, CAR if FTSE 100 falls more than 50%

The above Investec Structured Product investment in the C Share Fund (£450,000) is a collateralised product. The collateral comprises a portfolio of securities issued by each of HSBC Bank plc, Nationwide Building Society, Santander UK plc, The Royal Bank of Scotland plc and Lloyds TSB Bank plc, and/or cash and/or UK government debt. Insolvency risk to Investec Bank plc is replaced with a risk spread across these named institutions.

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 29 February 2012	Valuation as at 29 February 2012	Return/Capital at Risk ("CAR")
The Royal Bank of Scotland plc**	18/03/2011	20/03/2017	5,718.13	£200,000	£1.00	£200,000	£1,063.70	£212,740	Autocallable 10.5% p.a., CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services**	03/08/2011	05/02/2014	5,584.51	£200,000	£1.00	£200,000	£1,030.65	£207,300	126% if FTSE 100* higher, CAR if FTSE 100 falls more than 50%

The above investments target an average return of 9.58 per cent per annum. These investments may be sold prior to maturity if it is deemed that a greater return can be made by Calculus Capital by investing in Qualifying Investments.

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

\*\* These investments were purchased in the 2011-2012 financial year.

Investec Structured Products  
1 June 2012

# Investment Portfolio as at 29 February 2012

## Ordinary Share Fund

% of Net Assets

Sector – % of Portfolio

Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
<b>Structured Products</b>					
Investec Bank plc	Banking	490	612	14%	14%
The Royal Bank of Scotland plc	Banking	314	356	8%	8%
Abbey National Treasury Services	Banking	396	518	11%	12%
Nomura Bank International	Banking	343	437	10%	10%
Morgan Stanley International	Banking	500	622	14%	14%
HSBC Bank plc	Banking	500	611	14%	14%
<b>Total Structured Products</b>		<b>2,543</b>	<b>3,156</b>	<b>71%</b>	<b>72%</b>
<b>Qualifying Investments</b>					
Terrain Energy Limited	Onshore oil and gas production	300	313	7%	7%
Lime Technology Limited	Construction	307	280	6%	6%
Heritage House Media Limited*	Publishing and media services	127	-	-	-
Viscount Safe Custody Services Limited	Safe depository services	190	190	4%	4%
MicroEnergy Generation Services Limited	Energy	300	300	7%	7%
<b>Total Qualifying Investments</b>		<b>1,224</b>	<b>1,083</b>	<b>24%</b>	<b>24%</b>
<b>Other non-Qualifying Investments</b>					
Fidelity Liquidity Fund	Liquidity fund	81	81	2%	2%
Goldman Sachs Liquidity Fund	Liquidity fund	50	50	1%	1%
Scottish Widows Liquidity Fund	Liquidity fund	65	65	1%	1%
<b>Total Other non-Qualifying Investments</b>		<b>196</b>	<b>196</b>	<b>4%</b>	<b>4%</b>
<b>Total Investments</b>		<b>3,963</b>	<b>4,435</b>	<b>99%</b>	<b>100%</b>
<b>Net Current Assets less Creditors due after one year</b>			<b>66</b>	<b>1%</b>	
<b>Net Assets</b>			<b>4,501</b>	<b>100%</b>	

\* Included in the cost is £1,834 invested in Investec SPV

# Investment Portfolio as at 29 February 2012 (continued)

## C Share Fund

% of Net Assets

Sector – % of Portfolio

Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
<b>Structured Products</b>					
Investec Bank plc <sup>†</sup>	Banking	450	515	29%	30%
The Royal Bank of Scotland plc	Banking	200	213	12%	13%
Abbey National Treasury Services	Banking	200	207	12%	12%
<b>Total Structured Products</b>		<b>850</b>	<b>935</b>	<b>53%</b>	<b>55%</b>
<b>Qualifying Investments</b>					
Terran Energy Limited	Onshore oil and gas production	90	93	5%	6%
Heritage House Media Limited*	Publishing and media services	64	–	–	–
Viscount Safe Custody Services Limited	Safe depository services	90	90	5%	5%
<b>Total Qualifying Investments</b>		<b>244</b>	<b>183</b>	<b>10%</b>	<b>11%</b>
<b>Other non-Qualifying Investments</b>					
Fidelity Liquidity Fund	Liquidity fund	251	251	14%	15%
Goldman Sachs Liquidity Fund	Liquidity fund	100	100	6%	6%
Scottish Widows Liquidity Fund	Liquidity fund	222	222	12%	13%
<b>Total Other non-Qualifying Investments</b>		<b>573</b>	<b>573</b>	<b>32%</b>	<b>34%</b>
<b>Total Investments</b>		<b>1,667</b>	<b>1,691</b>	<b>95%</b>	<b>100%</b>
Net Current Assets less Creditors due after one year			<b>97</b>	<b>5%</b>	
Net Assets			<b>1,788</b>	<b>100%</b>	

<sup>†</sup> This is a collateralised product, and the credit risk is equally spread across five counterparties: HSBC Bank plc, Nationwide Building Society, Santander UK plc, The Royal Bank of Scotland plc and Lloyds TSB Bank plc

\* Included in the cost is £917 invested in Investec SPV

## Board of Directors

The Board comprises six non-executive Directors, five of whom are independent of the Investment Managers. John Glencross is a director of Calculus Capital. The Board has substantial experience of venture capital businesses and overall responsibility for the Company's affairs, including determining the investment policy of the Company.

### Michael O'Higgins (57) (Chairman)

Michael has been chairman of the Audit Commission since October 2006 and became chairman of The Pensions Regulator in January 2011, having previously been chairman of Alexander Mann Solutions. He is a non-executive director of HM Treasury and chair of the Treasury Group Audit Committee. He is also a non-executive director of Oxford Medical Diagnostics plc. Until his retirement in September 2006, Michael was a managing partner with PA Consulting, leading its Government and IT Consulting Groups, latterly as a director on its International Board. Prior to that he was a partner at PricewaterhouseCoopers, worked at the Organisation for Economic Co-operation and Development in Paris and held academic posts at the University of Bath, the London School of Economics, Harvard University and the Australian National University. He is currently a Visiting Professor of Economics at the University of Bath.

### Kate Cornish-Bowden (45)

Kate worked for Morgan Stanley Investment Management for 12 years between 1992 and 2004. She was managing director and head of Morgan Stanley Investment Management's Global Core Equity (£1.5 billion of assets under management) team between 2002 and 2004. Prior to this, Kate was executive director and senior portfolio manager within the International Equity team at Morgan Stanley, with assets under management of £15 billion. Before joining Morgan Stanley, Kate spent two years at M&G Investment Management as a financial analyst. More recently Kate has acted as a consultant providing financial research to private equity and financial training firms. Kate is a non-executive director of Scancell Holdings plc. She is a Chartered Financial Analyst (CFA) and holds a Masters in Business Administration (MBA).

### John Glencross (58)

John co-founded Calculus Capital in 1999. In 2000, he structured and launched the UK's first HM Revenue & Customs approved EIS Fund with Susan McDonald. Since that time, he has successfully launched and closed three (including the offer for subscription on launch of the Company) VCT issues and eleven further EIS funds. He is also a director of Neptune-Calculus Income and Growth VCT plc, Terrain Energy Limited, Lime Technology Limited and Participate Sport Limited. Terrain Energy Limited, Lime Technology Limited and Participate Sport Limited are companies in which this Company has invested. His professional experience spans private equity, investment banking and corporate restructuring and he has invested in, advised on or negotiated more than 100 transactions. Prior to founding Calculus Capital he was an executive director in the Corporate Finance Division of UBS Securities and a founding member of the Corporate Finance Division of Deloitte Haskins and Sells, specialising in services to small and medium size businesses. He qualified as a Chartered Accountant with Peat Marwick Mitchell (now KPMG) and has an MA (Hons) from the University of Oxford.

### Steve Meeks (54)

Steve is a consultant specialising in structured products. Steve joined NatWest as a graduate recruit in 1978 and spent nine years working for the wholesale banking arm of the NatWest group, including five years working in the group's Executive Office for North America based in New York. Upon returning to the UK, he transferred to the group's investment bank, County NatWest, working in the capital markets origination team. In 1993, he was recruited by Union Bank of Switzerland and spent the next five years as an executive director with responsibility for marketing equity derivatives to leading UK life offices. In 2005, he finished a six year consultancy with Abbey Financial Markets working on a part-time basis in their structured products team, during this time he designed and established Guaranteed Investment Products 1 PCC, an investment vehicle for Abbey Group's structured products that now has in excess of £5 billion under management across 131 different structured products. Steve is also a former consultant to Investec, having assisted the Investec Structured Products team with the launch of the Company. He is a non-executive director of Guaranteed Investment Products 1 PCC.

## Board of Directors (continued)

### **Mark Rayward (49)** **(Audit Committee Chairman)**

Mark worked for Newton Investment Management for 23 years from 1986 to November 2009. He was most recently deputy chief executive and chairman of the Newton Risk and Compliance Committee. From 2001 he was managing director of Newton Private Investment Management which had approximately £8 billion under management. Until he left Newton, Mark was also a director of Bank of New York Mellon Newton Fund Managers which is the authorised director for Mellon Newton unit trusts and quoted UK funds.

### **Philip Swatman (62)**

Philip was appointed chairman of Merlin Corporate Reputation Management, a financial and business communications consultancy group, in March 2009. Previously, Philip was vice-chairman of Investment Banking at NM Rothschild from 2001 until his retirement in September 2008, having originally joined NM Rothschild in 1979 as a corporate financier, becoming a director in 1986. He subsequently became a managing director and later co-head of Investment Banking. He was accordingly involved in numerous transactions, including the sale of Chubb to Williams, Northern Foods' acquisition of Express Dairies, the IPOs of Vodafone and William Hill, the defence of BPB plc against a hostile bid from St Gobain, and the sale of Abbot Group plc to First Reserve. Philip qualified as a Chartered Accountant with KPMG after graduating from Christ Church, Oxford and is a Fellow of the Institute of Chartered Accountants.

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# Investment Managers

## Calculus Capital

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

Calculus Capital was established in 1999 and is authorised and regulated by the FSA. Its core investment team of Susan McDonald and John Glencross has been making tax efficient investments in unquoted companies since 1997. In 2000, Calculus Capital launched the first Enterprise Investment Scheme (EIS) fund approved by HM Revenue & Customs. Since that time, it has structured, launched and closed for subscription a further eleven EIS funds and three VCT offers for subscription (including the offer for subscription on launch of the Company). It has been recognised as a leading manager of Venture Capital Investments, being awarded the EIS Association Best EIS Fund Manager Award for 2009 and 2011 and the Professional Adviser Best EIS Provider Award in 2010.

Calculus Capital has extensive experience of investing in energy, energy services, energy technology, leisure and catering, transportation and healthcare and these sectors are likely to be the target of investments by the Company. At the same time, Calculus Capital will also take advantage of value opportunities in other sectors as they arise.

## Investec Structured Products

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

The Investec group is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the United Kingdom, South Africa and Australia. The group was established in 1974 and currently has approximately 6,700 employees.

The Investec group is organised as a network comprising six business divisions: Asset Management, Wealth and Investment, Property Activities, Private Banking, Investment Banking and Capital Markets.

Investec Structured Products has received investments from UK clients in excess of £2 billion in over 600 different Structured Products managed by it since May 2008, and have been recognised as a leading provider of Structured Products being awarded the Professional Adviser Best Structured Products Provider Award 2009, 2010, 2011 and 2012.

# Directors' Report

The Directors present their Annual Report and Accounts for the year ended 29 February 2012

## Business Review

### Activities and status

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

The Company carries on business as a venture capital trust ("VCT") and its affairs are conducted in a manner to satisfy the conditions to enable it to obtain approval as a venture capital trust under sections 258-332 of the Income Tax Act 2007 ("ITA 2007"). Details of the Company's investment policy are set out on pages 17 and 18.

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

During the year, the Company acquired 100 per cent of the shares in Investec SPV Limited. As set out in the Investment Manager's Review (Qualifying Investments), Investec SPV owns shares and securities in Heritage which were acquired on behalf of the Ordinary Share Fund and the C Share Fund. The Company has not prepared consolidated accounts and has accounted for Investec SPV as an investment on the grounds that its results are immaterial to the Company and control is intended to be temporary because the subsidiary has been acquired and held exclusively with a view to its subsequent disposal in the near future.

This Business Review should be read in conjunction with the Chairman's Statement on pages 2 and 3, the Investment Managers' Reviews on pages 4 to 10 and the portfolio analysis on pages 11 and 12.

### Performance

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

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

Further KPIs are those which show the Company's position in relation to the VCT tests which it is required to meet in order to meet and maintain its VCT status. These tests are set out on page 74. The Company has received provisional approval as a VCT from HM Revenue & Customs.

The financial performance of the Company is set out below.

	Year Ended 29 February 2012	Period Ended 28 February 2011
<b>Ordinary Share Fund</b>		
Fair value		
portfolio valuation	£4.4m	£4.5m
Total return (after tax)	(£80,000)	£308,000
Total return per		
ordinary share	(1.7)p	8.3p
NAV per ordinary share	95.0p	102.1p
Ordinary share price	97.5p	99.5p
Ordinary share price premium/(discount) to NAV	2.6%	(2.5)%
<b>C Share Fund</b>		
Fair value		
portfolio valuation	£1.7m	n/a
Total return (after tax)	(£33,000)	n/a
Total return per		
C share	(1.7)p	n/a
NAV per C share	92.6p	n/a
C share price	94.0p	n/a
C share price premium to NAV	1.5%	n/a

### Dividend

The Directors are recommending a final dividend of 5.25p per ordinary share and 4.5p per C share. Subject to approval by shareholders at the Annual General Meeting, these dividends will be paid on 31 July 2012 to shareholders on the register on 15 June 2012.

### Share capital

An offer for subscription for C ordinary shares of 1p each ("C shares") was launched in January 2011. A total of 1,931,095 C shares with an aggregate nominal value of £19,311 and a total consideration of £1,931,095 were issued during the year, as follows:

- 1,644,826 C shares at 100p per share on 1 April 2011
- 187,679 C shares at 100p per share on 5 April 2011
- 98,590 C shares at 100p per share on 4 May 2011

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

The ordinary shares and C shares have equal voting rights, and at general meetings of the Company, holders are entitled to one vote on a show of hands and on a poll to one vote for every share held.

There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company, and no agreements which the Company is party to that might affect its control following a successful takeover bid.

The authority to issue or buy back the Company's shares and amendment of the Company's Articles of Association require a relevant resolution to be passed by shareholders. At the Annual General Meeting held on 30 June 2011, the Directors were granted authority to allot shares up to an aggregate nominal amount of £206,700. They were also authorised to issue shares for cash (without rights of pre-emption applying) (i) up to £100,000 of each class of share by way of offer for subscription and (ii) up to 10 per cent of each class of share for general purposes and to buy back up to 14.99 per cent of each of the ordinary and C shares in issue. The Board's proposals for the renewal of the authorities to issue and buy back shares are detailed on page 23.

#### Investment policy

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

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

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

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

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

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

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

## Directors' Report (continued)

The Board and its Managers review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status. Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision.

Under its Articles, the Company has the ability to borrow a maximum amount equal to 25 per cent of the gross assets of the Company. The Board will consider borrowing if it is in the shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis (in particular, against Structured Products) for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.

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

### Risk diversification

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

### Co-investment policy

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to (i) a priority being given to any of the funds in order to maintain their tax status, (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund, and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committees. It is not intended that the Company will co-invest with directors or members of the Calculus Capital management team (including family members).

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

### Policy on Qualifying Investments

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

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

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

### VCT regulation

The Company's investment policy is designed to ensure that it will meet, and continue to meet, the requirements for approved VCT status from HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15 per cent (by value at the time of investment) of its investments in a single company and must have at least 70 per cent by value of its investments throughout the period in shares or securities in qualifying holdings, of which 30 per cent by value must be ordinary shares which carry no preferential rights ("eligible shares"). For funds raised from 6 April 2011, the requirement for 30 per cent to be invested in eligible shares was increased to 70 per cent.

### Principal risks and uncertainties facing the Company

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

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

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

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

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

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

#### **Venture Capital Investments**

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

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

Calculus Capital has been appointed to manage the Qualifying Investments portfolio, and has extensive experience of investing in this type of investment. Regular reports are provided to the Board.

#### **Risks attaching to investment in Structured Products**

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

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

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

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

#### **Liquidity/marketability risk**

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

#### **Changes to legislation/taxation**

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

#### **Engagement of third party advisers**

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

## Directors' Report (continued)

### C shares versus ordinary shares

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

### Future developments

The Directors believe that the Company is well placed to make progress during 2012 and are encouraged by the number of attractive investment opportunities available.

### Corporate social responsibility

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

## Corporate Governance

A formal statement on Corporate Governance and the Company's compliance with the UK Corporate Governance Code is set out on pages 25 to 28, and forms part of this Directors' Report.

## Directors

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

	Appointed	Resigned
Michael O'Higgins (Chairman)	22 February 2010	–
Kate Cornish-Bowden	10 February 2011	–
John Glencross	10 February 2010	–
Steve Meeks	10 February 2010	–
Mark Rayward	22 February 2010	–
Philip Swatman	22 February 2010	–
Ian Wohlman	22 February 2010	30 June 2011

Mark Rayward and Philip Swatman will retire at the forthcoming Annual General Meeting and will not be standing for re-election.

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

Formal performance evaluation of the Directors and the Board has been carried out and the Board considers that all of the Directors contribute effectively. The Directors have considered the impact of the proposed retirement of Mark Rayward and Philip Swatman at the Annual General Meeting and have determined that the remaining four Directors, three of whom are independent, will constitute a Board of sufficient size, with the skills and experience relevant to the future leadership and direction of the Company. Biographical notes on the Directors are given on pages 13 and 14.

The Board accordingly recommends that John Glencross be re-elected a Director at the Annual General Meeting.

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

None of the other Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and discussed on page 25.

## Directors' Interests

The Directors' interests in the Company's shares were as follows

	29 February 2012 Ordinary Shares	29 February 2012 C Shares	28 February 2011 Ordinary Shares
Michael O'Higgins	205,500	–	205,500
Kate Cornish-Bowden	–	10,000	–
John Glencross	25,000	–	25,000
Steve Meeks	20,550	–	20,550
Mark Rayward	50,875	–	50,875
Philip Swatman	10,275	–	10,275

Kate Cornish-Bowden acquired 10,000 C shares on 4 May 2011 under the offer for subscription of C shares

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

There have been no changes in the Directors' interests between 29 February 2012 and the date of this report

## Management

The Board has sought to diversify investment risk by appointing two investment managers to manage the two distinct investment portfolios. The VCT qualifying Venture Capital Investments are managed by Calculus Capital, whilst the Investec Structured Products team has been appointed to manage the portfolio of non VCT qualifying Structured Products

Calculus Capital was appointed as Investment Manager pursuant to an agreement dated 2 March 2010, a supplemental agreement was entered into on 7 January 2011 in relation to the management of the C Share Fund (together, the "Calculus Management Agreements"). Pursuant to the Calculus Management Agreements, Calculus Capital will receive an annual management fee of 1 per cent of the net asset value of the Ordinary Share Fund and 1 per cent of the net asset value of the C Share Fund, both calculated and payable quarterly in arrears

Investec Structured Products was appointed as investment Manager pursuant to an agreement dated 2 March 2010, a supplemental agreement was entered into on 7 January 2011 in relation to the management of the C Share Fund (together, the "Investec Management Agreements"). Investec Structured Products does not receive a fee in relation to its appointment under these agreements, although it is entitled to receive a one-off commission equal to 0.75 per cent of the amount invested in any Structured Product (excluding those issued by Investec). Pursuant to the Investec Management Agreements, Investec Structured Products has agreed to meet the annual expenses of the Company in excess of 3.0 per cent of the aggregate gross amounts raised under the ordinary share and C share offers, and of any other offer or issue of shares by the Company

The management agreements dated 2 March 2010 are for an initial period up to the Ordinary Share Interim Return Date of 14 December 2015, and may be terminated on 12 months' notice expiring on the Ordinary Share Interim Return Date or at any time thereafter. The supplemental agreements are for an initial period up to the C Share Interim Return Date of 14 March 2017, and may be terminated on 12 months' notice expiring on the C Share Interim Return Date or at any time thereafter

The appointments may also be terminated *inter alia* in circumstances of material breach by either party. The appointment of Investec Structured Products will automatically terminate on the date the Company no longer has investments in Structured Products

If the requisite notice period is not given by the Company, additional compensation would be payable to Calculus Capital representing the annual fee for the remainder of the fixed term or for any subsequent 12 month period

Investment management fees are charged 75 per cent to capital and 25 per cent to revenue

A Performance Incentive Agreement between the Company, Calculus Capital and Investec Structured Products dated 2 March 2010 in relation to the Ordinary Share Fund has been signed. Investec Structured Products and Calculus Capital will each receive a performance incentive fee payable in cash of an amount equal to 10 per cent of dividends and distributions paid to ordinary shareholders following the payment of such dividends and distributions provided that shareholders have received or been offered an interim return of at least 70p per ordinary share on or before the interim return date and aggregate distributions of at least 105p per ordinary share have been paid (including the relevant distribution being offered). Such performance incentive fees will be paid within 10 business days of the payment of the relevant dividend or distribution

## Directors' Report (continued)

If the appointment of either of the Investment Managers as investment manager to the Company is terminated by the Company as a result of a material breach by the Investment Manager concerned of the provisions of the investment management agreement between it and the Company, no further performance incentive fee will be payable to the Investment Manager concerned

If the appointment of Investec Structured Products is terminated for any other reason, it will continue to be entitled to the performance incentive fee

If the appointment of Calculus Capital is terminated for any other reason, it will be entitled to a performance incentive fee in respect of distributions paid by the Ordinary Shares Fund during the period of 5 years after the date of termination, but the amount payable to it shall reduce pro rata during that period and no performance incentive fee will be payable in respect of distributions made thereafter

A Performance Incentive Agreement between the Company, Calculus Capital and Investec Structured Products dated 7 January 2011 in relation to the C Share Fund has also been signed pursuant to which Investec Structured Products and Calculus Capital will be entitled to performance incentive fees as set out below

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

Provided in each case that C shareholders have received or been offered the C Share Interim Return of at least 70p per C share on or before 14 March 2017 and at least a further 45p per C share having being received or offered for payment on or before the 14 March 2019. In addition, performance incentive fees in respect of the C Share Fund will only be payable in respect of dividends and distributions paid or offered on or before 14 March 2019

In addition, if the appointment of either of the Investment Managers as investment manager to the Company is terminated by the Company as a result of a material breach by the Investment Manager concerned of the provisions of the investment management agreement between it and the Company, no further C share performance incentive will be payable to the Investment Manager concerned

If the appointment of Investec Structured Products is terminated for any other reason, it will continue to be entitled to the C share performance incentive fee

If the appointment of Calculus Capital is terminated for any other reason, it will be entitled to a C share performance incentive fee in respect of distributions paid by the C Share Fund during the period of five years after the date of termination, but the amount payable to it shall reduce pro rata during that period and no C share performance incentive fee will be payable in respect of distributions made thereafter

### Continuing Appointment of the Investment Managers

The Board keeps the performance of the Investment Managers under continual review. A formal review of their performance and the terms of their engagement has been carried out and the Board are of the opinion that the continuing appointment of Calculus Capital and Investec Structured Products as Investment Managers is in the interests of shareholders as a whole. The Board is satisfied with the performance of the Company to date. Performance of the Structured Products portfolio is very satisfactory, beating initial expectations, and there is a steady stream of Qualifying Investments being made, the principal benefits of which will accrue in later years. The Board is confident that the Company will meet the VCT qualifying tests

### Administration

Under an agreement dated 2 March 2010, fund administration and company secretarial services are undertaken by Capita Sinclair Henderson Limited for an annual fee in respect of the year ended 29 February 2012 of £72,821 plus an ad valorem fee of 0.05 per cent of the Company's net assets per annum, both payable in arrears. The annual fee is adjusted annually by reference to increases in the Retail Price Index. The Fund Administration Agreement may be terminated by either party at twelve months' notice. The above fee includes an additional £15,000 per annum following the allotment of C shares and the associated additional work

### Going Concern

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

## Substantial Shareholdings

As at 29 February 2012, the Company had been advised of the following notifiable interests in the voting rights of the Company

	Ordinary Shares	% of Total Voting Rights
Michael O'Higgins	205,500	3.08

There have been no changes to the above between 29 February 2012 and the date of this report

## Payment of Suppliers

The Company does not follow any code or standard on payment practice. However it is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will be transacted, and it is the Company's policy to abide by these terms. There were no outstanding trade creditors at 29 February 2012.

## Annual General Meeting

A formal notice convening the second Annual General Meeting of the Company to be held on 17 July 2012 can be found on pages 65 to 68. Shareholders are being asked to vote on various items of business, being the receipt and adoption of the Reports of the Directors and Auditors and the Accounts for the year ended 29 February 2012, the receipt and approval of the Directors' Remuneration Report, the declaration of final dividends per ordinary and C share, the re-election of Directors, the re-appointment of Grant Thornton UK LLP as Auditor, the authorisation of the Directors to determine the remuneration of the Auditor, the granting of authorities in relation to the allotment of shares, the disapplication of pre-emption rights for certain issues of shares, the purchase by the Company of its own shares, and the holding of general meetings on not less than 14 clear days' notice. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 11 (which are, together with resolution 8, explained below) will be proposed as special resolutions.

Resolution 8 will authorise the Directors to allot relevant securities generally, in accordance with section 551 of the Companies Act 2006, up to a nominal amount of £206,700 (representing approximately 310 per cent of the issued share capital of the Company as at the date of the notice) to be used for the purposes listed under the authority requested under resolution 8. This authority will expire on the fifth anniversary of the passing of the resolution.

Resolution 9 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities for cash (i) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to offer(s) for subscription and (ii) with an aggregate nominal value of up to 10 per cent of the issued share capital of each class of share in the Company for general purposes, in each case where the proceeds may be used to make purchases of the Company's own shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2013.

These authorities will only be used if it is in the interests of all shareholders, and shares will only be issued at a price above the prevailing net asset value of the relevant share class.

Resolution 10 will give the Company authority to make market purchases of up to 710,295 ordinary shares and 289,471 C shares, representing approximately 14.99 per cent of each of the respective issued share classes in the Company at the date of the Annual General Meeting, such authority to expire at the conclusion of the Annual General Meeting to be held in 2013.

Any shares bought back by the Company will be at a price determined by the Board, but the minimum price will be 1p per share and the maximum price will be in accordance with the Listing Rules and the Buyback and Stabilisation Regulation 2003. Shares bought back will be cancelled or placed into treasury at the discretion of the Directors. The authorities to buy back shares will only be used if it is in the interests of all shareholders and shares will only be bought back at a discount to the prevailing net asset value for that class of share. No shares have been bought back under the existing authorities.

Resolution 11 will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's Annual General Meeting to be held in 2013, at which it is intended that renewal will be sought. The Company will have to offer facilities for all shareholders to vote by electronic means for any general meeting convened on 14 days' notice. The Directors will only call a general meeting on 14 days' notice where they consider it to be in the interests of shareholders to do so and the relevant matter requires to be dealt with expediently.

## Separate Meetings

Notices convening Separate Meetings of holders of ordinary shares and holders of C shares can be found on pages 69 to 72.

## Directors' Report (continued)

A special resolution is being proposed at each Separate Meeting to obtain the approval and consent of the holders of ordinary shares and of C shares to the passing of resolutions 8 and 10 being proposed at the Annual General Meeting and any variation of class rights resulting therefrom

The quorum requirement at the Separate Meetings is for not less than two persons to be present (in person or by proxy) holding or representing at least one-third of the nominal amount paid up on the issued shares of the class in question. If a quorum is not present at either of the Separate Meetings on 17 July 2012, that meeting will be adjourned as set out in the notice of the relevant meeting. At the adjourned meeting, the quorum will be one person holding shares of the class in question (whatever the number of shares held) who is present in person or by proxy.

### Recommendation


Full details of the above resolutions are contained in the Notice of Annual General Meeting and the Notices of the Separate Meetings. Ordinary resolutions require that more than 50 per cent of the votes cast at the relevant Meeting must be in favour of the resolutions. Special resolutions require that at least 75 per cent of the votes cast must be in favour of the resolution.

The Directors consider that all the resolutions to be proposed at the Meetings are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings details of which are set out on page 21.

### Auditor

A resolution to re-appoint Grant Thornton UK LLP as Auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board  
Capita Sinclair Henderson Limited  
Secretary  
1 June 2012

  
FOR AND ON BEHALF OF  
CAPITA SINCLAIR HENDERSON LTD.  
SECRETARY

# Corporate Governance Statement

This Corporate Governance statement forms part of the Directors' Report

## Introduction

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

Pursuant to the Listing Rules of the Financial Services Authority, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in Section 1 of the Code have been applied and whether the Company has complied with the provisions of the Code. The Board has established corporate governance arrangements that it believes are appropriate to the business of the Company as a venture capital trust. The Board has reviewed the Code, and considers that it has complied throughout the period, except as disclosed below

- Directors are not appointed for a specified term as all Directors are non-executive and the Articles of Association require that all Directors retire by rotation at Annual General Meetings of the Company
- In light of the responsibilities retained by the Board and its committees and the responsibilities delegated to the Investment Managers, the Administrator, the Registrars and legal advisers, the Company has not appointed a chief executive officer, deputy chairman or senior independent director
- Given the structure of the Company and the Board, the Board does not believe it necessary to appoint separate remuneration or nomination committees, and the roles and responsibilities normally reserved for these committees will be a matter for the full Board
- The Company does not have an internal audit function as all of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board. However, the need for an internal audit function will be reviewed annually

## The Board

The Board comprises six non-executive Directors. The Board seeks to ensure that it has the appropriate balance of skills and experience, and considers that, collectively, it has substantial experience of investment management, structured products, venture capital investment and public company management. The Company has no employees

Michael O'Higgins is Chairman. The Board considers him to be independent and to have no conflicting relationships. Mr O'Higgins is Chairman of the Audit Commission and of The Pensions Regulator, a non-executive Director of HM Treasury and chair of the Treasury Group Audit Committee. He considers himself to have sufficient time to commit to the Company's affairs.

None of the Directors has a service contract, but letters of appointment setting out the terms of their appointment are in place. Directors are not entitled to any compensation for loss of office. Copies of the letters of appointment are available on request from the Secretary.

A procedure for the induction of new Directors has been established, including the opportunity of meeting with the relevant executive members and other principal personnel of the investment management companies.

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

The Directors may, in the furtherance of their duties as Directors, seek independent professional advice at the expense of the Company. The Company maintains Directors' and Officers' Liability Insurance.

Under the Articles of Association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no third party indemnity provisions in force.

## Independence of Directors

The Board has reviewed the independence of each Director and considers that five Directors are fully independent of the investment Managers.

John Glencross is Chief Executive and a director of Calculus Capital Limited, and is accordingly not deemed to be independent. In accordance with the Listing Rules, Mr Glencross will stand for annual re-election by shareholders.

Steve Meeks was until April 2010 a consultant to Investec Structured Products. As he has neither carried out any consultancy work for, nor received any remuneration from, Investec Structured Products since this date, the Board has determined that he is now independent.

# Corporate Governance Statement (continued)

## Board Operation

Board meetings are held at least quarterly and additional meetings are arranged as necessary. Directors' attendance at meetings during the year was as follows:

	Scheduled Board Meetings		Audit Committee Meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Michael O' Higgins	4	4	2	2
Kate Cornish-Bowden	4	4	2	2
John Glencross	4	4	n/a	n/a
Steve Meeks	4	4	1*	1
Mark Rayward	4	3**	2	2
Philip Swatman	4	4	2	2

\* Steve Meeks was appointed a member of the Audit Committee on 30 June 2011

\*\* Mark Rayward was unable to attend one meeting due to unavoidable circumstances

The Board has established a procedure for the evaluation of the Board, its Committees and individual Directors. The appraisal process was conducted by the Chairman by way of an evaluation questionnaire encompassing both quantitative and qualitative measures of performance. A separate evaluation of the Chairman was also carried out, led by Philip Swatman. As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. This process will be carried out annually.

## Conflicts of Interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations.

## Nomination and Remuneration Committees

The Board has not established a nomination committee or a remuneration committee and these matters are dealt with by the Board as a whole. The Board keeps under review the composition and balance of skills, knowledge and experience of the Directors and will make recommendations to shareholders for the election or re-election of Directors at the Annual General Meeting. The Board also keeps the levels of remuneration of the Directors under review to ensure that they reflect time commitment and responsibilities of the role and are broadly in-line with industry standards.

## Audit Committee

An Audit Committee has been established and operates within clearly defined terms of reference, copies of which are available from the Secretary. Originally comprising the full Board, the membership of the Committee was reviewed following the last year end and it now comprises solely the independent Directors. The non-independent Director is however invited to attend meetings of the Audit Committee as he is intimately involved in the Company's affairs and his financial knowledge brings value to the discussions.

Mark Rayward is chairman of the Audit Committee. The Board will be reviewing the chairmanship of the Committee in light of Mr Rayward's retirement at the forthcoming Annual General Meeting. The Audit Committee members are considered to have sufficient recent and relevant financial experience to discharge the role and Philip Swatman is a Chartered Accountant. The Committee meets at least twice a year, with representatives of Calculus Capital and Investec Structured Products invited to attend.

The Audit Committee provides a forum through which the external Auditor reports to the Board. The Auditor attends the Audit Committee at least once a year, for consideration of the annual report and accounts.

The principal responsibilities of the Audit Committee are to monitor the integrity of the accounts of the Company and the process and scope of the audit by the external auditors, to review the Company's internal control and risk management systems, to review and monitor the independence and objectivity of the external Auditor, to make recommendations to the Board in relation to the appointment/reappointment and remuneration of the external Auditor and to keep under review and monitor the provision of non-audit services by the external Auditor.

The Audit Committee has reviewed and accepted reports from the Auditor on their procedures for ensuring that their independence and objectivity are safeguarded. The Audit Committee reviews the need for non-audit services and authorises such on a case-by-case basis, having consideration to the cost-effectiveness of the services and the independence and objectivity of the Auditor. Non-audit work may be given to the external Auditor unless there is a conflict of interest or someone else is considered to have more relevant experience. As set out in note 4 to the Accounts, non-audit services provided by the external Auditor during the year amounted to £4,000 in connection with taxation services (2011 £29,000, the majority of which was in connection with reporting accountant services provided for the launch and ordinary share prospectuses) and the Committee does not consider that this affects their independence.

Following consideration of the performance of the Auditor, the service provided and a review of their independence and objectivity, the Audit Committee recommended to the Board the reappointment of Grant Thornton UK LLP as Auditor to the Company.

### **Board Responsibilities and Relationship with the Investment Managers**

The Board is responsible for efficient and effective leadership of the Company. There is a formal schedule of matters reserved for the decision of the Board. These matters include approval of annual and half-yearly reports, circulars and other shareholder communications, the payment of dividends and allotment of shares, appointment and removal of Board members and officers of the Company, the appointment of third party service providers, including the Investment Managers, and changes to the Company's objectives, investment policy and accounting policies.

At each Board meeting the Directors follow a formal agenda with a comprehensive set of papers giving detailed information on the Company's transactions, financial position and performance. Representatives of Calculus Capital and Investec Structured Products attend each Board meeting, and written reports about investments, performance and outlook are obtained from the Investment Managers for each meeting. In light of the information at its disposal, the Board gives direction to the Investment Managers with regard to investment objectives and guidelines. Within these guidelines, the Investment Managers take decisions as to the purchase and sale of individual investments within their respective mandates. The Investment Managers maintain ongoing communication with the Board between formal meetings.

### **Stewardship Responsibilities and use of Voting Rights**

The Board has reviewed and discussed the UK Stewardship Code with the Investment Managers. It has determined that the Stewardship Code is not relevant for investments in Structured Products, but it does apply to the Company's Venture Capital investments, which are managed by Calculus Capital. The Company has therefore delegated responsibility for exercising the Company's responsibilities under the Stewardship Code, including voting on its behalf at investee company meetings, to Calculus Capital.

Calculus Capital has published a Disclosure Statement setting out its compliance with the Stewardship Code, together with explanations for any areas of non-compliance, a copy of which can be found on its website.

Calculus Capital has a policy of voting all shares held in an investee company at all meetings, and will normally be supportive of the management teams, but will vote against resolutions if it is believed that the proposals are not in the best interests of investors.

### **The Company Secretary**

The Board has direct access to the advice and services of the Company Secretary, Capita Sinclair Henderson Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that statutory obligations of the Company are met.

### **Internal Control**

The Directors are responsible for the internal control systems of the Company and the reliability of the financial reporting process and for reviewing their effectiveness. An ongoing process, in accordance with the guidance supplied by the FRC on internal controls, has been established for identifying, evaluating and managing the risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place throughout the year and up to the date of the signing of this report. The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded. The risk management process and systems of internal control are designed to manage rather than eliminate risk, and such systems can provide only reasonable rather than absolute assurance against material misstatement or loss.

## Corporate Governance Statement (continued)

The Board, through the Audit Committee, has identified risk management controls in the key areas of strategy and investment, laws and regulations, service providers and other business risks, which encompass the operational, financial and compliance risks faced by the Company. A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place. This risk register is reviewed at each meeting of the Audit Committee and at other times as necessary.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls to the Board each year.

The Board reviews the performance of the Investment Managers, Administrator, Company Secretary, Custodian and Registrar on at least an annual basis.

### Shareholder Relations

The Annual General Meeting is an important forum for the Board to communicate with shareholders and the Board consequently encourages shareholders to attend and vote at the Annual General Meeting. The Annual General Meeting will be attended by the Directors, including the Chairman and the Chairman of the Audit Committee, and representatives of Calculus Capital and Investec Structured Products, who will be available to discuss issues affecting the Company. The notice of Annual General Meeting on pages 65 to 68 sets out the business of the meeting.

Shareholders may write to the Company with any concerns or enquiries via the Company Secretary.

The half-yearly and annual reports are designed to present a full and readily understandable review of the Company's activities and performance. Copies are available for download from Calculus Capital's website, [www.calculuscapital.com](http://www.calculuscapital.com). The net asset value of the Company is released monthly to the London Stock Exchange.

# Directors' Responsibilities Statement

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

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

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

In preparing these Accounts, the Directors are required to

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

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

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

In so far as each of the Directors is aware

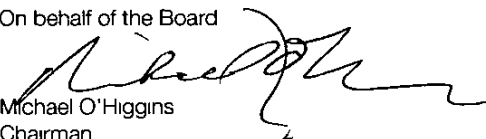
- there is no relevant audit information of which the Company's Auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

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

We confirm that to the best of our knowledge

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

On behalf of the Board

  
Michael O'Higgins  
Chairman

1 June 2012

# Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

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

## Remuneration Committee

The Board comprises solely non-executive Directors and the Board does not believe it necessary to appoint a separate remuneration committee. The responsibilities normally reserved for this committee are dealt with by the full Board.

## Policy on Directors' Fees

The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. It is intended that this policy will continue for the year ending 28 February 2013 and subsequent years.

The fees for the non-executive Directors are determined within the limits (not to exceed £100,000 per year in aggregate) set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' fees for the year ended 29 February 2012 were at a level of £20,000 per annum for the Chairman and £15,000 per annum for the other Directors.

## Directors' Service Contracts

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

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

## Company Performance

The graph on page 31 compares the total return (assuming all dividends are reinvested) to holders of ordinary shares since 8 April 2010 and to holders of C shares since 5 April 2011 (when the ordinary shares and C shares respectively were first admitted to the Official List of The UK Listing Authority) compared to the total shareholder return in the FTSE 100 Index, which is the closest broad index against which to measure the Company's performance.

## Directors' Emoluments for the Year (audited)

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

Director	2012 Fees £'000	2011 Fees £'000
Michael O'Higgins (Chairman)*	20	14
Kate Cornish-Bowden**	15	1
John Glencross	–	–
Steven Meeks	15	14
Mark Rayward	15	14
Philip Swatman	15	14
Christopher Wightman***	–	16
Ian Wohlman****	–	–
	<hr/> 80	<hr/> 73

\* appointed Chairman on 10 February 2011

\*\* appointed as a Director on 10 February 2011

\*\*\* resigned as Chairman and a Director on 10 February 2011

\*\*\*\* resigned as a Director on 30 June 2011

John Glencross is, and Ian Wohlman was, not entitled to any remuneration from the Company due to their connection with the Investment Managers

## Approval

The Directors' Remuneration Report was approved by the Board on 1 June 2012

On behalf of the Board



Michael O'Higgins  
Chairman

# Independent Auditor's Report

## Independent Auditor's Report to the Members of Investec Structured Products Calculus VCT plc

We have audited the accounts of Investec Structured Products Calculus VCT plc for the year ended 29 February 2012. These accounts consist of, for each of the Company's two funds (the Ordinary Share Fund and the C Share Fund) and for the Company as a whole, the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Accounts

A description of the scope of an audit of accounts is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on Accounts

In our opinion the accounts

- give a true and fair view of the state of the Ordinary Share Fund, the C Share Fund and the Company's affairs as at 29 February 2012 and of their returns for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion 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, and
- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

## Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts 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

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 22, in relation to going concern,
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration



Julian Bartlett  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

1 June 2012

# Income Statement

## for the year ended 29 February 2012

	Note	Year Ended 29 February 2012			Period Ended 28 February 2011		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
<b>Ordinary Share Fund</b>							
Investment holding gains	8	-	26	26	-	446	446
Income	2	48	-	48	20	-	20
Investment management fee	3	(12)	(35)	(47)	(9)	(26)	(35)
Other operating expenses	4	(107)	-	(107)	(123)	-	(123)
(Loss)/profit on ordinary activities before taxation		(71)	(9)	(80)	(112)	420	308
Taxation on ordinary activities	5	-	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation		(71)	(9)	(80)	(112)	420	308
Return per ordinary share – basic	7	(1 5)p	(0 2)p	(1 7)p	(3 0)p	11 3p	8 3p
<b>C Share Fund</b>							
Investment holding gains	8	-	24	24			
Income	2	7	-	7			
Investment management fee	3	(4)	(12)	(16)			
Other operating expenses	4	(48)	-	(48)			
(Loss)/profit on ordinary activities before taxation		(45)	12	(33)			
Taxation on ordinary activities	5	-	-	-			
(Loss)/profit on ordinary activities after taxation		(45)	12	(33)			
Return per C share – basic	7	(2 3)p	0 6p	(1 7)p			

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

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

No operations were acquired or discontinued during the year

All items in the above statement derive from continuing operations

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

The notes on pages 43 to 64 form an integral part of these Accounts

	Note	Year Ended 29 February 2012			Period Ended 28 February 2011		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
<b>Total</b>							
Investment holding gains	8	–	50	50	–	446	446
Income	2	55	–	55	20	–	20
Investment management fee	3	(16)	(47)	(63)	(9)	(26)	(35)
Other operating expenses	4	(155)	–	(155)	(123)	–	(123)
(Loss)/profit on ordinary activities before taxation		(116)	3	(113)	(112)	420	308
Taxation on ordinary activities	5	–	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation		(116)	3	(113)	(112)	420	308
Return per ordinary share – basic	7	(1 5)p	(0 2)p	(1 7)p	(3 0)p	11 3p	8 3p
Return per C share – basic	7	(2 3)p	0 6p	(1 7)p			

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

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

No operations were acquired or discontinued during the year

All items in the above statement derive from continuing operations

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

The notes on pages 43 to 64 form an integral part of these Accounts

## Reconciliation of Movements in Shareholders' Funds for the year ended 29 February 2012

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>Ordinary Share Fund</b>							
For the year ended 29 February 2012							
1 March 2011	47	752	3,729	(26)	446	(112)	4,836
Cancellation of share premium	-	(747)	747	-	-	-	-
Expenses on share issue	-	(5)	(1)	-	-	-	(6)
Unrealised net increase in value of investments	-	-	-	-	26	-	26
Management fee allocated to capital	-	-	-	(35)	-	-	(35)
Revenue return on ordinary activities after tax	-	-	-	-	-	(71)	(71)
Dividend paid	-	-	(249)	-	-	-	(249)
<b>Closing balance</b>	<b>47</b>	<b>-</b>	<b>4,226</b>	<b>(61)</b>	<b>472</b>	<b>(183)</b>	<b>4,501</b>
For the period to 28 February 2011							
1 February 2010	-	-	-	-	-	-	-
Unrealised net increase in value of investments	-	-	-	-	446	-	446
Management fee allocated to capital	-	-	-	(26)	-	-	(26)
Revenue return on ordinary activities after tax	-	-	-	-	-	(112)	(112)
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Increase in share capital in issue	47	4,740	-	-	-	-	4,787
Expenses on share issues	-	(259)	-	-	-	-	(259)
Cancellation of share premium	-	(3,729)	3,729	-	-	-	-
<b>28 February 2011</b>	<b>47</b>	<b>752</b>	<b>3,729</b>	<b>(26)</b>	<b>446</b>	<b>(112)</b>	<b>4,836</b>

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>C Share Fund</b>							
For the year ended 29 February 2012							
1 March 2011	-	-	-	-	-	-	-
Increase in share capital in issue	19	1,912	-	-	-	-	1,931
Cancellation of share premium	-	(1,802)	1,802	-	-	-	-
Expenses on share issue	-	(110)	-	-	-	-	(110)
Unrealised net increase in value of investments	-	-	-	-	24	-	24
Management fee allocated to capital	-	-	-	(12)	-	-	(12)
Revenue return on ordinary activities after tax	-	-	-	-	-	(45)	(45)
<b>Closing balance</b>	<b>19</b>	<b>-</b>	<b>1,802</b>	<b>(12)</b>	<b>24</b>	<b>(45)</b>	<b>1,788</b>

The notes on pages 43 to 64 form an integral part of these Accounts

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>Total</b>							
For the year ended 29 February 2012							
1 March 2011	47	752	3,729	(26)	446	(112)	4,836
Increase in share capital in issue	19	1,912	-	-	-	-	1,931
Cancellation of share premium	-	(2,549)	2,549	-	-	-	-
Expenses on share issue	-	(115)	(1)	-	-	-	(116)
Unrealised net increase in value of investments	-	-	-	-	50	-	50
Management fee allocated to capital	-	-	-	(47)	-	-	(47)
Revenue return on ordinary activities after tax	-	-	-	-	-	(116)	(116)
Dividend paid	-	-	(249)	-	-	-	(249)
Closing balance	66	-	6,028	(73)	496	(228)	6,289
For the period to 28 February 2011							
1 February 2010	-	-	-	-	-	-	-
Unrealised net increase in value of investments	-	-	-	-	446	-	446
Management fee allocated to capital	-	-	-	(26)	-	-	(26)
Revenue return on ordinary activities after tax	-	-	-	-	-	(112)	(112)
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Increase in share capital in issue	47	4,740	-	-	-	-	4,787
Expenses on share issues	-	(259)	-	-	-	-	(259)
Cancellation of share premium	-	(3,729)	3,729	-	-	-	-
28 February 2011	47	752	3,729	(26)	446	(112)	4,836

The notes on pages 43 to 64 form an integral part of these Accounts

# Balance Sheet

## as at 29 February 2012

	Note	29 February 2012 £'000	28 February 2011 £'000
<b>Ordinary Share Fund</b>			
<b>Fixed assets</b>			
Investments designated at fair value through profit or loss	8	4,435	4,488
<b>Current assets</b>			
Debtors	9	119	214
Cash at bank and on deposit		28	326
		147	540
<b>Creditors: amounts falling due within one year</b>			
Creditors	10	(66)	(176)
		(66)	(176)
<b>Net current assets</b>		<b>81</b>	<b>364</b>
<b>Non-current liabilities</b>			
IFA trail commission		(15)	(16)
<b>Total net assets</b>		<b>4,501</b>	<b>4,836</b>
<b>Capital and reserves</b>			
Called-up share capital	11	47	47
Share premium account		-	752
Special reserve		4,226	3,729
Capital reserve – realised		(61)	(26)
Capital reserve – unrealised		472	446
Revenue reserve		(183)	(112)
<b>Equity shareholders' funds</b>		<b>4,501</b>	<b>4,836</b>
<b>Net asset value per ordinary share – basic</b>	<b>12</b>	<b>95 0p</b>	<b>102 1p</b>



The notes on pages 43 to 64 form an integral part of these Accounts

	Note	29 February 2012 £'000
<b>C Share Fund</b>		
Fixed assets		
Investments designated at fair value through profit or loss	8	1,691
Current assets		
Debtors	9	51
Cash at bank and on deposit		104
		155
Creditors amounts falling due within one year		
Creditors	10	(48)
		(48)
Net current assets		107
Non-current liabilities		
IFA trail commission		(10)
Total net assets		1,788
Capital and reserves		
Called-up share capital	11	19
Share premium account		-
Special reserve		1,802
Capital reserve - realised		(12)
Capital reserve - unrealised		24
Revenue reserve		(45)
Equity shareholders' funds		1,788
Net asset value per C share - basic	12	92.6p


The notes on pages 43 to 64 form an integral part of these Accounts

# Balance Sheet

## as at 29 February 2012 (continued)

	Note	29 February 2012 £'000	28 February 2011 £'000
<b>Total</b>			
<b>Fixed assets</b>			
Investments designated at fair value through profit or loss	8	6,126	4,488
<b>Current assets</b>			
Debtors	9	170	214
Cash at bank and on deposit		132	326
		302	540
<b>Creditors amounts falling due within one year</b>			
Creditors	10	(114)	(176)
		(114)	(176)
<b>Net current assets</b>		<b>188</b>	<b>364</b>
<b>Non-current liabilities</b>			
IFA trail commission		(25)	(16)
<b>Total net assets</b>		<b>6,289</b>	<b>4,836</b>
<b>Capital and reserves</b>			
Called-up share capital		66	47
Share premium account		-	752
Special reserve		6,028	3,729
Capital reserve – realised		(73)	(26)
Capital reserve – unrealised		496	446
Revenue reserve		(228)	(112)
<b>Equity shareholders' funds</b>		<b>6,289</b>	<b>4,836</b>
<b>Net asset value per ordinary share – basic</b>	12	<b>95 0p</b>	<b>102 1p</b>
<b>Net asset value per C share – basic</b>	12	<b>92 6p</b>	

These Accounts were approved by the Board of Directors and were authorised for issue on 1 June 2012 and were signed on its behalf by



Michael O'Higgins  
Chairman

Registered No 07142153 England & Wales

The notes on pages 43 to 64 form an integral part of these Accounts

# Cash Flow Statement

## for the year ended 29 February 2012

	Note	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>			
Operating activities			
Investment income received		24	7
Deposit interest received		2	6
Investment management fees		(46)	(24)
Other cash payments		(104)	(169)
Cash expended from operations	13	(124)	(180)
Cash flow from investing activities			
Purchase of investments		(775)	(4,042)
Sale of investments		855	-
Net cash flow from investing activities		80	(4,042)
Net cash flow before financing		(44)	(4,222)
Cash flow from financing activities			
Redeemable non-voting shares issued		-	50
Redemption of redeemable non-voting shares		-	(50)
Shares issued		-	4,787
Expenses on share issues		(5)	(239)
Net cash flow from financing activities		(5)	4,548
Equity dividend paid		(249)	-
(Decrease)/increase in cash at bank and on deposit		(298)	326
<b>C Share Fund</b>			
Operating activities			
Investment income received		4	
Investment management fees		(12)	
Other cash payments		(79)	
Cash expended from operations	13	(87)	
Cash flow from investing activities			
Purchase of investments		(2,594)	
Sale of investments		928	
Net cash flow from investing activities		(1,666)	
Net cash flow before financing		(1,753)	
Cash flow from financing activities			
Shares issued		1,931	
Expenses on share issues		(74)	
Net cash flow from financing activities		1,857	
Increase in cash at bank and on deposit		104	

The notes on pages 43 to 64 form an integral part of these Accounts

# Cash Flow Statement

## for the year ended 29 February 2012 (continued)

	Note	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Total</b>			
Operating activities			
Investment income received		28	7
Deposit interest received		2	6
Investment management fees		(58)	(24)
Other cash payments		(183)	(169)
Cash expended from operations	13	(211)	(180)
Cash flow from investing activities			
Purchase of investments		(3,369)	(4,042)
Sale of investments		1,783	-
Net cash outflow from investing activities		(1,586)	(4,042)
Net cash outflow before financing		(1,797)	(4,222)
Cash flow from financing activities			
Redeemable non-voting shares issued		-	50
Redemption of redeemable non-voting shares		-	(50)
Shares issued		1,931	4,787
Expenses on share issues		(79)	(239)
Net cash inflow from financing activities		1,852	4,548
Equity dividend paid		(249)	-
(Decrease)/increase in cash at bank and on deposit		(194)	326

The notes on pages 43 to 64 form an integral part of these Accounts

# Notes to the Accounts

## 1 Accounting Policies

### Basis of accounting

These Accounts cover the 12 month period 1 March 2011 to 29 February 2012, and have been prepared under the historical cost convention, except for the valuation of financial assets at fair value through profit or loss, in accordance with UK Generally Accepted Accounting Practice ("UK GAAP")

In determining the analysis of total income and expenses as between capital return and revenue return, the Directors have followed the guidance contained in the AIC SORP, as revised in 2009, and on the assumption that the Company maintains VCT status

The Company has not prepared consolidated accounts and has accounted for its subsidiary, Investec SPV, as an investment on the grounds that its results are immaterial to the Company and control is intended to be temporary because the subsidiary has been acquired and held exclusively with a view to its subsequent disposal in the near future

The Company's Accounts are presented in Sterling

### Investments at fair value through profit or loss

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

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

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

Returns are linked to the FTSE 100 Index by way of a fixed return that is payable as long as the Final Index Level is no lower than the Initial Index Level (Final Index Level and Initial Index Level being the closing (or average closing) level of the FTSE 100 Index at the end of the relevant Index Calculation Period (being the relevant period over which the Initial and Final Index Levels are determined in accordance with the terms of the Structured Product) for a Structured Product). All of the investments in Structured Products in respect of the Ordinary Share Fund and C Share Fund (to the extent that the latter invests in FTSE 100 linked Structured Products) will either be capital protected or capital at risk on a one-to-one basis where the FTSE 100 Index falls by more than 50 per cent and the Final Index Level is below the Initial Index Level. If the FTSE 100 Index does fall by more than 50 per cent at any time during the investment period and fails to recover at maturity, the capital will be at risk on a maximum one-to-one basis (i.e. if the FTSE 100 Index falls by more than 50 per cent during the investment period and on maturity is down 25 per cent, capital within that Structured Product will be reduced by 25 per cent).

The majority of the Structured Products are designed to produce capital appreciation.

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

# Notes to the Accounts (continued)

## 1. Accounting Policies (continued)

### Income

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

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

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

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

### Expenses

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

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

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

### Investment management and performance fees

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

Investec Structured Products, as Investment Manager of the Structured Products portfolio, does not receive any annual management fees from the Company. Investec Structured Products is entitled to an arrangement fee from the providers of Structured Products as detailed in note 16.

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

## 1. Accounting Policies (continued)

### Investment management and performance fees (continued)

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

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

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

### Capital reserve

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

### Special reserve

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

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

### Taxation

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

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

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

### Dividends

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

## Notes to the Accounts (continued)

### 2 Income

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
UK unfranked loan stock interest	44	14
Liquidity fund interest	2	–
Bank interest	2	6
	<b>48</b>	<b>20</b>
<hr/>		
Total income comprises		
Interest	48	20
	<b>48</b>	<b>20</b>
<hr/>		
<b>C Share Fund</b>		
UK unfranked loan stock interest	4	
Liquidity fund interest	3	
	<b>7</b>	
<hr/>		
Total income comprises		
Interest	7	
	<b>7</b>	
<hr/>		
<b>Total</b>		
UK unfranked loan stock interest	48	14
Liquidity fund interest	5	–
Bank interest	2	6
	<b>55</b>	<b>20</b>
<hr/>		
Total income comprises		
Interest	55	20
	<b>55</b>	<b>20</b>
<hr/>		

### 3. Management Fee

	Year Ended 29 February 2012			Period Ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Ordinary Share Fund</b>						
Investment management fee	12	35	47	9	26	35
<hr/>						

### 3. Management Fee (continued)

	Year Ended 29 February 2012			Period Ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>C Share Fund</b>						
Investment management fee	4	12	16			
<b>Total</b>						
Investment management fee	16	47	63	9	26	35

No performance fee was paid during the year

### 4 Other Expenses

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
Directors' fees	60	73
Secretarial and accounting fees	57	60
Auditor's remuneration – audit services	17	17
– interim review	–	11
– reporting accountant on launch	–	8
– reporting accountant on issue of ordinary shares	–	6
– tax services	3	4
Other	51	129
Clawback of expenses in excess of 3% cap	(81)	(185)
	107	123

#### C Share Fund

Directors' fees	20
Secretarial and accounting fees	19
Auditor's remuneration – audit services	6
– tax services	1
Other	51
Clawback of expenses in excess of 3% cap	(49)
	48

## Notes to the Accounts (continued)

### 4 Other Expenses (continued)

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Total</b>		
Directors' fees	80	73
Secretarial and accounting fees	76	60
Auditor's remuneration – audit services	23	17
– interim review	–	11
– reporting accountant on launch	–	8
– reporting accountant on issue of ordinary shares	–	6
– tax services	4	4
Other	102	129
Clawback of expenses in excess of 3% cap	(130)	(185)
	<b>155</b>	<b>123</b>

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

### 5 Taxation

	Year Ended 29 February 2012			Period Ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Ordinary Share Fund</b>						
(Loss)/profit on ordinary activities before tax	(71)	(9)	(80)	(112)	420	308
Theoretical tax at UK Corporation Tax rate of 26.5% (2011 28%)	(19)	(2)	(21)	(31)	118	87
Timing differences Loss not recognised, carried forward	19	–	19	31	–	31
Effects of non-taxable gains	–	2	2	–	(118)	(118)
<b>Tax on (loss)/profit for the period</b>	–	–	–	–	–	–

### C Share Fund

(Loss)/profit on ordinary activities before tax	(45)	12	(33)
Theoretical tax at UK Corporation Tax rate of 26.5%	(12)	3	(9)
Timing differences Loss not recognised, carried forward	12	–	12
Effects of non-taxable gains	–	(3)	(3)
<b>Tax on (loss)/profit for the period</b>	–	–	–

## 5. Taxation (continued)

	Year Ended 29 February 2012			Period Ended 28 February 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Total</b>						
(Loss)/profit on ordinary activities before tax	(116)	3	(113)	(112)	420	308
Theoretical tax at UK Corporation Tax rate of 26.5% (2011: 28%)	(31)	1	(30)	(31)	118	87
Timing differences: Loss not recognised, carried forward	31	-	31	31	-	31
Effects of non-taxable gains	-	(1)	(1)	-	(118)	(118)
<b>Tax on (loss)/profit for the period</b>	-	-	-	-	-	-

At 31 December 2011, the Ordinary Share Fund and C Share Fund had £241,103 (28 February 2011: £136,328) and £57,680 respectively (Company: £298,783 (28 February 2011: £136,328)) of excess management expenses to carry forward against future taxable profits.

The deferred tax asset of £59,070 (28 February 2011: £35,786) and £14,132 for the Ordinary Share Fund and C Share Fund respectively (Company: £73,202 (28 February 2011: £35,786)) has not been recognised due to the fact that it is unlikely the excess management expenses will be set off in the foreseeable future.

## 6 Dividends

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
Declared and paid: 5.25p per ordinary share in respect of the period ended 28 February 2011 (2011: nil)	249	-
Proposed final dividend: 5.25p per ordinary share in respect of the year ended 29 February 2012	249	249
<b>C Share Fund</b>		
Proposed final dividend: 4.5p per C share in respect of the year ended 29 February 2012	87	

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

## Notes to the Accounts (continued)

### 7. Return per Share

	Year Ended 29 February 2012			Period Ended 28 February 2011		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per ordinary share	(1 5)	(0 2)	(1 7)	(3 0)	11 3	8 3
Return per C share	(2 3)	0 6	(1 7)			

#### Ordinary Share Fund

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £71,000 (28 February 2011 £112,000) and on 4,738,463 ordinary shares (28 February 2011 3,721,530), being the weighted average number of ordinary shares in issue during the year

Capital return per ordinary share is based on the net capital loss for the year of £9,000 (28 February 2011 gain of £420,000) and on 4,738,463 ordinary shares (28 February 2011 3,721,530), being the weighted average number of ordinary shares in issue during the year

Total return per ordinary share is based on the total loss on ordinary activities after taxation of £80,000 (28 February 2011 gain of £308,000) and on 4,738,463 ordinary shares (28 February 2011 3,721,530), being the weighted average number of ordinary shares in issue during the year

#### C Share Fund

Revenue return per C share is based on the net revenue loss on ordinary activities after taxation of £45,000 and on 1,919,142 C shares, being the weighted average number of C shares in issue since their first allotment during the year

Capital return per C share is based on the net capital gain for the year of £12,000 and on 1,919,142 C shares, being the weighted average number of C shares in issue since their first allotment during the year

Total return per C share is based on the total loss for the year of £33,000 and on 1,919,142 C shares, being the weighted average number of C shares in issue since their first allotment during the year

## 8 Investments

Year Ended 29 February 2012

	Structured Product Investments £'000	Unquoted Investments £'000	Other Investments £'000	Total £'000
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### Ordinary Share Fund

Opening bookcost	2,443	549	1,050	4,042
Opening unrealised appreciation	439	7	-	446
Opening valuation	2,882	556	1,050	4,488
Movements in year				
Purchases at cost	100	675	1	776
Sales proceeds	-	-	(855)	(855)
Increase/(decrease) in unrealised appreciation	174	(148)	-	26
Movements in year	274	527	(854)	(53)
Closing valuation	3,156	1,083	196	4,435
Closing bookcost	2,543	1,224	196	3,963
Closing unrealised appreciation/(depreciation)	613	(141)	-	472
	3,156	1,083	196	4,435

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

### C Share Fund

Movements in year				
Purchases at cost	850	244	1,501	2,595
Sales proceeds	-	-	(928)	(928)
Increase/(decrease) in unrealised appreciation	85	(61)	-	24
Closing valuation	935	183	573	1,691
Closing bookcost	850	244	573	1,667
Closing unrealised appreciation/(depreciation)	85	(61)	-	24
	935	183	573	1,691

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

## Notes to the Accounts (continued)

### 8 Investments (continued)

	Year Ended 29 February 2012			Total £'000
	Structured Product Investments £'000	Unquoted Investments £'000	Other Investments £'000	
<b>Total</b>				
Opening bookcost	2,443	549	1,050	4,042
Opening unrealised appreciation	439	7	-	446
Opening valuation	2,882	556	1,050	4,488
Movements in year				
Purchases at cost	950	919	1,502	3,371
Sales proceeds	-	-	(1,783)	(1,783)
Increase/(decrease) in unrealised appreciation	259	(209)	-	50
Movements in year	1,209	710	(281)	1,638
Closing valuation	4,091	1,266	769	6,126
Closing bookcost	3,393	1,468	769	5,630
Closing unrealised appreciation/(depreciation)	698	(202)	-	496
	4,091	1,266	769	6,126

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

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

Investec SPV was incorporated on 29 November 2011. As at 29 February 2012, Investec SPV had share capital of £2,751 and deficit and net loss of £2,751 (note this essentially values Investec SPV at £nil)

### 9. Debtors

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
Prepayments and accrued income	38	29
Clawback of expenses in excess of 3% cap	81	185
	119	214
<b>C Share Fund</b>		
Prepayments and accrued income	2	
Clawback of expenses in excess of 3% cap	49	
	51	

## 9. Debtors (continued)

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Total</b>		
Prepayments and accrued income	40	29
Clawback of expenses in excess of 3% cap	130	185
	<b>170</b>	<b>214</b>

## 10. Creditors

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
IFA trail commission	5	4
Management fees	11	10
Audit fees	14	17
Directors' fees	9	13
Administration fees	5	10
Other creditors	22	122
	<b>66</b>	<b>176</b>
<b>C Share Fund</b>		
IFA trail commission	2	
Management fees	4	
Audit fees	6	
Directors' fees	4	
Administration fees	2	
Other creditors	30	
	<b>48</b>	
<b>Total</b>		
IFA trail commission	7	4
Management fees	15	10
Audit fees	20	17
Directors' fees	13	13
Administration fees	7	10
Other creditors	52	122
	<b>114</b>	<b>176</b>

## Notes to the Accounts (continued)

### 11. Share Capital

	29 February 2012		28 February 2011	
	Number	£'000	Number	£'000
<b>Ordinary Share Fund</b>				
1 March 2011	4,738,463	47	20	–
Shares issued in year	–	–	4,738,443	47
	<b>4,738,463</b>	<b>47</b>	<b>4,738,463</b>	<b>47</b>
<b>C Share Fund</b>				
1 March 2011	–	–	–	–
Shares issued in year	1,931,095	19	–	–
	<b>1,931,095</b>	<b>19</b>		

An offer for subscription for C shares of 1p each was launched in January 2011 and the shares were issued in April and May 2011

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

### 12 Net Asset Value per Share

	29 February 2012	28 February 2011
<b>Ordinary Share Fund</b>		
Net asset value per ordinary share	95 0p	102 1p
<b>C Share Fund</b>		
Net asset value per C share	92 6p	

The basic net asset value per ordinary share is based on net assets (including current period revenue) of £4,501,000 (28 February 2011 £4,836,000) and on 4,738,463 ordinary shares (28 February 2011 4,738,463), being the number of ordinary shares in issue at the end of the year

The basic net asset value per C share is based on net assets (including current period revenue) of £1,788,000 and on 1,931,095 C shares, being the number of C shares in issue at the end of the year

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

	Year Ended 29 February 2012 £'000	Period Ended 28 February 2011 £'000
<b>Ordinary Share Fund</b>		
(Loss)/gain on ordinary activities before taxation	(80)	308
Gains on investments	(26)	(446)
Income reinvested	(1)	-
Decrease/(increase) in debtors	95	(214)
(Decrease)/increase in creditors	(112)	172
<b>Cash expended from operating activities</b>	<b>(124)</b>	<b>(180)</b>

The movement in creditors shown above does not agree with the movement shown in the Balance Sheet principally because of the effect of the short-term liability for trail commission of £5,000 (2011 £4,000) included in creditors at the year end, which is not part of operating activities

#### C Share Fund

Loss on ordinary activities before taxation	(33)
Gains on investments	(24)
Income reinvested	(1)
Increase in debtors	(51)
Increase in creditors	22
<b>Cash expended from operating activities</b>	<b>(87)</b>

The movement in creditors shown above does not agree with the movement shown in the Balance Sheet principally because of the effect of the short-term liability for trail commission of £2,000 included in creditors at the year end and the short-term liability for share issue expenses of £23,000 which are not part of operating activities

#### Total

(Loss)/gain on ordinary activities before taxation	(113)	308
Gains on investments	(50)	(446)
Income reinvested	(2)	-
Decrease/(increase) in debtors	44	(214)
(Decrease)/increase in creditors	(90)	172
<b>Cash expended from operating activities</b>	<b>(211)</b>	<b>(180)</b>

The movement in creditors shown above does not agree with the movement shown in the Balance Sheet principally because of the effect of the short-term liability for trail commission of £7,000 (2011 £4,000) included in creditors at the year end and the short-term liability for share issue expenses of £23,000 which are not part of operating activities

### 14 Financial Commitments

At 29 February 2012 the Company did not have any financial commitments which had not been accrued for

# Notes to the Accounts (continued)

## 15. Financial Instruments

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

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

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

As at 29 February 2012, the Company's investment portfolio comprised 67 per cent Structured Products and 21 per cent Qualifying Investments, by market value. This is split 71 per cent and 24 per cent for the ordinary share portfolio and 55 per cent and 11 per cent for the C share portfolio

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

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

- Market price risk
- Credit risk
- Liquidity risk

The Company does not have exposure to foreign currency risk

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

### a) Market price risk

#### *Structured Products*

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

All of the current investments in Structured Products will either be capital protected or capital at risk on a one-to-one basis where the FTSE 100 Index falls by more than 50 per cent and the Final Index Level is below the Initial Index Level. If the FTSE 100 Index does fall by more than 50 per cent at any time during the investment period and fails to recover at maturity, the capital will be at risk on a maximum one-to-one basis (Capital at Risk ("CAR")) (e.g. if the FTSE 100 index falls by more than 50 per cent during the investment period and on maturity is down 25 per cent, capital within that Structured Product will be reduced by 25 per cent). The tables on pages 8 to 10 provide details of the Initial Index Level at the date of investment and the maturity date for each of the Structured Products. As at 29 February 2012, the FTSE 100 Index closed at 5,871.5. As at 30 May 2012, being the last practicable date prior to the publication of these Accounts, the Index had decreased 9.8 per cent to close at 5,297.3

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

## 15. Financial Instruments (continued)

### a) Market price risk (continued)

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

As at 29 February 2012, the Company's investments in Structured Products were valued at £4,091,000 (Ordinary Share Fund £3,156,000, C Share Fund £935,000). A 10 per cent increase in the level of the FTSE 100 Index at 29 February 2012, given that all other variables remained constant, would have increased net assets by £234,000 (Ordinary Share Fund £168,000, C Share Fund £66,000). A 10 per cent decrease would have reduced net assets by £358,000 (Ordinary Share Fund £247,000, C Share Fund £111,000). A 10 per cent increase would increase the investment management fee due to Calculus Capital by £2,343 (Ordinary Share Fund £1,676, C Share Fund £667), a 10 per cent decrease would reduce the fee by £3,580 (Ordinary Share Fund £2,475, C Share Fund £1,105).

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

#### *Qualifying Investments*

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

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

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

Interest is earned on cash balances and money market funds and is linked to the banks' variable deposit rates. The Board does not consider interest rate risk to be material. Interest rates do not materially impact upon the value of the Qualifying Investments. The main risk arising on the loan stock instruments is credit risk. The Company does not have any interest bearing liabilities.

## Notes to the Accounts (continued)

### 15 Financial Instruments (continued)

#### a) Market price risk (continued)

As required by Financial Reporting Standard 29 'Financial Instruments Disclosures' (the "Standard") an analysis of financial assets and liabilities, which identifies the risk of the Company's holding of such items, is provided. The Company's financial assets comprise equity, loan stock, cash and debtors. The interest rate profile of the Company's financial assets is given in the table below.

	As at 29 February 2012		As at 28 February 2011	
	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000	Fair Value Interest Rate Risk £'000	Cash Flow Interest Rate Risk £'000
<b>Ordinary Share Fund</b>				
Loan stock	700	-	450	-
Money market funds	-	196	-	1,050
Cash	-	28	-	326
	<b>700</b>	<b>224</b>	<b>450</b>	<b>1,376</b>
<b>C Share Fund</b>				
Loan stock	95	-	-	-
Money market funds	-	573	-	-
Cash	-	104	-	-
	<b>95</b>	<b>677</b>		
<b>Total</b>				
Loan stock	795	-	450	-
Money market funds	-	769	-	1,050
Cash	-	132	-	326
	<b>795</b>	<b>901</b>	<b>450</b>	<b>1,376</b>

The variable rate is based on the banks' deposit rate, and applies to cash balances held and the money market funds. The benchmark rate which determines the interest payments received on interest bearing cash balances is the Bank of England base rate, which was 0.5 per cent as at 29 February 2012.

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

## 15. Financial Instruments (continued)

### b) Credit risk

#### *Structured Products*

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

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

#### *Qualifying Investments*

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

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

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

As at 29 February 2012, the Company's credit risk exposure, by credit rating of the Structured Product issuer, was as follows:

Credit Risk Rating (Moody's unless otherwise indicated)	29 February 2012		28 February 2011	
	£'000	% of Portfolio	£'000	% of Portfolio
<b>Ordinary Share Fund</b>				
A1	518	11.7%	–	–
A2	978	22.1%	577	12.9%
Aa2	611	13.8%	580	13.0%
Aa3	–	–	738	16.5%
A – (Standard & Poor's)	437	9.9%	405	9.0%
Baa3	612	13.8%	582	13.0%
	<b>3,156</b>	<b>71.3%</b>	<b>2,882</b>	<b>64.4%</b>

#### **C Share Fund**

A1	207	12.2%
A2	213	12.6%
Aa2	–	–
Aa3	–	–
A – (Standard & Poor's)	–	–
Baa3	515	30.5%
	<b>935</b>	<b>55.3%</b>

## Notes to the Accounts (continued)

### 15. Financial Instruments (continued)

#### b) Credit risk (continued)

Credit Risk Rating (Moody's unless otherwise indicated)	29 February 2012		28 February 2011	
	£'000	% of Portfolio	£'000	% of Portfolio
<b>Total</b>				
A1	725	11.8%	–	–
A2	1,191	19.4%	577	12.9%
Aa2	611	10.0%	580	13.0%
Aa3	–	–	738	16.5%
A – (Standard & Poor's)	437	7.1%	405	9.0%
Baa3	1,127	18.4%	582	13.0%
	<b>4,091</b>	<b>66.7%</b>	<b>2,882</b>	<b>64.4%</b>

#### c) Liquidity risk

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

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

##### *Structured Products*

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

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

##### *Qualifying Investments*

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

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

Under its Articles of Association, the Company has the ability to borrow a maximum amount equal to 25 per cent of its gross assets. As at 29 February 2012 the Company had no borrowings.

## 15. Financial Instruments (continued)

### d) Capital management

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

### e) Fair value hierarchy

Investments held at fair value through profit and loss are valued in accordance with IPEVCA guidelines.

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

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

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

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company's investments in money market funds are recognised within this category.

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

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

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

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

## Notes to the Accounts (continued)

### 15 Financial Instruments (continued)

#### e) Fair value hierarchy (continued)

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

#### Ordinary Share Fund

##### Financial Assets at Fair Value through Profit or Loss At 29 February 2012

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	3,156	–	3,156
Unquoted equity	–	–	383	383
Money market funds	196	–	–	196
Loan stock	–	–	700	700
	<b>196</b>	<b>3,156</b>	<b>1,083</b>	<b>4,435</b>

##### Financial Assets at Fair Value through Profit or Loss At 28 February 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	2,882	–	2,882
Unquoted equity	–	–	106	106
Money market funds	1,050	–	–	1,050
Loan stock	–	–	450	450
	<b>1,050</b>	<b>2,882</b>	<b>556</b>	<b>4,488</b>

## 15. Financial Instruments (continued)

### e) Fair value hierarchy (continued)

#### C Share Fund

Financial Assets at Fair Value through Profit or Loss At 29 February 2012				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	935	–	935
Unquoted equity	–	–	88	88
Money market funds	573	–	–	573
Loan stock	–	–	95	95
	<b>573</b>	<b>935</b>	<b>183</b>	<b>1,691</b>

#### Total

Financial Assets at Fair Value through Profit or Loss At 29 February 2012				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	4,091	–	4,091
Unquoted equity	–	–	471	471
Money market funds	769	–	–	769
Loan stock	–	–	795	795
	<b>769</b>	<b>4,091</b>	<b>1,266</b>	<b>6,126</b>

Financial Assets at Fair Value through Profit or Loss At 28 February 2011				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Structured Products	–	2,882	–	2,882
Unquoted equity	–	–	106	106
Money market funds	1,050	–	–	1,050
Loan stock	–	–	450	450
	<b>1,050</b>	<b>2,882</b>	<b>556</b>	<b>4,488</b>

The Standard requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of the unquoted investments. Applying the downside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be £21,601 or 2.0 per cent lower, for the C Share Fund would be £6,211 or 3.4 per cent lower, and in total it would be £27,812 or 2.2 per cent lower (2011 £8,928 or 1.6 per cent lower). Using the upside alternatives, the value of the unquoted investment portfolio for the Ordinary Share Fund would be increased by £19,581 or 1.81 per cent, for the C Share Fund it would be increased by £6,900 or 3.78 per cent, and in total it would be increased by £26,481 or 2.1 per cent (2011 £8,482 or 1.5 per cent).

# Notes to the Accounts (continued)

## 16 Related Party Transactions

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

As at 29 February 2012, £22,000 was payable by the C Share Fund (2011: £81,000 by the Ordinary Share Fund) to Investec Structured Products in relation to the initial fee of 5 per cent of the gross funds raised pursuant to the original ordinary share offer. In addition, £130,000 (2011: £185,000) was owed by Investec Structured Products as claw back of costs in excess of the agreed expenses cap of 3 per cent (£81,000 to the Ordinary Share Fund and £49,000 to the C Share Fund).

Calculus Capital is regarded as a related party in respect of its appointment as an Investment Manager to the Company. For the year ended 29 February 2012, fees of £63,000 (2011: £35,000) were payable to Calculus Capital (£47,000 payable by the Ordinary Share Fund and £16,000 by the C Share Fund), of which £15,000 (2011: £10,000) were outstanding (£11,000 by the Ordinary Share Fund and £4,000 by the C Share Fund) as at 29 February 2012. Calculus Capital is also entitled to a performance incentive fee.

No incentive fee accrued to either Investment Manager during the year (2011: £nil).

John Glencross is considered to be a related party due to his position as Chief Executive and a director of Calculus Capital, one of the Company's Investment Managers. He does not receive any remuneration from the Company. He is a director of Terrain Energy Limited, Lime Technology Limited and Participate Sport Limited, companies in which the Company has invested.

In the year ended 29 February 2012, Calculus Capital received an arrangement fee of £4,200 (2011: £7,500) as a result of the Company's investment in Terrain Energy Limited. Calculus Capital also receives an annual fee from Terrain Energy Limited for the provision of John Glencross as a director, as well as an annual monitoring fee which also covers the provision of certain administrative support services. In the year ended 29 February 2012, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £3,542 (2011: £2,713) (excluding VAT).

In the year ended 29 February 2012, Calculus Capital received no arrangement fee (2011: £8,233) as a result of the Company's investment in Lime Technology Limited. Calculus Capital receives an annual fee from Lime Technology Limited for the provision of John Glencross as a director, as well as an annual monitoring fee. In the year ended 29 February 2012, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £3,865 (2011: £1,626) (excluding VAT).

In the year ended 29 February 2012, Calculus Capital received an arrangement fee of £5,629 (2011: £nil) as a result of the Company's investment in Heritage House Media.

In the year ended 29 February 2012, Calculus Capital received an arrangement fee of £9,000 (2011: £nil) as a result of the Company's investment in MicroEnergy Generation Services Limited. Calculus Capital also receives an annual monitoring fee from MicroEnergy Generation Services Limited, which also covers the provision of certain administrative support services. In the year ended 29 February 2012, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £2,833 (2011: £nil) (excluding VAT).

In the year ended 29 February 2012, Calculus Capital received an arrangement fee of £8,400 (2011: £nil) as a result of the Company's investment in Viscount Safe Custody Services Limited. Calculus Capital also receives an annual fee from Viscount Safe Custody Services Limited for the provision of a Calculus Capital employee as a director, as well as an annual monitoring fee. In the year ended 29 February 2012, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £220 (2011: £nil) (excluding VAT).

Kate Cornish-Bowden subscribed for £10,000 of C shares under the offer for subscription. 10,000 C shares were allotted to Ms Cornish-Bowden on 4 May 2011 at a price of 100p per C share.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the second ANNUAL GENERAL MEETING of Investec Structured Products Calculus VCT plc (the "Company") will be held at the offices of Investec Structured Products, 2 Gresham Street, London EC2V 7QP at 11 00 am on Tuesday, 17 July 2012 to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 11 will be proposed as special resolutions

- 1 To receive and adopt the Reports of the Directors and Auditors and the Accounts for the year ended 29 February 2012
- 2 To receive and approve the Directors' Remuneration Report for the year ended 29 February 2012
- 3 To declare a final dividend of 5 25p per ordinary share of 1p each
- 4 To declare a final dividend of 4 5p per C share of 1p each
- 5 To re-elect Mr John Glencross as a Director
- 6 To re-appoint Grant Thornton UK LLP as Auditor to the Company to hold office until the conclusion of the next annual general meeting of the Company
- 7 To authorise the Directors to determine the remuneration of the Auditor
- 8 THAT, (i) in substitution for existing authorities and (ii) subject to the passing of the resolutions to be proposed at the separate meeting of the holders of ordinary shares of 1p each ("ordinary shares") and the separate meeting of the holders of C ordinary shares of 1p each ("C shares") respectively to be held on 17 July 2012 following the annual general meeting of the Company to be held on the same day ("Separate Class Meetings"), the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £206,700, provided that the authority conferred by this resolution shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting), save that the Company shall be entitled to make offers or agreements before the expiry of such authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired
- 9 THAT, in substitution for existing authorities, the Directors be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash pursuant to the authority conferred by Resolution 8 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to such allotment, provided that the power provided shall be limited to
  - (a) the allotment and issue of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of ordinary shares of 1p each ("ordinary shares") and/or £100,000 by way of an issue of C ordinary shares of 1p each ("C shares"), in each case pursuant to offer(s) for subscription, and
  - (b) the allotment and issue of equity securities with an aggregate nominal value of up to but not exceeding an amount equal to 10 per cent of the issued ordinary share capital and/or 10 per cent of the issued C share capital, in each case from time to timein each case, where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in 2013, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted and issued after such expiry and the Directors shall be entitled to allot shares pursuant to any such offer or agreement as if this authority had not expired

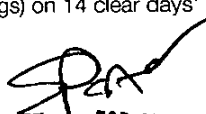
## Notice of Annual General Meeting (continued)

10 THAT, (i) in substitution for existing authorities and (ii) subject to the passing of the resolutions to be proposed at the Separate Class Meetings, the Company be and hereby is empowered to make one or more market purchases within the meaning of section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that

- (a) the aggregate number of ordinary shares and/or C shares which may be purchased shall not exceed 710,295 and 289,471 respectively,
- (b) the minimum price which may be paid per share is 1p, the nominal value thereof,
- (c) the maximum price which may be paid per share is an amount equal to the higher of (a) 105 per cent of the average of the middle market quotation per share (of the relevant class) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased, and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003,
- (d) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2013, unless such authority is renewed prior to such time, and
- (e) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares pursuant to such contract

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

By order of the Board  
Capita Sinclair Henderson Limited  
Secretary  
1 June 2012

  
FOR AND ON BEHALF OF  
CAPITA SINCLAIR HENDERSON LTD.  
SECRETARY

Registered office  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

- 1 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6 00 pm on 13 July 2012 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting
- 2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them
- 3 To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares to which each proxy appointment relates or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope
- 4 A personalised form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, Capita Registrars, at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address **FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU**
- 5 As an alternative to returning the hard-copy form of proxy by post, you can appoint a proxy by sending the form by fax to Investec Structured Products FAO Mike Newman/Kate Morgenstern on 020 7597 4950. For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting
- 6 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies
- 7 Ordinary shares and C shares carry equal voting rights and a member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder
- 8 A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised, if they do not purport to exercise the power in the same way, the power is treated as not exercised
- 9 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 2 and 3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting
- 10 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person
- 11 As at the date of this notice, the Company's issued share capital and total voting rights amounted to 6,669,558 shares, being 4,738,463 ordinary shares and 1,931,095 C shares, each carrying one vote each
- 12 Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information, (b) if the answer has already been given on the Company's website, or (c) if it is undesirable in the best interests of the Company or the good order of the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office
- 13 Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting, or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website

## Notice of Annual General Meeting (continued)

- 14 By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting
- 15 Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the meeting. A resolution may properly be moved at the meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting
- 16 Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at the meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the meeting
- 17 The Annual Report incorporating this notice of meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the dates of this notice will be available on the website of Calculus Capital, [www.calculuscapital.com](http://www.calculuscapital.com)
- 18 None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting

# Notice of Separate Meeting of the Holders of Ordinary Shares

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the holders of ordinary shares of 1p each in Investec Structured Products Calculus VCT plc (the "Company") will be held at the offices of Investec Structured Products, 2 Gresham Street, London EC2V 7QP at 11 10 am on Tuesday, 17 July 2012 (or as soon as the Annual General Meeting of the Company convened for 11 00 am on that day shall have concluded) to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution

THAT the holders of ordinary shares of 1p each in the Company ("ordinary shares") hereby approve and consent to the passing of resolutions 8 and 10 set out in the notice of the annual general meeting of the Company convened for 11 00 am on 17 July 2012 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) and any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the ordinary shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such ordinary shares

By order of the Board  
Capita Sinclair Henderson Limited  
Secretary  
1 June 2012

  
FOR AND ON BEHALF OF  
CAPITA SINCLAIR HENDERSON LTD.  
SECRETARY

Registered office  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

## Notice of Separate Meeting of the Holders of Ordinary Shares (continued)

- 1 Only holders of ordinary shares are entitled to vote at the meeting
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), holders of ordinary shares must be registered in the Register of Members of the Company at 6.00 pm on 13 July 2012 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 3 The quorum requirement for the Meeting is for not less than two holders of ordinary shares to be present (in person or by proxy) holding or representing at least one-third of the nominal amount paid up on the ordinary shares. If a quorum is not present at the meeting, the meeting will be adjourned to 11.40 am on 17 July 2012 at the offices of Investec Structured Products, 2 Gresham Street, London EC2V 7QP. At the adjourned meeting, the quorum will be one person holding ordinary shares (whatever the number of ordinary shares held) who is present in person or by proxy.
- 4 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 5 To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many ordinary shares the proxy is appointed in relation to. A failure to specify the number of ordinary shares to which each proxy appointment relates or specifying an aggregate number of ordinary shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.
- 6 A personalised form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, Capita Registrars, at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address **FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU**.
- 7 As an alternative to returning the hard-copy form of proxy by post, you can appoint a proxy by sending the form by fax to Investec Structured Products FAO Mike Newman/Kate Morgenstern on 020 7597 4950. For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting.
- 8 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as a proxy must be notified to the Company in writing. Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies.
- 9 A holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder.
- 10 A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised, if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- 11 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 4 and 5 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- 12 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- 13 As at the date of this notice, the Company's issued ordinary share capital amounted to 4,738,463 ordinary shares carrying one vote each.
- 14 Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information, (b) if the answer has already been given on the Company's website or (c) if it is undesirable in the best interests of the Company or the good order of the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.
- 15 By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.
- 16 The Annual Report incorporating this notice of meeting will be available on the website of Calculus Capital [www.calculuscapital.com](http://www.calculuscapital.com).
- 17 None of the Directors has a contract of service with the Company. A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting.

## Notice of Separate Meeting of the Holders of C Shares

NOTICE IS HEREBY GIVEN that a SEPARATE MEETING of the holders of C ordinary shares of 1p each in Investec Structured Products Calculus VCT plc (the "Company") will be held at the offices of Investec Structured Products, 2 Gresham Street, London EC2V 7QP at 11 15 am on Tuesday, 17 July 2012 (or as soon as the separate meeting of the holders of ordinary shares of the Company convened for 11 10 am on that day shall have concluded) to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution

THAT the holders of C ordinary shares of 1p each in the Company ("C shares") hereby approve and consent to the passing of resolutions 8 and 10 set out in the notice of the annual general meeting of the Company convened for 11 00 am on 17 July 2012 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification) and any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the C shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such C shares



By order of the Board  
Capita Sinclair Henderson Limited  
Secretary  
1 June 2012

FOR AND ON BEHALF OF  
CAPITA SINCLAIR HENDERSON LTD  
SECRETARY

Registered office  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

# Notice of Separate Meeting of the Holders of C Shares (continued)

- 1 Only holders of C shares are entitled to vote at the meeting
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), holders of C shares must be registered in the Register of Members of the Company at 6 00 pm on 13 July 2012 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting) Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting
- 3 The quorum requirement for the Meeting is for not less than two holders of C shares to be present (in person or by proxy) holding or representing at least one-third of the nominal amount paid up on the C shares If a quorum is not present at the meeting, the meeting will be adjourned to 11 45 am on 17 July 2012 at the offices of Investec Structured Products, 2 Gresham Street, London EC2V 7QP At the adjourned meeting, the quorum will be one person holding C shares (whatever the number of C shares held) who is present in person or by proxy
- 4 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf A proxy need not also be a member, but must attend the meeting to represent you Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them
- 5 To appoint more than one proxy you will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many C shares the proxy is appointed in relation to A failure to specify the number of C shares to which each proxy appointment relates or specifying an aggregate number of C shares in excess of those held by the member will result in the proxy appointment being invalid Please indicate if the proxy instruction is one of multiple instructions being given All proxy forms must be signed and should be returned together in the same envelope
- 6 A personalised form of proxy is enclosed with shareholders' copies of this document To be valid, it should be lodged with the Company's registrars, Capita Registrars, at the address printed on the proxy form so as to be received not later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll A member may return a proxy form in their own envelope with the address **FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU**
- 7 As an alternative to returning the hard-copy form of proxy by post, you can appoint a proxy by sending the form by fax to Investec Structured Products FAO Mike Newman/Kate Morgenstern on 020 7597 4950 For the proxy appointment to be valid, your form must be received in such time as it can be transmitted to the Company's registrar so as to be received no later than 48 hours (excluding weekends and bank holidays) before the time appointed for the meeting or any adjourned meeting
- 8 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card The termination of the authority of a person to act as a proxy must be notified to the Company in writing Amended instructions must be received by the Company's registrars by the deadline for receipt of proxies
- 9 A holder of C shares present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every share of which he/she is the holder
- 10 A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised, if they do not purport to exercise the power in the same way, the power is treated as not exercised
- 11 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 4 and 5 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting
- 12 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf) Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter) The only exception to this is where the Company expressly requests a response from a Nominated Person
- 13 As at the date of this notice, the Company's issued C share capital amounted to 1,931 095 C shares carrying one vote each
- 14 Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the meeting which, relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information, (b) if the answer has already been given on the Company's website, or (c) if it is undesirable in the best interests of the Company or the good order of the meeting You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office
- 15 By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting
- 16 The Annual Report incorporating this notice of meeting will be available on the website of Calculus Capital, [www.calculuscapital.com](http://www.calculuscapital.com)
- 17 None of the Directors has a contract of service with the Company A copy of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting

# Shareholder Information

## Annual General Meeting

This year's Annual General Meeting of the Company will be held at the offices of Investec Structured Products, 2 Gresham Street London EC2V 7QP on 17 July 2012 at 11 00 am

## Key Dates for 2012

Company's year end	29 February 2012
Annual results announced	May 2012
Annual General Meeting	17 July 2012
Dividend payable	31 July 2012
Company's half year end	31 August 2012
Half yearly results announced	October 2012

## Payment of Dividends

Cash dividends will be sent by cheque to the first-named shareholder on the share register at their registered address, together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System ("BACS"). This may be arranged by contacting the Company's Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 8 30 am to 5 30 pm Monday to Friday) or by visiting the website at [www.capitaregistrars.com/shareholders](http://www.capitaregistrars.com/shareholders)

## Price and Performance Information

The Company's ordinary shares and C shares are listed on the London Exchange and share prices can be found on their website, [www.londonstockexchange.com](http://www.londonstockexchange.com)

The Company's net asset value is announced monthly and can also be viewed on the London Stock Exchange website or the Calculus Capital website, [www.calculuscapital.com](http://www.calculuscapital.com)

## Share Dealing

Investors wishing to purchase shares in the Company, or sell all or part of their existing holdings, may do so through a stockbroker. Most banks also offer this service.

## Share Register Enquiries

The Company's Registrars, Capita Registrars, maintain the share register. In the event of queries regarding your shareholding, please contact the Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 8 30 am to 5 30 pm Monday to Friday) or by visiting the website at [www.capitaregistrars.com/shareholders](http://www.capitaregistrars.com/shareholders)

## Shareholder Information (continued)

### Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must

- (a) not be a close company,
- (b) have each class of its ordinary share capital listed on the London Stock Exchange,
- (c) derive its income wholly or mainly from shares or securities,
- (d) have at least 70 per cent by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent by VCT Value must be in eligible shares,
- (e) have at least 10 per cent by VCT Value of each Venture Capital Investment in eligible shares,
- (f) not have more than 15 per cent by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT), and
- (g) not retain more than 15 per cent of its income derived from shares and securities in any accounting period

The requirement set out in paragraph (d) above has been amended for funds raised from 6 April 2011, such that at least 70 per cent by VCT Value of a VCT's investments in shares or securities in qualifying investments must be in eligible shares. For funds raised from 6 April 2011, 'eligible shares' means shares which do not carry any right to be redeemed or a preferential right to assets on a winding-up or to dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person)

### Approval as a VCT

A VCT must be approved at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HM Revenue & Customs is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such funds need to meet such tests.

However, to aid the launch of a VCT, HM Revenue & Customs may give provisional approval if satisfied that conditions (b), (c), (f) and (g) above will be met throughout the current or subsequent accounting period and condition (d) above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

### Withdrawal of Approval

Approval of a VCT (full or provisional) may be withdrawn by HM Revenue & Customs if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

Withdrawal of full approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Withdrawal of provisional approval has the effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

**The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.**

# Glossary of Terms

## **C Share Interim Return**

The total of the C Shareholder Proceeds made or offered for payment on or before the C Share Interim Return Date

## **C Share Interim Return Date**

14 March 2017

## **C Share Fund**

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

## **C Shareholder Proceeds**

Amounts paid by way of dividends or other distributions, share buy backs and any other proceeds or value received by or offered to, or deemed to be received by or offered to, by C shareholders in the Company on or before the C Share Target Return Date, excluding any income tax relief on subscription

## **C Share Target Return**

The total of the C Shareholder Proceeds made or offered for payment on or before the C Share Target Return Date

## **C Share Target Return Date**

14 March 2019

## **Final Index Level**

The closing (or average closing) level of the relevant underlying indices at the end of the relevant Index Observation Period for a Structured Product

## **Index Observation Period**

The relevant period from when the Initial Index Level is observed to when the Final Index Level is observed for a Structured Product

## **Initial Index Level**

The closing (or average closing) level of the relevant underlying indices at the start of the relevant Index Observation period for a Structured Product

## **IPEVCA Guidelines**

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

## **Net Asset Value or NAV per share**

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

## **Ordinary Share Interim Return**

The total of Ordinary Shareholder Proceeds made or offered for payment on or before the Ordinary Share Interim Return Date

## **Ordinary Share Interim Return Date**

14 December 2015

## **Ordinary Share Fund**

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

## **Ordinary Shareholder Proceeds**

Amounts paid by way of dividends or other distributions, share buy backs and any other proceeds or value received by or offered to, or deemed to be received by or offered to, by ordinary shareholders in the Company, excluding any income tax relief on subscription

## **Structured Products**

Notes and/or deposits and/or securities whose cash flow characteristics reflect the performance of an index or indices (which may or may not be linked to a market)

## **VCT Value**

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

## **Venture Capital Investments or Qualifying Investments**

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

## Company Information

### Directors

Michael O'Higgins (Chairman)  
Kate Cornish-Bowden  
Arthur John Glencross  
Steven Guy Meeks  
Mark Gary Rayward  
Philip Hilary Swatman

### Registered Office

Beaufort House  
51 New North Road  
Exeter EX4 4EP  
Telephone 01392 477 500

### Company Number

07142153

### Structured Products Investment Manager

Investec Structured Products  
2 Gresham Street  
London EC2V 7QP  
Telephone 020 7597 4000  
Website [www.investecstructuredproducts.com](http://www.investecstructuredproducts.com)

### Venture Capital Investment Manager

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

### Fund Administrator and Company Secretary

Capita Sinclair Henderson Limited  
*(Trading as Capita Financial Group –  
Specialist Fund Services)*  
Beaufort House  
51 New North Road  
Exeter EX4 4EP

### Auditors

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

### Solicitors and VCT Status Adviser

SGH Martineau LLP  
No 1 Colmore Square  
Birmingham B4 6AA

### Sponsor and Broker

Singer Capital Markets Limited  
One Hanover Street  
London W1S 1YZ

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Telephone 0871 664 0300

(Calls cost 10p per minute plus network extras  
Lines are open Monday to Friday 8 30am to 5 30pm)

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Investec Structured Products is a trading name of Investec Bank plc, registered address 2 Gresham Street,  
London EC2V 7QP Investec Bank plc is authorised and regulated by the Financial Services Authority  
Registered under Financial Services Authority No 172330

Calculus Capital Limited, registered address 104 Park Street, London W1K 6NF, is authorised and regulated by the  
Financial Services Authority Registered under Financial Services Authority No 190854

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