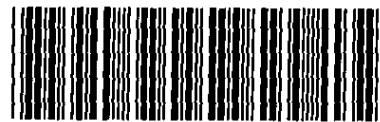


# Triple Point VCT 2011 plc

## Financial Statements

for the year ended 28 February 2017

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Company No: 07324448

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**Financial Summary**

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares £'000	A Shares £'000	B Shares £'000	Total £'000	Ordinary Shares £'000	A Shares £'000	B Shares £'000	Total £'000
<b>Net assets</b>	2,304	10,356	6,808	19,468	7,176	10,005	-	17,181
<b>Profit/(loss) before tax</b>	(56)	431	(27)	348	41	137	-	178
<b>Earnings/(loss) per share</b>	0.06p	3.53p	(0.27p)	n/a	0.33p	1.20p	-	n/a
<b><u>Cumulative return to shareholders (p)</u></b>								
Net asset value per share	11.32p	104.07p	99.76p		35.26p	100.54p	-	
Total dividends paid	103.75p	-	-		79.75p	-	-	
Net asset value plus dividends paid	115.07p	104.07p	99.76p		115.01p	100.54p	-	

Triple Point VCT 2011 plc ("the Company") is a Venture Capital Trust ("VCT"). The Investment Manager is Triple Point Investment Management LLP ("TPIM" and "Triple Point"). The Company was incorporated in July 2010.

- Ordinary Shares: On 28 April 2011 the Company raised £19.3 million and as at the date of this report has a total of 20,349,869 Ordinary Shares in issue from that offer. By 28 February 2017 a total of £21.1 million had been returned to the Ordinary Shareholders.
- A Shares: On 30 April 2015 a new A Share Class offer closed having raised £10.3 million with a total of 9,951,133 A Shares being issued.
- B Shares: On 29 April 2016 a new B Share Class offer closed having raised £6,972,311 with a total of 6,824,266 B Shares being issued.

The Strategic Report on pages 2 to 21, the Directors' Report on pages 22 to 26, the Corporate Governance report on pages 27 to 31 and the Directors' Remuneration Report on pages 32 to 34 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the Directors for these reports is owed solely to Triple Point VCT 2011 plc.

The Directors submit to the members their Annual Report and Financial Statements for the Company for the year ended 28 February 2017.

## ***Strategic Report***

The Strategic Report, on pages 2 to 21, has been prepared in accordance with the requirements of section 414c of the Companies Act 2006. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with section 172 of the Companies Act 2006.

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

I am writing to present the Financial Statements for Triple Point VCT 2011 plc ("the Company") for the year ended 28 February 2017.

During the year the Company has continued to make progress with the realisation of the investment portfolio attributable to the Ordinary Share Class, whilst investing funds raised through last year's B Share Class Offer and continuing to monitor the ongoing operation of the A Share Class investments.

### ***Investment Portfolio***

The Company's funds at 28 February 2017 were 92% invested in a portfolio of VCT qualifying and non-qualifying unquoted investments. It continues to meet the condition that 70% of relevant funds must be invested in qualifying investments. At 28 February 2017 qualifying investments represented 64% of the total Investment Portfolio and 98% of the funds that are required to meet the 70% condition.

The Investment Manager's review on pages 12 to 14 gives an update on the portfolio of investments in 14 small unquoted businesses.

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

The Company and the Investment Manager have successfully realised a further £6.4 million of investments during the year. The remaining assets are expected to be realised by the end of 2017.

At the year end the net asset value ("NAV") per share stood at 11.32p. Taken together with the cumulative dividends paid of 103.75p per share this gives an equivalent NAV per share total return of 115.07p.

On 11 November 2016 a dividend of £4.9 million equal to 24p per share was paid to the Ordinary Class Shareholders. Since the year end, on 13 April 2017 a dividend of £1.0 million equal to 5p per share was paid to Ordinary Class Shareholders. The Board has resolved to pay a further dividend to Ordinary Class Shareholders of £406,997 equal to 2p per share which will be paid on 23 June 2017 to shareholders on the register on 9 June 2017. When all remaining assets have been realised the Ordinary Shares will pay a final dividend following which the shares will be cancelled.

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

The A Share Class has investments in six companies in the Hydroelectric Power sector which between them own seven hydroelectric schemes in the Scottish Highlands. As expected six of the schemes have been successfully commissioned and are operational, with one due to be commissioned in June 2017.

The A Share Class has recorded a profit over the period of 3.53p per share. At the year end the net asset value ("NAV") per share stood at 104.07p. The Board has resolved to pay the first dividend to A Class Shareholders of £398,045 equal to 4p per share which will be paid on 23 June 2017 to shareholders on the register on 9 June 2017.

The A share class, during the initial deployment stage, is targeting a cash return to investors of 100p by the end of year six from a mixture of the initial income tax rebate, tax-free dividends and a capital realisation. In the following Income Generation stage the target is to distribute an average annual dividend of around 7% of the NAV for nine years and a final payment of circa 50p per share in 2030. At the outset the Board anticipated average annual dividends of 5p per annum in the initial deployment stage. The declared dividend is marginally lower than the anticipated average due to its payment being restricted to the distributable profits of the A Share Class.

## **Chairman's Statement**

### *B Share Class*

The B Share Class has invested £5.1 million into companies exploring opportunities in gas power projects ("Gas Power") in the UK and £1.7 million into SME funding. During May 2017 Green Peak Generation Ltd reached financial close on a 7.5 MW gas power plant in Cumbria, which is expected to be commissioned during Q1 2018.

The B Share Class offer closed on 29 April 2016 with a total of 6,824,266 B Shares being issued. The B Share Class has recorded a small loss over the period of 0.27p per share due to running costs exceeding income while investments are being sought. The net asset value ("NAV") per share stood at 99.76p.

### *Principal Risks*

The Board believes that the principal risks facing the Company are:

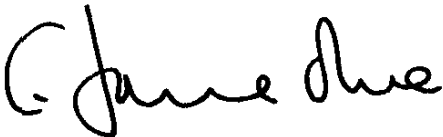
- investment risk associated with the VCT's portfolio of unquoted investments;
- risk of failure to maintain approval as a qualifying VCT;
- risk of inability to realise investments in order to return funds to investors in line with expectations.

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

### *Outlook*

The Company and the Investment Manager continue to focus on: successful realisation of the remaining Ordinary Share Class investments and subsequent distribution; monitoring ongoing operation of the A Share Class investments in Hydroelectricity generation businesses; and ensuring that the companies in which the B Share Class has invested develop their businesses in line with the Company's strategy and the requirements of the VCT legislation.

If you have any questions about your investment, please do not hesitate to contact Triple Point on 020 7201 8990.



Jane Owen  
Chairman  
16 May 2017

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

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

### **Performance Update**

At launch the Company targeted post-tax returns for Ordinary Shares of 9% to 11% pa. On a weighted average share price using a 9% return this is broadly equivalent to a total return to investors of 108.4p. This compares to the net asset value per share at 28 February 2017 of 11.32p and cumulative dividend payments of 103.75p, bringing the total return to date to 115.07p.

The Ordinary Share Class reported an income return of 2.71p and a capital loss of 2.65p for the year to 28 February 2017. The income return includes dividends received from the two companies which resulted in a corresponding capital loss to write down the assets by the same amount. This compares with an aggregate return for the previous year of 0.33p.

The target for the A Share Class is to pay dividends of an average 5p per share from 2017 for four years, followed by a partial realisation targeted to bring the aggregate distribution from the Company to 70p per A Share after five years. Thereafter an ongoing dividend yield of 7% per annum of net asset value is targeted for a further nine years. The A Share Class reported an income return of 3.61p and a capital loss of 0.08p for the year to 28 February 2017. The net asset value per share for the A Share Class at 28 February 2017 stood at 104.07p.

The target for the B Share Class is to pay dividends of an average 5p per share from 2019. The B Share Class reported an income loss of 0.37p and a capital profit of 0.10p for the year to 28 February 2017. The net asset value per share for the B Share Class at 28 February 2017 stood at 99.76p.

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

The Board expects the Investment Manager to deliver a performance which meets the objective of achieving long-term investment returns, including tax-free dividends. A review of the performance of the Company's investments during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's Statement on page 2 to 3 and the Investment Manager's Review on pages 12 to 14.

### **Dividend Policy**

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

### **Investment Policy**

The key objectives of the Company are to:

- Pay regular tax-free dividends to investors;
- Maintain VCT status to enable investors to benefit from the associated tax reliefs;
- Reduce the volatility normally associated with early stage investments by applying its Investment Policy; and
- In respect of the Ordinary Share Fund and the B Share Fund, provide investors with the option to exit shortly after 5 years following investment.

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

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

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

In respect of Qualifying Investments the Company will seek:

- (a) investments in which robust due diligence has been undertaken into target investments;
- (b) investments where there is a high level of access to regular material financial and other information;
- (c) investments where the risk of capital losses is minimised through careful analysis of the collateral available; and
- (d) investments where there is a strong relationship with the key decision makers.

### *Target Asset Allocation*

At least 70% of the Company's net assets will be invested in Qualifying Investments. The remaining assets will be exposed either to (i) cash or cash-based similar liquid investments or (ii) investments originated in line with The Company's Qualifying Investment policy but with realisation dates which fit with the liquidity needs of the Company.

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

### *Qualifying Investments*

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

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

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

- (a) an attractive valuation at the time of the investment;
- (b) minimising the risk of capital losses;
- (c) the predictability and reliability of the company's cash flows;
- (d) the quality of the business's counterparties, suppliers;
- (e) the sector in which the business is active;
- (f) the quality of the company's assets;
- (g) the opportunity to structure an investment to produce distributable income;
- (h) growing and developing the revenues and profitability of the Company to enable it to be considered for traditional forms of bank finance and other funding;
- (i) in respect of the Ordinary Share Fund, the prospect of achieving an exit after 5 years of the life of the Ordinary Share Fund; and
- (j) in respect of the B Share Fund, the prospect of achieving an exit after 5 years of the life of the B Share Fund.

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

### *Non-Qualifying Investments*

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

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

### *Borrowing Powers*

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

### *Risk Diversification*

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

The above Investment Policy does not take into account the changes to the VCT rules relating to non-qualifying investments that took effect on 6 April 2016. The Investment Manager will make sure that all non-qualifying investments made after that date meet the new requirements.

### *Tax Benefits*

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

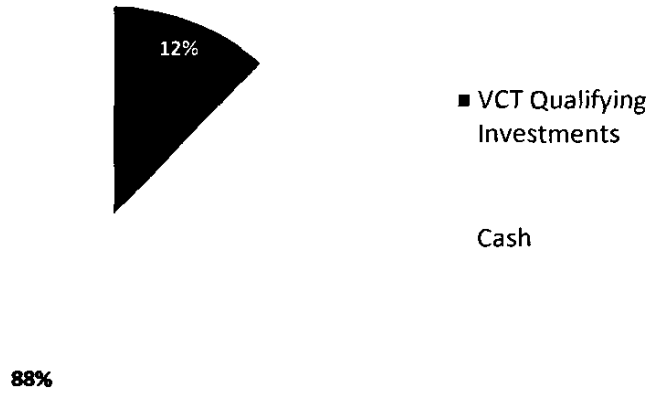
Investing in a VCT brings the benefit of tax-free dividends, as well as up-front income tax relief. The Company continues to meet the VCT qualification requirements which are continuously monitored by the Investment Manager and reviewed by the Directors.

Investment classification by asset value and sector value are shown below:

## Strategic Report - Company Strategy and Business Model

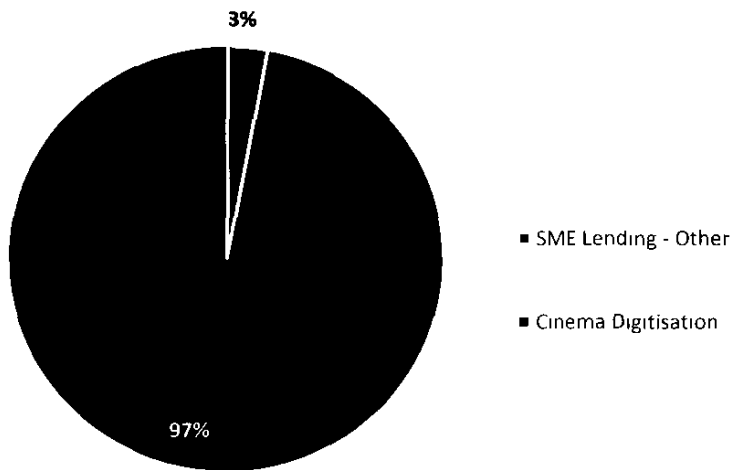
### Investment Portfolio – Ordinary Share Class

Ordinary Share Class



### Investments by Sector – Ordinary Share Class

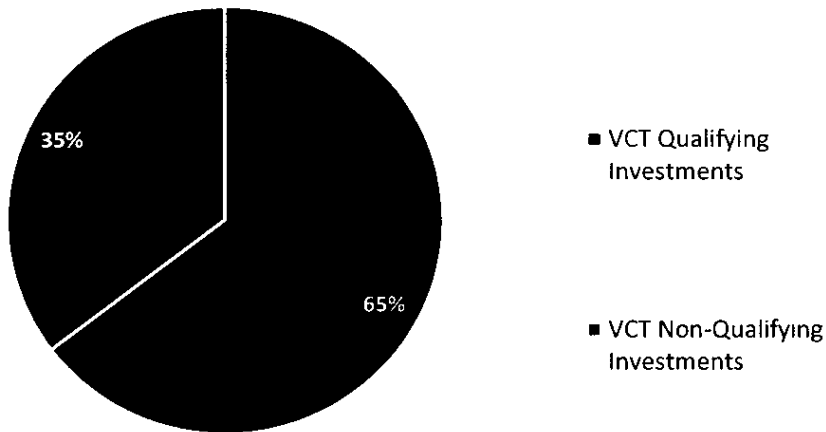
Ordinary Share Class



## Strategic Report - Company Strategy and Business Model

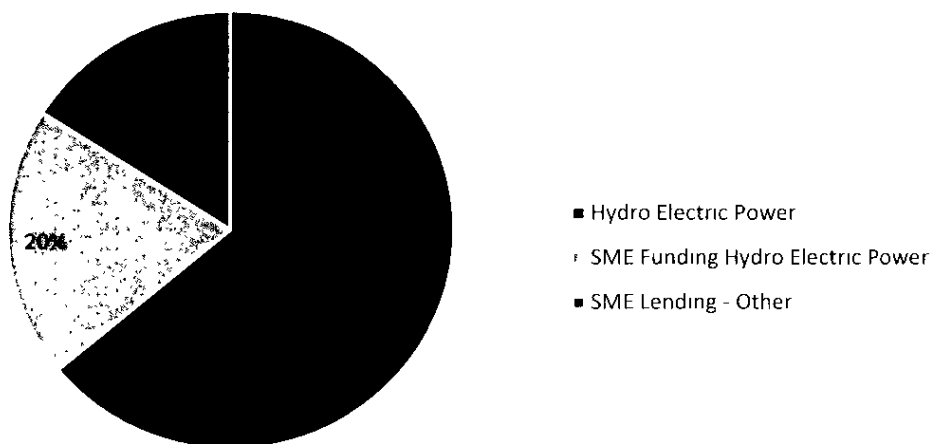
### Investment Portfolio – A Share Class

#### A Share Class



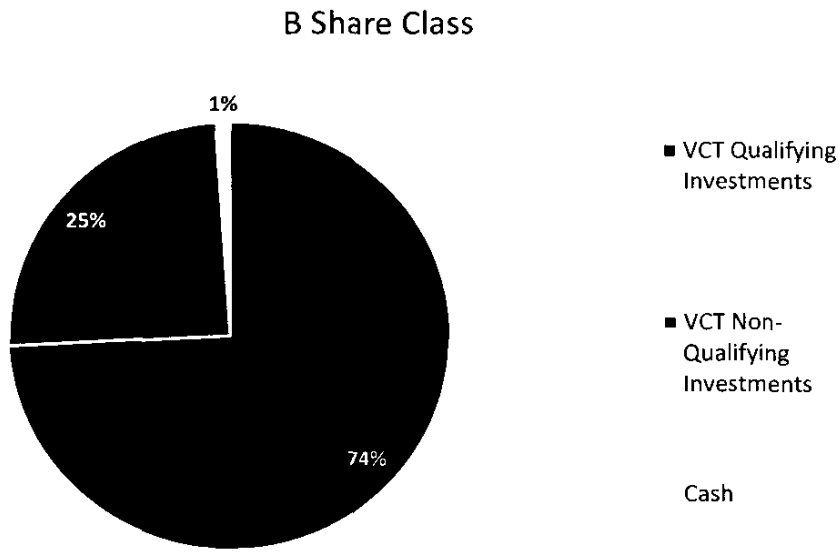
### Investments by Sector – A Share Class

#### A Share Class

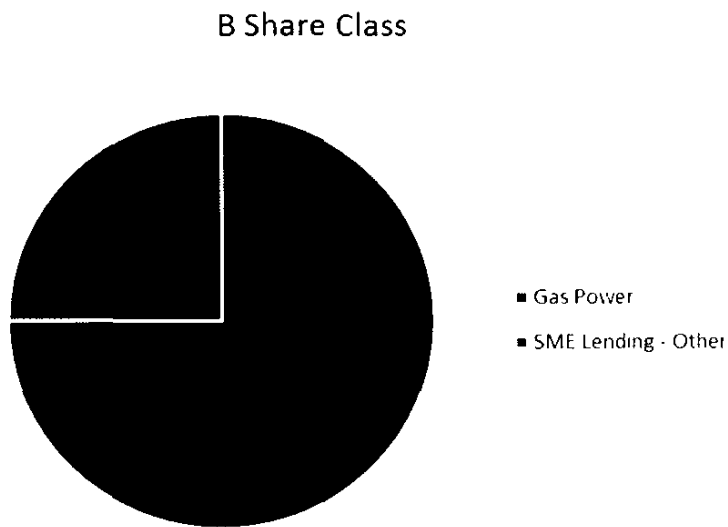


## Strategic Report - Company Strategy and Business Model

### Investment Portfolio – B Share Class



### Investments by Sector – B Share Class



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

### *VCT Regulation*

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

- up-front income tax relief of 30%
- exemption from income tax on dividends received
- exemption from capital gains tax on disposals of shares in VCTs.

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

### *FCA Regulation*

On 22 July 2014 Triple Point VCT 2011 plc registered with the Financial Conduct Authority as a small Alternative Investment Fund Manager ("AIFM") under the AIFM Directive.

### *Exit Programme*

The Company and Investment Manager are committed to ensuring a timely exit and return of funds to Ordinary Class Shareholders and B Class Shareholders as soon as practicable after the end of the minimum five year holding period. The Investment Manager has a strong track record in managing such exits. In relation to the A Share Class the Company is intending to secure a partial realisation after five years but plans to retain its investment in the Hydro companies until 2030.

The Directors and the Investment Manager put in place a programme to manage the investment realisations for the Ordinary Class Shareholders over the course of 2016, which is expected to complete during 2017.

### *Principal Risks and Risk Management*

The Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The main areas of risk identified by them, along with the risks to which the Company is exposed through its operational and investing activities, are detailed below.

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

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

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

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

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

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

### ***Viability Statement***

In accordance with provision C.2.2 of the 2014 revision to the Corporate Governance Code, the Directors have assessed the prospect of the Company over a longer period than 12 months required by the Going Concern provision. In order to assess the new requirement, the Board takes into account the Company's current position and the principal risks as set out on page 10 so that the Directors may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

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

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

Based on the results of this review, the Directors have a reasonable expectation that the Company will be able to continue its operations and meet its expenses and liabilities as they fall due over the period of their assessment. During the next five years the Ordinary and B Share Class will reach their 5 year holding period and the A Share Class will partially exit, based on this the Directors believe it is reasonable to make their assessment over 5 years.

### ***Share Price Discount Policy***

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

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

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

### ***Gender Diversity***

The Board of Directors comprises 1 female and 2 male Directors. The Investment Manager has 56 staff of whom 31 are men and 25 are women.

## Strategic Report - Investment Manager's Review

### Sector Analysis

The unquoted investment portfolio can be analysed as follows:

Industry Sector	Cinema Digitisation	Hydro Project Management	Electricity Generation		SME Funding		Total Unquoted Investments
			Hydroelectric Power	Other	Hydroelectric Power	Other	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Investments at 29 February 2016</i>							
Ordinary Shares	141	1,099	1,342	2,696	-	1,265	6,543
A shares	-	-	6,661	-	1,805	1,000	9,466
	141	1,099	8,003	2,696	1,805	2,265	16,009
<i>Investments made during the period</i>							
Ordinary Shares	-	-	-	-	-	-	-
A Shares	-	-	920	-	6	500	1,426
B Shares	-	-	-	5,100	-	2,650	7,750
	-	-	920	5,100	6	3,150	9,176
<i>Investments disposed of during the period</i>							
Ordinary Shares	-	(1,157)	(1,342)	(2,726)	-	(1,137)	(6,362)
A shares	-	-	(1,258)	-	138	-	(1,120)
B Shares	-	-	-	-	-	(990)	(990)
	-	(1,157)	(2,600)	(2,726)	138	(2,127)	(8,472)
<i>Investment revaluations during the period</i>							
Ordinary Shares	50	58	-	30	-	(123)	15
A shares	-	-	12	-	-	18	30
B Shares	-	-	-	-	-	26	26
	50	58	12	30		(79)	71
<i>Investments at 28 February 2017</i>							
Ordinary Shares	191	-	-	-	-	5	196
A Shares	-	-	6,335	-	1,949	1,518	9,802
B Shares	-	-	-	5,100	-	1,686	6,786
	191	-	6,335	5,100	1,949	3,209	16,784
<b>Unquoted Investments %</b>	<b>1.14%</b>	<b>0.00%</b>	<b>37.74%</b>	<b>30.39%</b>	<b>11.61%</b>	<b>19.12%</b>	<b>100.00%</b>

## **Strategic Report - Investment Manager's Review**

The Company's funds at 28 February 2017 were 92% invested in a portfolio of VCT qualifying and non-qualifying unquoted investments. It continues to meet the condition that 70% of relevant funds must be invested in qualifying investments. At 28 February 2017 qualifying investments represented 64% of the total Investment Portfolio and 98% of the funds that are required to meet the 70% condition.

The VCT was established to fund small and medium sized enterprises. It has three share classes each invested in their own portfolio as detailed on page 12. At the year end the overall portfolio comprised investments in 14 small, unquoted companies in three sectors: cinema digitisation; electricity generation; and SME funding.

The Company's portfolio is spread between businesses which are at start-up stage and those which are more mature, and where the Company is looking for potential exits. Generally performance during the year across the portfolio has been satisfactory, with the A and Ordinary Share Classes recording an uplift in net asset value from the performance of their portfolios.

### **Review & Outlook**

#### **Ordinary Share Class**

The coming year will see the Company and the Investment Manager continuing to focus on the successful realisation of the Ordinary Share Class investments. April 2016 marked the end of the Company's five year minimum VCT holding period. In line with its investment strategy we are working towards facilitating a rapid exit for shareholders.

To date the Company has distributed to the Ordinary Class Shareholders 108.75p per share. A further dividend of 2p per share has been declared, payable on 23 June 2017. Over the next few months the Investment Manager will work to collect the remaining deferred consideration relating to the solar company sales, as well as realise the Ordinary Share Class investment in cinema digitisation. Once both of these have been completed the VCT will look to pay a dividend to the Ordinary Shareholders, expected to be before the end of the calendar year.

#### **A Share Class**

The A share class, during the initial deployment stage, is targeting a cash return to investors of 100p by the end of year six from a mixture of the initial income tax rebate, tax-free dividends and a capital realisation. At the outset the Investment Manager anticipated average annual dividends of 5p per annum in the Initial deployment stage. The dividend declared of 4p per share is marginally lower than the anticipated average due to its payment being restricted to the distributable profits of the A Share Class.

The A Share Class has investments in six companies which between them own seven hydroelectric schemes in the Scottish Highlands. The last scheme is due to be commissioned in June 2017.

#### **Hydroelectric Power**

2016 was a mixed year for the VCTs hydro portfolio. All the relevant schemes were commissioned on time and within budget, snagging issues were addressed early in the year and the schemes performed well when operating, however, the autumn and winter periods were uncharacteristically dry, and river levels were significantly below the long term average. Whilst reduced generation in the first full year of operation is frustrating, we remain confident in our long term forecasts and the original hydrology studies that the schemes were based on.

During the year there were major upgrade works carried out on the Transmission Network by SSE, and consequently five of the schemes were restricted to just 50kW of output for periods of up to 11 to 59 days. Although the majority of restricted generation occurred on days when there was little or no river flow, it has had a negative impact on revenue generation nonetheless. We are not expecting this to be a continuing issue for the schemes as the majority of works have now been completed.

In addition to earning RPI-linked Feed-in Tariffs, the schemes have also earned revenue through the sale of electricity under Power Purchase Agreements. At outset, the companies expected to earn a total of 5p per kWh for the sale of electricity and embedded benefits, and we are pleased to report that on average the schemes have been earning 6.62p per kWh.

In December 2016, the Scottish Assessor announced new draft business rates that in some instances were 2.5 times the current level. Over the past few months there has been extensive lobbying by the industry as a whole, and it is expected that existing schemes under 1MW will be limited to an increase of 12.5%, which is good news for the majority of the portfolio. The position of new schemes and schemes over 1MW remains unclear.

## ***Strategic Report - Investment Manager's Review***

Looking forward to the coming year, we will focus our attention on aligning and optimising the power purchase agreements for the portfolio of companies, looking at ways to increase performance through asset management, and working with Green Highland Renewables and the British Hydro Association to assess and potentially challenge the proposed new business rates.

### ***B Share Class***

Going forward, the Company and the Investment Manager are focused on ensuring that the proceeds of the B Share Class offer are invested in line with the Company's strategy and the requirements of the VCT legislation.

### ***Gas Power***

The Company has invested in two companies looking to construct and operate gas power projects. The projects that the B Share Class investment companies are targeting utilise simple technology, typically provided by Clarke Energy or Rolls Royce, to provide a reliable and secure energy supply. The first power plant is under construction and expected to start generating in Q1 2018. The second company is targeting construction commencement in Q3 this year. A more detailed review will be included once the plants are commissioned.

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

#### **SME Funding**

The Company has investments in four finance companies which provide short and medium term funding to a range of small and medium sized businesses.

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



Ben Beaton  
Managing Partner  
For Triple Point Investment Management LLP  
16 May 2017

**Strategic Report - Investment Portfolio Summary**

	28 February 2017				29 February 2016			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
Unquoted Qualifying Holdings	11,723	63.85	11,626	63.51	10,637	65.72	10,672	65.27
Unquoted Non Qualifying Holdings	5,109	27.84	5,158	28.18	5,208	32.19	5,337	32.65
	16,832	91.69	16,784	91.69	15,845	97.91	16,009	97.92
Cash and cash equivalents	1,525	8.31	1,525	8.31	337	2.09	337	2.08
	<b>18,357</b>	<b>100.00</b>	<b>18,309</b>	<b>100.00</b>	<b>16,182</b>	<b>100.00</b>	<b>16,346</b>	<b>100.00</b>
<b>Unquoted Qualifying Holdings</b>								
<u>Cinema Digitisation</u>								
DLN Digital Ltd *	300	1.63	191	1.04	300	1.85	141	0.86
<u>Hydro Project Management</u>								
Highland Hydro Services Ltd	-	-	-	-	813	5.02	1,099	6.72
<u>Landfill Gas</u>								
Aeris Power Ltd	-	-	-	-	575	3.55	464	2.84
Craigahulliar Energy Ltd	-	-	-	-	310	1.92	329	2.01
<u>Hydroelectric Power</u>								
Green Highland Allt Choire A Bhalachain (255) Ltd	30	0.16	29	0.16	30	0.19	30	0.18
Green Highland Allt Garbh Ltd	2,250	12.26	2,250	12.29	2,250	13.90	2,250	13.76
Green Highland Allt Ladaidh (1148) Ltd	1,470	8.01	1,470	8.03	1,470	9.08	1,470	8.99
Green Highland Allt Luaidhe (228) Ltd	855	4.66	877	4.79	855	5.28	855	5.23
Green Highland Allt Phocachain (1015) Ltd	858	4.67	849	4.64	858	5.30	858	5.25
Green Highland Shenval Ltd	860	4.68	860	4.70	1,276	7.89	1,276	7.81
<u>Gas Power</u>								
Distributed Generators Ltd	3,200	17.43	3,200	17.48	-	-	-	-
Green Peak Generation Ltd	1,900	10.35	1,900	10.38	1,900	11.74	1,900	11.62
	<b>11,723</b>	<b>63.85</b>	<b>11,626</b>	<b>63.51</b>	<b>10,637</b>	<b>65.72</b>	<b>10,672</b>	<b>65.27</b>
<b>Unquoted Non Qualifying Holdings</b>								
<u>Hydroelectric Power</u>								
Green Highland Allt Choire A Bhalachain (255) Ltd	3	0.02	3	0.02	3	0.02	3	0.02
Green Highland Allt Phocachain (1015) Ltd	3	0.02	3	0.02	3	0.02	3	0.02
Green Highland Allt Ladaidh (1148) Ltd	30	0.16	30	0.16	30	0.19	30	0.18
Green Highland Allt Luaidhe (228) Ltd	61	0.33	61	0.33	61	0.38	61	0.37
Kinlochteacius Hydro Ltd	47	0.26	47	0.26	1,167	7.21	1,167	7.14
<u>Gas Power</u>								
Green Peak Generation Ltd	-	-	-	-	3	0.02	3	0.02
<u>SME Funding:</u>								
<u>Hydroelectric Power</u>								
Broadpoint 2 Ltd	800	4.36	800	4.37	800	4.94	800	4.89
Broadpoint 3 Ltd	1,005	5.47	1,005	5.49	1,005	6.21	1,005	6.15
<u>Other</u>								
Broadpoint Ltd	-	-	5	0.03	1,136	7.02	1,265	7.74
Funding Path Ltd	1,000	5.45	1,010	5.52	1,000	6.18	1,000	6.12
Modern Power Generation Ltd	2,160	11.77	2,194	11.98	-	-	-	-
	<b>5,109</b>	<b>27.84</b>	<b>5,158</b>	<b>28.18</b>	<b>5,208</b>	<b>32.19</b>	<b>5,337</b>	<b>32.65</b>

\* Assets held for sale

## ***Strategic Report - Investment Portfolio Summary***

Financial Assets including those held for sale are measured at fair value through profit or loss. The initial best estimate of fair value of these investments that are either quoted or unquoted on an active market is the transaction price (i.e. cost). The fair value of these investments is subsequently measured by reference to the enterprise value of the investee company, which is best deemed to reflect the fair value. Where the Board considers the investee company's enterprise value to remain unchanged since acquisition, investments continue to be held at cost less any loan repayments received. Where the Board considers the investee company's enterprise value has changed since acquisition, investments are held at a value measured using a discounted cash flow model or the value to be realised on disposal which is equivalent to fair value.

## Strategic Report - Investment Portfolio Ten Largest Unquoted Investments

<b>Distributed Generators Ltd</b>							
Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %	
02 April 2016	3,200,000	3,200,000	Cost	4	49.90	49.90	
<u>Summary of Information from Investee Company Financial Statements:</u>							
None available							
<b>Distributed Generators Ltd</b> is exploring opportunities to construct and operate a Gas Power plant.							

<b>Green Highland Allt Garbh Ltd</b>							
Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %	
01 April 2015	2,250,000	2,250,000	Cost	157	22.79	50.25	
<u>Summary of Information from Investee Company Financial Statements ending in 2016:</u>							<u>£'000</u>
Turnover							-
Earnings before interest, tax, amortisation and depreciation (EBITDA)							(7)
Profit before tax							339
Net assets before VCT loans							4,958
Net assets							3,471
<b>Green Highland Allt Garbh Ltd</b> is constructing a run-of-river Hydroelectric Power plant near Glen Affric, Cannich. The 1,500kW Allt Garbh scheme reached commercial close and has begun construction and is scheduled to be commissioned in June 2017. The company will earn Feed-in-Tariffs and other revenues from the generation and export of electricity.							

## Strategic Report - Investment Portfolio Ten Largest Unquoted Investments

### Modern Power Generation Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
04 April 2016	2,160,000	2,194,000	Share of net assets	81	49.90	49.90

#### Summary of Information from Investee Company Financial Statements

None available

**Modern Power Generations Ltd** is a VCT non-qualifying investment which has invested in an LLP that provides finance to small and medium sized enterprises (SME's)

### Green Peak Generation Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
02 April 2015	1,900,000	1,900,000	Cost	17	23.28	50.25

#### Summary of Information from Investee Company Financial Statements ending in 2016: £'000

Turnover	-
Earnings before interest, tax, amortisation and depreciation (EBITDA)	(5)
Profit before tax	9
Net assets before VCT loans	4,108
Net assets	2,878

**Green Peak Generation Ltd** reached financial close during May 2017 on a 7.5 MW gas power plant in Cumbria, which is expected to be commissioned during Q1 2018.

## Strategic Report - Investment Portfolio Ten Largest Unquoted Investments

### Green Highland Allt Ladaidh (1148) Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
19 March 2015	1,470,000	1,470,000	Cost	120	15.07	50.25

#### Summary of Information from Investee Company Financial Statements ending in 2016: £'000

Turnover	34
Earnings before interest, tax, amortisation and depreciation (EBITDA)	11
Profit before tax	(28)
Net assets before VCT loans	4,855
Net assets	3,355

**Green Highland Allt Ladaidh (1148) Ltd** has constructed a run-of-river Hydroelectric Power plant near Loch Garry, Invergarry in the Scottish Highlands. The 1,300kW Allt Ladaidh scheme completed construction and was commissioned in August 2016. The company earns Feed-in-Tariffs and other revenues from the generation and export of electricity.

### Funding Path Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
29 January 2016	1,000,000	1,010,000	Share of net assets	77	49.00	98.00

#### Summary of Information from Investee Company Financial Statements ending in 2016: £'000

Turnover	275
Earnings before interest, tax, amortisation and depreciation (EBITDA)	268
Profit before tax	41
Net assets before VCT loans	3,232
Net assets	32

**Funding Path Ltd** is a VCT non-qualifying investment which has invested in an LLP that provides finance to small and medium sized enterprises (SME's)

## Strategic Report - Investment Portfolio Ten Largest Unquoted Investments

### Broadpoint 3 Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
08 January 2016	1,005,000	1,005,000	Share of net assets	-	0.00	0.00

#### Summary of Information from Investee Company Financial Statements ending in 2016:

	£'000
Turnover	-
Earnings before interest, tax, amortisation and depreciation (EBITDA)	(8)
Profit before tax	(8)
Net assets before VCT loans	3,007
Net assets	(8)

**Broadpoint 3 Ltd** owns equity stakes in Hydroelectric Power companies, DDC companies and one Landfill Gas company.

### Green Highland Allt Luaidhe (228) Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
18 March 2015	855,000	877,000	Discounted Cash Flow	74	15.08	100.00

#### Summary of Information from Investee Company Financial Statements ending in 2016:

	£'000
Turnover	218
Earnings before interest, tax, amortisation and depreciation (EBITDA)	151
Profit before tax	(179)
Net assets before VCT loans	2,546
Net assets	1,691

**Green Highland Allt Luaidhe (228) Ltd** has constructed a run-of-river Hydroelectric Power plant located in Knockie, Whitebridge near Inverness in the Scottish Highlands. The 500kw Allt Luaidhe scheme was commissioned in December 2015. The company earns Feed-in-Tariffs from the generation and export of electricity.

## Strategic Report - Investment Portfolio Ten Largest Unquoted Investments

### Green Highland Shenval Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
01 April 2015	860,000	860,000	Cost	5	22.09	50.25

#### Summary of Information from Investee Company Financial Statements ending in 2016: £'000

Turnover	-
Earnings before interest, tax, amortisation and depreciation (EBITDA)	334
Profit before tax	339
Net assets before VCT loans	1,969
Net assets	1,369

**Green Highland Shenval Ltd** has acquired a subsidiary Kinlochteacius Ltd which has constructed a 300kW hydro site near the Morvern Peninsula. The scheme was commissioned in September 2016. The company will earn Feed-in-Tariffs and other revenues from the generation and export of electricity.

### Green Highland Allt Phocachain (1015) Ltd

Date of first investment	Cost £	Valuation £	Valuation Method	Income recognised by TP11 for the year £'000	Equity Held by TP11 %	Equity Held by TPIM managed funds %
13 November 2014	858,000	849,000	Discounted Cash Flow	76	7.97	100.00

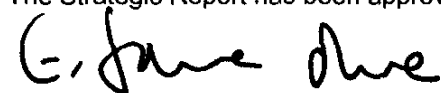
#### Summary of Information from Investee Company Financial Statements ending in 2016: £'000

Turnover	383
Earnings before interest, tax, amortisation and depreciation (EBITDA)	259
Profit before tax	(295)
Net assets before VCT loans	4,722
Net assets	2,832

**Green Highland Allt Phocachain (1015) Ltd** has constructed two separate 500kw run-of-river Hydroelectric Power plants located in Glen Moriston, Scottish Highlands. Both schemes were commissioned on schedule in December 2015. The company will earn Feed-in-Tariffs from the generation and export of electricity.

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

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



Jane Owen  
Chairman  
16 May 2017

## **Report of the Directors**

The Directors present their Report and the audited Financial Statements for the year ended 28 February 2017.

### *Details of Directors*

**Jane Owen** is the Chairman of the Board of the Company. After graduating in law from Oxford University, Jane was called to the Bar in 1978 and until 1989 was a practising barrister in the chambers of Sir Andrew Leggatt (now 3 Verulam Buildings). Subsequently Jane became UK group legal director at Alexander & Alexander Services, and was appointed Aon's General Counsel in the UK in 1997, a position she held until 2008, where she was also a director of Aon Limited from 2001 to 2008. She is also a Non-Executive Director of TWG Europe Ltd and related companies and a Governor of James Allen's Girls' School.

**Chad Murrin** graduated in law from Cambridge University, and then qualified as a barrister. He worked for 3i Group plc from 1986-2004, the last five years as 3i's Corporate Development Director. In 2004, he set up his own corporate advisory business, Murrin Associates Limited. He holds the Advanced Diploma in Corporate Finance from The Corporate Finance Faculty of the ICAEW. He is a Non-Executive Director of Beard Construction, Procom-IM Limited and other companies.

**Tim Clarke** is a graduate of Oxford University in PPE. He joined Panmure Gordon & Co plc in 1979 as an equities analyst, subsequently becoming a Partner and Head of Research. He moved to Bass plc in 1990 and worked in a number of roles in the hotel, pub and restaurant divisions and became Chief Executive in 2000. Following its demerger he was Chief Executive of Mitchells & Butlers plc until 2009. He is currently the Senior Independent Non-Executive Director of Associated British Foods plc, and a Non-Executive Director of Hall & Woodhouse Ltd and Timothy Taylor & Co Ltd. He is a Trustee Director and Vice-Chairman of The Foundation of the Schools of King Edward VI in Birmingham.

All Directors are considered to be independent.

The Board has considered provision B.7.2 of the UK Corporate Governance Code (September 2014) and believes that all the Directors continue to be effective and to demonstrate commitment to their roles, the Board and the Company. The Directors are discussed further within the Corporate Governance report on page 27 which demonstrates the Board's compliance with the UK Corporate Governance code.

### *Activities and Status*

The Company is a Venture Capital Trust and its main activity is investing.

The Company has been provisionally approved as a VCT by HMRC.

The Company is registered in England as a Public Limited Company (Registration number 07324448). The Directors have managed, and intend to continue to manage, the Company's affairs in such a manner as to comply with Section 274 of the Income Tax Act 2007 which grants approval as a VCT.

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

### *Post Balance Sheet Events*

For details of post balance sheet events see note 21 on page 63 to the Financial Statements.

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

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

### *Matters Covered in the Strategic Report*

Dividends and financial risk management have both been discussed within the Strategic Report on pages 4 and 10.

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

### ***Management***

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

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

### ***Substantial Shareholdings***

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

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

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

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

Notice convening the 2017 Annual General Meeting of the Company and a form of proxy in respect of that meeting can each be found at the end of this document.

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

The Ordinary Share capital is £600,000 divided into 60,000,000 shares of 1p each, of which 20,349,869 shares were in issue at 28 February 2017. The A Share capital is £100,000 divided into 10,000,000 shares of 1p each, of which 9,951,133 shares were in issue at 28 February 2017. The B Share capital is £100,000 divided into 10,000,000 shares of 1p each, of which 6,824,266 shares were in issue at 28 February 2017. As at that date none of the issued shares were held by the Company as treasury shares. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's articles of association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

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

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

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

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

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

Shareholders, either alone or with other shareholders, have other rights as set out in the Company's articles of association and in company law. (Principally, the Companies Act 2006).

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

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

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

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

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

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

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

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

## **Report of the Directors**

### *Powers of the Directors*

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

### *Directors Responsibilities*

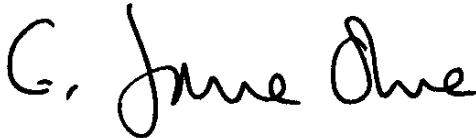
The Directors confirm that:

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

### *Auditor*

Grant Thornton UK LLP offers itself for reappointment as auditor. In accordance with S489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board.



Jane Owen  
Director  
16 May 2017

## **Directors' Responsibility Statement**

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

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

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

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

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

To the best of our knowledge:

- the Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board.



Jane Owen  
Chairman  
16 May 2017

## **Corporate Governance**

The Board of Triple Point VCT 2011 plc has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code 2015) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code 2015, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (September 2014), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against principles and recommendations of the AIC Code 2015, by reference to the AIC Guide, which incorporates the UK Corporate Governance Code (September 2014), will provide improved reporting to shareholders.

The Company is committed to maintaining high standards in corporate governance and has complied with the recommendations of the AIC Code 2015 and the relevant provisions of the UK Corporate Governance Code (September 2014), except as set out at the end of this report in the Compliance Statement.

### **Board of Directors**

The Company has a Board of three Non-Executive Directors. Since all Directors are Non-Executive and day-to-day management responsibilities are sub-contracted to the Investment Manager, the Company does not have a Chief Executive Officer. The Directors have a range of business and financial skills which are relevant to the Company; these are described on page 22 of this report. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, by the Investment Manager. The Board has direct access to company secretarial advice and compliance services provided by the Investment Manager which is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties.

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

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

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

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

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

## Corporate Governance

### *Board of Directors (continued)*

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

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

The Company's articles of association require that one third of the Directors should retire by rotation each year and seek re-election at the Annual General Meeting and that Directors newly appointed by the Board should seek re-appointment at the next Annual General Meeting. The Board complies with the requirement of the UK Corporate Governance Code (September 2014) that all Directors are required to submit themselves for re-election at least every three years.

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

<b>Directors present</b>	<b>4 Full Board Meetings</b>	<b>2 Audit Committee Meetings</b>
Jane Owen, Chairman	4	2
Chad Murrin	4	2
Tim Clarke	4	2

### *Audit Committee*

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

The audit committee safeguards the objectivity and independence of the auditor by reviewing the nature and extent of non-audit services supplied by the external auditor to the Company. The audit committee has reviewed the non-audit service provided by the external auditor, being the corporation tax return for the year ended 29 February 2016, and does not believe it is sufficient to influence their independence or objectivity due to the fee being an immaterial expense.

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

The Auditing Practices Board requires the audit partner to rotate every five years. The audit partner has completed three years. No audit tender has been undertaken since the Company was incorporated.

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

## Corporate Governance

### Audit Committee (continued)

The Audit Committee's terms of reference include the following roles and responsibilities:

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

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

The Board considers that the members of the committee collectively have the skills and experience required to discharge their duties effectively, and that the Chairman of the committee meets the requirements of the UK Corporate Governance Code (September 2014) as to relevant financial experience.

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

In respect of the year ended 28 February 2017, the audit committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration and independence;
- reviewing the external auditor's plan for the audit of the Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing TPIM's statement of internal controls operated in relation to the Company's business and assessing those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of TPIM's compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's half-yearly results and draft annual Financial Statements prior to Board approval;
- reviewing the external auditor's audit plan document to the audit committee on the annual Financial Statements; and
- reviewing the Company's going concern status.

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

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

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

## **Corporate Governance**

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

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

The audit committee has considered the whole Report and Accounts for the year ended 28 February 2017 and has reported to the Board that it considers them to be fair, balanced and understandable providing the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

### *Internal Control*

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

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

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

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

Internal control systems include the production and review of quarterly bank reconciliations and management accounts. The VCT is subject to a full annual audit. The auditors are the same auditors as other VCTs managed by the Investment Manager. The Investment Manager's procedures are subject to internal compliance checks.

### *Going Concern*

After making the necessary enquiries, the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for at least the next 12 months. The Board receives regular reports from the Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to apply the going concern basis in preparing the Financial Statements.

### *Relations with Shareholders*

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

## Corporate Governance

### Compliance Statement

The Listing Rules require the Board to report on compliance with the UK Corporate Governance Code (September 2014) provisions throughout the accounting period. With the exception of the limited items outlined below, the Directors consider that the Company has complied throughout the period under review with the provisions set out in the UK Corporate Governance Code (September 2014).

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

On behalf of the Board.



Jane Owen,  
Chairman  
16 May 2017

## Directors' Remuneration Report

### Introduction

This report is submitted in accordance with schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, in respect of the year ended 28 February 2017. This report also meets the Financial Conduct Authority's Listing Rules and describes how the Board has applied the principles relating to Directors' remuneration set out in UK Corporate Governance Code (issued September 2014). The reporting requirements require two sections to be included, a Policy Report and an Annual Remuneration Report which are presented below.

### Directors' Remuneration Policy Report

This statement of the Directors' Remuneration Policy took effect following approval by shareholders at the Annual General Meeting on 24 July 2014. The Board currently comprises three Directors, all of whom are Non-Executive. The Board does not have a separate remuneration committee, as the Company has no employees or executive directors. The Board has not retained external advisers in relation to remuneration matters but has access to information about Directors' fees paid by other companies of a similar size and type. No views which are relevant to the formulation of the Directors' remuneration policy have been expressed to the Company by shareholders, whether at a general meeting or otherwise.

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

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

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

	<b>Date of Contract</b>	<b>Unexpired term of contract</b>	<b>Annual rate of Directors' fees</b>	<b>Policy on payment for loss of office</b>
			£	
Jane Owen, Chairman	23-Sep-10	none	17,500	none
Chad Murrin	23-Sep-10	none	15,000	none
Tim Clarke	05-May-11	none	15,000	none

### Annual Remuneration Report

The remuneration policy described above has not changed during the last three years. Approval to renew the policy will be sought on 13 July 2017 at the Annual General Meeting and will remain unchanged for another three year period. The Board will review the remuneration of the Directors in line with the VCT industry on an annual basis, if thought appropriate. Otherwise, only a change in role is likely to incur a change in remuneration of any one Director.

## Directors' Remuneration Report

### Directors' Remuneration (audited information)

The fees paid to Directors in respect of the year ended 28 February 2017 and the prior year are shown below:

	Emoluments for the year ended 28 February 2017	Emoluments for the year ended 29 February 2016
	£	£
Jane Owen, Chairman	17,269	15,000
Chad Murrin	14,769	12,500
Tim Clarke	14,769	12,500
	<hr/> 46,807	<hr/> 40,000
Employers' NI contributions	101	162
<b>Total Emoluments</b>	<hr/> <b>46,908</b>	<hr/> <b>40,162</b>

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

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

Directors' emoluments compared to payments to shareholders:

	28 February 2017	29 February 2016
	£'000	£'000
Total Dividends paid	4,884	13,445
Total Directors' emoluments	47	40

### Directors' Share Interests (audited information)

At the 28 February 2017 Jane Owen held 25,375 Ordinary Shares, 24,624 A Ordinary Shares and 24,378 B Ordinary Shares (2016: 25,375 Ordinary Shares; 24,624 A Ordinary Shares) and Tim Clarke held 15,300 Ordinary Shares and 24,624 B Shares (2016: 15,300 Ordinary Shares) and Chad Murrin held 24,874 A Ordinary Shares and 24,624 B Ordinary Shares (2016: 24,874 A Ordinary Shares). At 28 February 2017 Jane Owen's husband held 25,375 Ordinary Shares (2016: 25,375). No other connected parties to the Directors held any shares at 28 February 2017 (2016: nil). Any shares owned by the Directors were purchased at the same price offered to investors. There are no requirements or restrictions on Directors holding shares in the Company.

### Company Performance

There have been no trades in the Company's shares to date. Therefore, no performance graph comparing the share price of the Company over the year ended 28 February 2017 with the total return from a notional investment in the FTSE All-Share index over the same period has been included.

No market maker has been appointed and therefore no current bid and offer price is available for the Company's shares. However the Board's policy is to buy back shares from shareholders at a 10% discount to net asset value. The Company will produce a graph of its share performance once there is sufficient activity that the graph would be meaningful to shareholders.

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

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

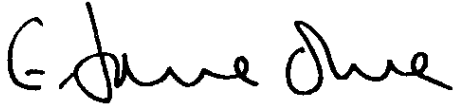
The 2016 Remuneration Report was presented to the Annual General Meeting in July 2016 and received shareholder approval following a vote 100% in favour and none abstained.

The 2014 Remuneration Policy was presented to the Annual General Meeting in July 2014 and received shareholder approval following a vote 100% in favour and none abstained.

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

The Directors' fees were £17,500 per annum for the Chairman and £15,000 per annum for other Directors from 5 April 2016. The remuneration of the Director's increased by £2,500 for each Director when the B Share Offer became effective on 5 April 2016. The remuneration of the Directors reflects the experience of the Board as a whole, is fair and comparable with that of other relevant Venture Capital Trusts that are similar in size and have similar investment objectives and structures.

On behalf of the Board.



Jane Owen  
Chairman  
16 May 2017

## Independent auditor's report to the members of Triple Point VCT 2011 plc

### Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Who we are reporting to

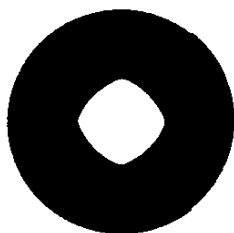
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other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

### What we have audited

Triple Point VCT 2011 plc's financial statements for the year ended 28 February 2017 comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

### Overview of our audit approach



- Overall materiality: £195,000, which represents approximately 1% of the Company's net assets; and
- Key audit risks were identified as valuation of unquoted investments and completeness of investment income.

### Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

#### Audit risk

#### How we responded to the risk

##### Valuation of unquoted investments

The Company's objective is to build a portfolio of unquoted companies which are cash generative and, therefore, capable of producing income and capital repayments to the Company prior to their disposal by the Company. Unquoted investments amount, by value, to 85% of the Company's total assets, and are designated as being at fair value through profit or loss. Measurement of the value of an unquoted investment includes significant assumptions and judgements. We therefore identified the valuation of

Our audit work included, but was not restricted to:

- assessing whether the Company's accounting policy for unquoted investments is in accordance with the requirements of IFRSs as adopted by the European Union and the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP) and testing whether the Company has accounted for unquoted investments in accordance with the policy;

**Audit risk****How we responded to the risk**

unquoted investments as a significant risk requiring special audit consideration.

- ascertaining an understanding of how the valuations were performed by obtaining the underlying models from the investment manager, discussing the review process and consideration of whether they were made in accordance with published guidance, in particular the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines;
- reviewing and challenging the basis and reasonableness of the assumptions made by the investment manager in conjunction with available supporting information, such as the corroboration of financial inputs to the relevant investee company management accounts or offer letters from the potential buyer as applicable; and
- engaging our valuation specialists to test a sample of investments, their inputs and assumptions.

The Company's accounting policies on non-current asset investments and assets held for sale are included in note 2, and its disclosures about unquoted investments held at the year end are included in note 10. The Audit Committee also identified and considered the valuation and existence of unquoted investments as a key area of risk in the Corporate Governance Statement on page 29.

**Completeness of investment income**

Revenue consists of interest earned on loans and cash balances, and dividend income received from investee companies. Under International Standard on Auditing (ISA) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition. Revenue is also a key factor in demonstrating the performance of the Company's portfolio and considered a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to:

- assessing whether the Company's accounting policy for revenue recognition is in accordance with the IFRSs as adopted by the European Union and the AIC SORP and testing its correct application during the year;
- performing substantive audit testing on interest income recognised during the year by comparing the actual to expected income, calculated using the interest rates in the loan instruments;
- testing recorded dividend income to the Company's bank statements, agreeing the amounts to the minutes of the meetings of the relevant investee companies and corroborating the amounts to the respective underlying investee companies' accounts; and
- for accrued interest income, reviewing management's assessment of recoverability by

Audit risk	How we responded to the risk
	checking to post year end receipts and also discussion with management.
	The Company's accounting policy on income, including its recognition, is included in note 2, and its disclosures about investment income recognised in the year are included in note 4.

### Our application of materiality and an overview of the scope of our audit

#### Materiality

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

We determined materiality for the audit of the financial statements as a whole to be £195,000, which is approximately 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which are primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance.

Materiality for the current year is higher than the level that we determined for the year ended 29 February 2016 to reflect the increase in the Company's net assets.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as the statement of total comprehensive income, directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £9,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

#### Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

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

- obtaining an understanding of and evaluating design and implementation of controls in place at the relevant third party service providers around key audit risks areas; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of risk of material misstatement and the effectiveness of design and implementation of controls around such areas.

**Other reporting required by regulations****Our opinions on other matters prescribed by the Companies Act 2006 are unmodified**

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

**Matters**

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 financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability set out on pages 30 and 11 respectively; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### **Responsibilities for the financial statements and the audit**

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



Nicholas Page  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
16 May 2017

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

	Year ended 28 February 2017			Year ended 29 February 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	685	-	685	1,943	-	1,943
Realised (loss) on investments	-	(429)	(429)	-	(1,589)	(1,589)
Unrealised (loss)/gain on investments	-	(74)	(74)	-	228	228
Investment return	685	(503)	182	1,943	(1,361)	582
Investment management fees	(80)	(92)	(172)	(267)	(171)	(438)
Other expenses	(66)	-	(66)	(96)	(7)	(103)
Profit/(loss) before taxation	539	(595)	(56)	1,580	(1,539)	41
Taxation	11	57	68	16	11	27
Profit/(loss) after taxation	550	(538)	12	1,596	(1,528)	68
Profit and total comprehensive income/(loss) for the year	550	(538)	12	1,596	(1,528)	68
Basic and diluted earnings/(loss) per share	2.71p	(2.65p)	0.06p	7.84p	(7.51p)	0.33p

**Balance Sheet**28 February 2017  
£'00029 February 2016  
£'000**Non-current assets**

Financial assets at fair value through profit or loss

5

5,750

**Current assets**

Assets held for sale

191

793

Receivables

674

681

Corporation Tax

68

-

Cash and cash equivalents

1,448

30

2,381

1,504

**Current liabilities**

Payables

(82)

(78)

Net assets

2,304

7,176

**Equity attributable to equity holders**

2,304

7,176

Net asset value per share

11.32p

35.26p

**Statement of Changes in Shareholders' Equity**28 February 2017  
£'00029 February 2016  
£'000

Opening shareholders' funds

7,176

20,553

Profit/(loss) for the year

12

68

Dividend paid

(4,884)

(13,445)

Closing shareholders' funds

2,304

7,176

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

### Investment Portfolio

	28 February 2017				29 February 2016			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
Unquoted Qualifying Holdings	300	17.16	191	11.62	5,234	81.68	5,269	80.18
Unquoted Non Qualifying Holdings	-	-	5	0.30	1,145	17.88	1,274	19.40
	300	17.16	196	11.92	6,379	99.56	6,543	99.58
Cash and cash equivalents	1,448	82.84	1,448	88.08	30	0.44	30	0.42
	<b>1,748</b>	<b>100.00</b>	<b>1,644</b>	<b>100.00</b>	<b>6,409</b>	<b>100.00</b>	<b>6,573</b>	<b>100.00</b>

### Unquoted Qualifying Holdings

<u>Cinema Digitisation</u>								
DLN Digital Ltd	300	17.16	191	11.62	300	4.68	141	2.15
<u>Hydro Project Management</u>								
Highland Hydro Services Ltd	-	-	-	-	813	12.69	1,099	16.72
<u>Landfill Gas</u>								
Aeris Power Ltd	-	-	-	-	575	8.97	464	7.06
Craigahulliar Energy Ltd	-	-	-	-	310	4.84	329	5.01
<u>Hydroelectric Power</u>								
Green Highland Allt Choire A Bhalachain (255) Ltd	-	-	-	-	30	0.47	30	0.46
Green Highland Allt Phocachain (1015) Ltd	-	-	-	-	30	0.47	30	0.46
Green Highland Shenval Ltd	-	-	-	-	1,276	19.91	1,276	19.41
<u>Gas Power</u>								
Green Peak Generation Ltd	-	-	-	-	1,900	29.65	1,900	28.91
	<b>300</b>	<b>17.16</b>	<b>191</b>	<b>11.62</b>	<b>5,234</b>	<b>81.68</b>	<b>5,269</b>	<b>80.18</b>

	28 February 2017				29 February 2016			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
<b>Unquoted Non Qualifying Holdings</b>								
<u>Hydroelectric Power</u>								
Green Highland Allt Choire A Bhalachain (255) Ltd	-	-	-	-	3	0.05	3	0.05
Green Highland Allt Phocachain (1015) Ltd	-	-	-	-	3	0.05	3	0.05
<u>Gas Power</u>								
Green Peak Generation Ltd	-	-	-	-	3	0.05	3	0.05
<u>SME funding:</u>								
<u>Other</u>								
Broadpoint Ltd	-	-	5	0.30	1,136	17.73	1,265	19.25
	-	0.00	5	0.30	1,145	17.88	1,274	19.40

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

	<b>Year ended 28 February 2017</b>			<b>Year ended 29 February 2016</b>		
	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Investment income	663	-	663	322	-	322
Realised gain on investments	-	-	-	-	1	1
Unrealised gain on investments	-	30	30	-	-	-
Investment return	663	30	693	322	1	323
Investment management fees	(163)	(47)	(210)	(65)	(22)	(87)
Other expenses	(52)	-	(52)	(87)	(12)	(99)
Profit/(loss) before taxation	448	(17)	431	170	(33)	137
Taxation	(90)	10	(80)	(34)	7	(27)
Profit/(loss) after taxation	358	(7)	351	136	(26)	110
Profit and total comprehensive income/(loss) for the year	358	(7)	351	136	(26)	110
Basic and diluted earnings/(loss) per share	3.61p	(0.08p)	3.53p	1.49p	(0.29p)	1.20p

**Balance Sheet**

	<b>28 February 2017</b>	<b>29 February 2016</b>
	£'000	£'000
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	9,802	9,466
<b>Current assets</b>		
Receivables	678	276
Cash and cash equivalents	29	307
	707	583
<b>Current liabilities</b>		
Payables	(73)	(44)
Corporation Tax	(80)	-
Net assets	10,356	10,005
<b>Equity attributable to equity holders</b>	10,356	10,005
Net asset value per share	104.07p	100.54p

**Statement of Changes in Shareholders' Equity**

	<b>28 February 2017</b>	<b>29 February 2016</b>
	£'000	£'000
Opening shareholders' funds	10,005	-
Issue of new shares	-	9,895
Profit for the year	351	110
Closing shareholders' funds	10,356	10,005

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

Investment Portfolio	28 February 2017				29 February 2016			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
Unquoted Qualifying Holdings	6,323	64.51	6,335	64.44	5,403	55.28	5,403	55.28
Unquoted Non Qualifying Holdings	3,449	35.18	3,467	35.27	4,063	41.57	4,063	41.57
	9,772	99.69	9,802	99.71	9,466	96.85	9,466	96.85
Cash and cash equivalents	29	0.31	29	0.29	307	3.15	307	3.15
	<u>9,801</u>	<u>100.00</u>	<u>9,831</u>	<u>100.00</u>	<u>9,773</u>	<u>100.00</u>	<u>9,773</u>	<u>100.00</u>

## Unquoted Qualifying Holdings

Hydroelectric Power

Green Highland Allt Choire A Bhalachain Ltd	30	0.31	29	0.29	-	-	-	-
Green Highland Allt Garbh Ltd	2,250	22.96	2,250	22.89	2,250	23.02	2,250	23.02
Green Highland Allt Ladaidh (1148) Ltd	1,470	15.00	1,470	14.95	1,470	15.04	1,470	15.04
Green Highland Allt Luaidhe (228) Ltd	855	8.72	877	8.92	855	8.75	855	8.75
Green Highland Allt Phocachain (1015) Ltd	858	8.75	849	8.64	828	8.47	828	8.47
Green Highland Shenval Ltd	860	8.77	860	8.75	-	-	-	-
	<u>6,323</u>	<u>64.51</u>	<u>6,335</u>	<u>64.44</u>	<u>5,403</u>	<u>55.28</u>	<u>5,403</u>	<u>55.28</u>

## Unquoted Non Qualifying Holdings

Hydroelectric Power

Unquoted Non Qualifying Holdings	28 February 2017				29 February 2016			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
Green Highland Allt Choire A Bhalachain Ltd	3	0.03	3	0.03	-	-	-	-
Green Highland Allt Ladaidh (1148) Ltd	30	0.31	30	0.31	30	0.31	30	0.31
Green Highland Allt Luaidhe (228) Ltd	61	0.62	61	0.62	61	0.62	61	0.62
Green Highland Allt Phocachain (1015) Ltd	3	0.03	3	0.03	-	-	-	-
Kinlochteacius Hydro Ltd	47	0.48	47	0.48	1,167	11.94	1,167	11.94
<u>SME Funding:</u>								
<u>Hydroelectric Power</u>								
Broadpoint 2 Ltd	800	8.16	800	8.14	800	8.19	800	8.19
Broadpoint 3 Ltd	1,005	10.25	1,005	10.22	1,005	10.28	1,005	10.28
<u>Other</u>								
Funding Path Ltd	1,000	10.20	1,010	10.27	1,000	10.23	1,000	10.23
Modern Power Generation Ltd	500	5.10	508	5.17	-	-	-	-
	<u>3,449</u>	<u>35.18</u>	<u>3,467</u>	<u>35.27</u>	<u>4,063</u>	<u>41.57</u>	<u>4,063</u>	<u>41.57</u>

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

### Statement of Comprehensive Income

	Year ended 28 February 2017			Year ended 29 February 2016		
	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Investment income	89	-	89	-	-	-
Unrealised gain on investments	-	26	26	-	-	-
Investment return	89	26	115	-	-	-
Investment management fees	(87)	(25)	(112)	-	-	-
Other expenses	(30)	-	(30)	-	-	-
(Loss)/gain before taxation	(28)	1	(27)	-	-	-
Taxation	6	5	11	-	-	-
(Loss)/gain after taxation	(22)	6	(16)	-	-	-
Loss and total comprehensive (loss)/income for the year	(22)	6	(16)	-	-	-
Basic and diluted (loss)/earnings per share	(0.37p)	0.10p	(0.27p)	-	-	-

### Balance Sheet

28 February 2017  
£'000

29 February 2016  
£'000

#### Non-current assets

Financial assets at fair value through profit or loss

6,786

-

#### Current assets

Assets held for sale

-

-

Receivables

23

-

Corporation Tax

11

Cash and cash equivalents

48

-

82

-

#### Current liabilities

Payables

(60)

-

Net assets

6,808

-

#### Equity attributable to equity holders

6,808

-

Net asset value per share

99.76p

-

### Statement of Changes in Shareholders' Equity

28 February 2017  
£'000

29 February 2016  
£'000

Opening shareholders' funds

-

-

Issue of new shares

6,824

-

Loss for the year

(16)

-

Closing shareholders' funds

6,808

-

**Unaudited Non-Statutory Analysis of - The B Share Fund****Investment Portfolio**

	<b>28 February 2017</b>				<b>29 February 2016</b>			
	<b>Cost</b>		<b>Valuation</b>		<b>Cost</b>		<b>Valuation</b>	
	£'000	%	£'000	%	£'000	%	£'000	%
Unquoted Qualifying Holdings	5,100	74.91	5,100	74.62	-	-	-	-
Unquoted Non Qualifying Holdings	1,660	24.38	1,686	24.67	-	-	-	-
	6,760	99.29	6,786	99.29	-	-	-	-
Cash and cash equivalents	48	0.71	48	0.71	-	-	-	-
	<b>6,808</b>	<b>100.00</b>	<b>6,834</b>	<b>100.00</b>	-	-	-	-
<b>Unquoted Qualifying Holdings</b>								
<i>Gas Power</i>								
Distributed Generators Ltd	3,200	47.00	3,200	46.82	-	-	-	-
Green Peak Generation Ltd	1,900	27.91	1,900	27.80	-	-	-	-
	<b>5,100</b>	<b>74.91</b>	<b>5,100</b>	<b>74.62</b>	-	-	-	-

	<b>28 February 2017</b>				<b>29 February 2016</b>			
	<b>Cost</b>		<b>Valuation</b>		<b>Cost</b>		<b>Valuation</b>	
	£'000	%	£'000	%	£'000	%	£'000	%
<b>Unquoted Non Qualifying Holdings</b>								
<i>SME Funding</i>								
<i>Other</i>								
Modern Power Generation Ltd	1,660	24.38	1,686	24.67	-	-	-	-
	<b>1,660</b>	<b>24.38</b>	<b>1,686</b>	<b>24.67</b>	-	-	-	-

**Statement of Comprehensive Income****For the year ended 28 February 2017**

	Note	Year ended 28 February 2017			Year ended 29 February 2016		
		Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Investment income	4	1,437	-	1,437	2,265	-	2,265
Loss arising on the realisation of investments during the year (Loss)/gain arising on the revaluation of investments at the year end		-	(429)	(429)	-	(1,588)	(1,588)
Investment return		1,437	(447)	990	2,265	(1,360)	905
Investment management fees	5	330	164	494	332	193	525
Financial and regulatory costs		28	-	28	27	-	27
General administration		4	-	4	12	-	12
Legal and professional fees	6	69	-	69	46	19	65
Directors' remuneration	7	47	-	47	40	-	40
Interest payable		-	-	-	58	-	58
Operating expenses		478	164	642	515	212	727
Profit/(loss) before taxation		959	(611)	348	1,750	(1,572)	178
Taxation	8	(73)	72	(1)	(18)	18	-
Profit/(loss) after taxation		886	(539)	347	1,732	(1,554)	178
Profit and total comprehensive income/(loss) for the year		886	(539)	347	1,732	(1,554)	178
Basic & diluted earnings per share	9	n/a	n/a	n/a	n/a	n/a	n/a

The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP 2014).

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

This Statement of Comprehensive Income includes all recognised gains and losses.

The accompanying notes are an integral part of these statements.

## Balance Sheet

At 28 February 2017

	Note	28 February 2017 £'000	29 February 2016 £'000
<b>Non current assets</b>			
Financial assets at fair value through profit or loss	10	<u>16,593</u>	<u>15,216</u>
<b>Current assets</b>			
Assets held for sale	11	191	793
Receivables	12	1,375	957
Cash and cash equivalents	13	<u>1,525</u>	<u>337</u>
		<u>3,091</u>	<u>2,087</u>
Total assets		<u>19,684</u>	<u>17,303</u>
<b>Current liabilities</b>			
Payables and accrued expenses	14	215	122
Current taxation payable		<u>1</u>	<u>-</u>
		<u>216</u>	<u>122</u>
Net assets		<u>19,468</u>	<u>17,181</u>
<b>Equity attributable to equity holders</b>			
Share capital	15	371	303
Share Premium		16,683	9,927
Share redemption reserve		1	1
Special distributable reserve		255	4,900
Capital reserve		1,443	1,982
Revenue reserve		<u>715</u>	<u>68</u>
Total equity		<u>19,468</u>	<u>17,181</u>
Net asset value per share (pence)	17	n/a	n/a

The statements were approved by the Directors and authorised for issue on 16 May 2017 and are signed on their behalf by:



Jane Owen  
Chairman  
16 May 2017

Company registration number 07324448.

The accompanying notes are an integral part of this statement.

**Statement of Changes in Shareholders' Equity**

For the year ended 28 February 2017

	Issued Capital £'000	Share Premium	Share Redemption Reserve	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
<b>Year ended 28 February 2017</b>							
Opening balance	303	9,927	1	4,900	1,982	68	17,181
Issue of share capital	68	6,904	-	-	-	-	6,972
Cost of issue of shares	-	(148)	-	-	-	-	(148)
Dividends paid	-	-	-	(4,645)	-	(239)	(4,884)
Transactions with owners	68	6,756	-	(4,645)	-	(239)	1,940
(Loss)/profit after taxation	-	-	-	-	(539)	886	347
Total comprehensive (loss)/profit for the year	-	-	-	-	(539)	886	347
Balance at 28 February 2017	371	16,683	1	255	1,443	715	19,468
The Capital Reserve consists of:							
Investment holding losses					(48)		
Other realised gains					1,491		
					1,443		
<b>Year ended 29 February 2016</b>							
Opening balance	203	-	1	16,630	3,536	183	20,553
Issue of share capital	100	10,168	-	-	-	-	10,268
Cost of issue of shares	-	(241)	-	(132)	-	-	(373)
Dividend Paid	-	-	-	(11,598)	-	(1,847)	(13,445)
Transactions with owners	100	9,927	-	(11,730)	-	(1,847)	(3,550)
(Loss)/profit after taxation	-	-	-	-	(1,554)	1,732	178
Total comprehensive (loss)/profit for the year	-	-	-	-	(1,554)	1,732	178
Balance at 29 February 2016	303	9,927	1	4,900	1,982	68	17,181
The Capital Reserve consists of:							
Investment holding gains					164		
Other realised gains					1,818		
					1,982		

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

## Statement of Cash Flows

For the year ended 28 February 2017

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
<b>Cash flows from operating activities</b>		
Profit before taxation	348	178
Loss arising on the disposal of investments during the year	429	1,588
Loss/(gain) arising on the revaluation of investments at the year end	18	(228)
Cash generated by operations	795	1,538
(Increase) in receivables	(424)	(187)
Increase/(decrease) in payables	93	(16)
Net cash flows from operating activities	464	1,335
<b>Cash flows from investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(5,850)	(17,636)
Sales of financial assets at fair value through profit or loss	4,634	20,171
Net cash flows from investing activities	(1,216)	2,535
<b>Cash flows from financing activities</b>		
Issue of shares	6,824	9,895
Dividends paid	(4,884)	(13,445)
Net cash flows from financing activities	1,940	(3,550)
Net increase in cash and cash equivalents	1,188	320
<b>Reconciliation of net cash flow to movements in cash and cash equivalents</b>		
Cash and cash equivalents at 1 March 2016	337	17
Net increase in cash and cash equivalents	1,188	320
Cash and cash equivalents at 28 February 2017	1,525	337

The accompanying notes are an integral part of these statements.

## **Notes to the Financial Statements**

### **1. Corporate Information**

The Financial Statements of the Company for the year ended 28 February 2017 were authorised for issue in accordance with a resolution of the Directors on 16 May 2017.

The Company applied for listing on the London Stock Exchange on 24 December 2010.

Triple Point VCT 2011 plc is incorporated and domiciled in Great Britain and registered in England and Wales. The address of the Company's registered office, which is also its principal place of business, is 18 St Swithin's Lane, London EC4N 8AD.

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

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

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

#### *Basis of Preparation*

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

The Financial Statements of the Company for the year to 28 February 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union and complied with the Statement of Recommended Practice: "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued by the Association of Investment Companies (AIC) in November 2014 and updated in January 2017, in so far as this does not conflict with IFRS.

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

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

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

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

## **Notes to the Financial Statements**

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

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

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

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

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

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

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2017, and have not been applied in preparing these Financial Statements.

- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 15 Revenue from contracts with customers (1 January 2018)
- IFRS 16 Leases (1 January 2019)

All of these changes will be applied by the Company from the effective date but none of them are expected to have a significant impact on the Company's Financial Statements.

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

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

#### *Capital Management*

Capital management is monitored and controlled using the internal control procedures set out on page 30. The capital being managed includes equity and fixed interest VCT qualifying investments, cash balances and liquid resources including debtors and creditors.

The Company's objectives when managing capital are:

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

## Notes to the Financial Statements

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

The Company has no external debt; consequently all capital is represented by the value of share capital, distributable and other reserves. Total shareholder equity at 28 February 2017 was £19.5 million (2016: £17.2 million).

#### *Non-Current Asset Investments*

The Company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis in accordance with the investment policy detailed in the Strategic Report on page 4 and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly upon initial recognition the investments are designated by the Company as "at fair value through profit or loss" in accordance with IAS39 "Financial instruments recognition and measurement". They are included initially at fair value, which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income and allocated to "capital" at the time of acquisition). Subsequently the investments are valued at "fair value" which is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. This is measured as follows:

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

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

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

#### *Assets Held for Sale*

Current assets classified as held for sale are presented separately and measured at the value expected to be realised on disposal which is equivalent to its fair value.

#### *Income*

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

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

#### *Expenses*

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

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

#### *Taxation*

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

## Notes to the Financial Statements

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

In accordance with IAS 12, deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The Directors have considered the requirements of IAS 12 and do not believe that any provision should be made.

#### Financial Instruments

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

#### Issued Share Capital

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

#### Cash and Cash Equivalents

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

#### Reserves

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

### 3. Segmental Reporting

The Company only has one class of business, being investment activity. All revenues and assets are generated and held in the UK.

### 4. Investment Income

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares £'000	A Shares £'000	B Shares £'000	Total £'000	Ordinary Shares £'000	A Shares £'000	B Shares £'000	Total £'000
Interest receivable on bank balances	-	-	-	-	3	2	-	5
Loan stock interest	52	663	89	804	281	320	-	601
Dividend Income	633	-	-	633	1,659	-	-	1,659
	<u>685</u>	<u>663</u>	<u>89</u>	<u>1,437</u>	<u>1,943</u>	<u>322</u>	<u>-</u>	<u>2,265</u>

Disclosure by share class is unaudited

## Notes to the Financial Statements

### 5. Investment Management Fees

TPIM provides investment management and administration services to the Company under an Investment Management Agreement effective 23 September 2010 and a deed of variation to that agreement effective 23 December 2015.

**Ordinary Shares:** The agreement provides for an investment management fee of 2.25% per annum of net assets payable quarterly in arrear for Ordinary Shares until 1 October 2016 and thereafter a 1% exit fee on all funds returned to shareholders.

**A Shares:** The agreement provides for an investment management fee of 2.00% per annum of net assets payable quarterly in arrear for A Shares. For A Shares the appointment shall continue for a period of at least 6 years from the admission of those shares.

**B Shares:** The agreement provides for an investment management fee of 1.90% per annum of net assets payable quarterly in arrear for B Shares. For B Shares the appointment shall continue for a period of at least 6 years from the admission of those shares.

An administration fee of £37,500 per annum is payable quarterly in arrear. The administration fee for the year ended 28 February 2017 includes a fee relating to the prior year that was not charged, explaining why it is a higher value in the table below.

#### Investment Management Fees

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Management Fees	90	189	100	379	320	76	-	396
Administration Fees	12	21	12	45	36	11	-	47
Exit fees	70	-	-	70	82	-	-	82
<b>Total</b>	<b>172</b>	<b>210</b>	<b>112</b>	<b>494</b>	<b>438</b>	<b>87</b>	<b>-</b>	<b>525</b>

### 6. Legal and Professional Fees

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

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees payable to the Company's auditor:								
• for the audit of the Financial Statements	5	8	4	17	12	15	-	27
• for taxation compliance services	-	-	-	-	2	2	-	4
	<b>5</b>	<b>8</b>	<b>4</b>	<b>17</b>	<b>14</b>	<b>17</b>	<b>-</b>	<b>31</b>

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 7. Directors' Remuneration

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Jane Owen	4	8	5	17	8	7	-	15
Chad Murrin	4	7	4	15	7	6	-	13
Tim Clarke	4	7	4	15	5	7	-	12
<b>Total</b>	<b>12</b>	<b>22</b>	<b>13</b>	<b>47</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>40</b>

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

### 8. Taxation

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) on ordinary activities before tax	(55)	431	(27)	348	41	137	-	178
Corporation tax @ 20%	(11)	86	(5)	70	8	27	-	35
Effect of:								
Utilisation of tax losses brought forward	(38)	-	-	(38)	-	-	-	-
Capital losses/(gains) not taxable	100	(6)	(6)	88	272	-	-	272
Dividends received not taxable	(126)	-	-	(126)	(332)	-	-	(332)
Disallowed expenditure	7	-	-	7	-	-	-	-
Unrelieved tax losses arising in the year	-	-	-	-	25	-	-	25
<b>Tax charge / credit for the year</b>	<b>(68)</b>	<b>80</b>	<b>(11)</b>	<b>1</b>	<b>(27)</b>	<b>27</b>	<b>-</b>	<b>-</b>

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

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 9. Earnings per Share

The earnings per Ordinary Share is 0.06p (2016: 0.33p) and is based on a profit from ordinary activities after tax of £12,675 (2016: £67,915), and on the weighted average number of Ordinary Shares in issue during the period of 20,349,869 (2016: 20,349,869).

The earnings per A Share is 3.53p (2016: 1.20p) and is based on a profit from ordinary activities after tax of £350,664 (2016: £109,838), and on the weighted average number of A Shares in issue during the period of 9,951,133 (2016: 9,117,520).

The loss per B Share is 0.27p (2016: nil) and is based on a loss from ordinary activities after tax of £16,246 (2016: £nil), and on the weighted average number of B Shares in issue during the period of 6,109,517 (2016: nil).

The table below shows the calculation of the weighted average number of shares.

	Ordinary Shares			A Shares			B Shares		
	Shares Issued	No. of Days	Weighted Average	Shares Issued	No. of Days	Weighted Average	Shares Issued	No. of Days	Weighted Average
01-Mar-16	20,349,869	365	20,349,869	9,951,133	365	9,951,133	-	365	-
04-Apr-16	-	331	-	-	331	-	5,768,291	331	5,230,971
05-Apr-16	-	330	-	-	330	-	63,037	330	56,992
03-May-16	-	302	-	-	302	-	992,938	302	821,554
28-Feb-17	20,349,869	365	20,349,869	9,951,133	365	9,951,133	6,824,266	365	6,109,517

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

#### Investments

Fair Value Hierarchy:

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

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

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

There have been no transfers between these classifications in the period. Any change in fair value is recognised through the Statement of Comprehensive Income.

Further details of these investments are provided in the Investment Manager's Review and Investment Portfolio.

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

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

## Notes to the Financial Statements

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

Valuation techniques and unobservable inputs:			
Sector	Valuation Techniques	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement <i>Estimated fair value would increase/(decrease) if:</i>
Cinema Digitisation	<ul style="list-style-type: none"> <li>Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.</li> </ul>	<ul style="list-style-type: none"> <li>Discount rate 4.50%</li> </ul>	<ul style="list-style-type: none"> <li>The discount rate was lower/(higher)</li> </ul>
Hydroelectric Power	<ul style="list-style-type: none"> <li>Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.</li> </ul>	<ul style="list-style-type: none"> <li>Discount rate 10%</li> <li>Inflation rate 2%</li> </ul>	<ul style="list-style-type: none"> <li>The discount rate was lower/(higher)</li> <li>The inflation rate was higher/(lower)</li> </ul>

Consideration has been given whether the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. Each unquoted portfolio company has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions.

Discount rates have been applied reflecting levels of risk and life expectancy of the investment.

Where discount rates have been applied to the unquoted investments, alternative discount rates have been considered. Two alternative scenarios for each investment have been modelled, a more prudent assumption (downside case) and a more optimistic assumption (upside case). Applying the downside alternative, the aggregate change in value of the unquoted investments would be £115,000 or 5.9 per cent lower. Using the upside alternative the aggregate value of the unquoted investments would be £255,000 or 13.1 per cent higher.

## Notes to the Financial Statements

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

Movements in investments held at fair value through the profit or loss during the year to 28 February 2017 were as follows:

Level 3 Unquoted Investments	Ordinary	A	B	Total
	Shares	Shares	Shares	
	£'000	£'000	£'000	£'000
<b>Year ended 28 February 2017</b>				
Opening Cost	5,494	9,466	-	14,960
Opening unrealised profit	256	-	-	256
<b>Opening fair value at 1 March 2016</b>	<b>5,750</b>	<b>9,466</b>	<b>-</b>	<b>15,216</b>
Purchases at cost	-	-	5,850	5,850
Disposal proceeds	(2,195)	(1,120)	(490)	(3,805)
Transfers between share classes	(2,826)	1,426	1,400	-
Realised loss on disposal	(459)	-	-	(459)
Investment holding losses	(124)	30	26	(68)
Reclassification as assets held for sale	(141)	-	-	(141)
<b>Closing fair value at 28 February 2017</b>	<b>5</b>	<b>9,802</b>	<b>6,786</b>	<b>16,593</b>
Closing cost	-	9,772	6,760	16,532
Closing investment holding gains	5	30	26	61
<b>Year ended 29 February 2016</b>				
Opening Cost	4,311	-	-	4,311
Opening unrealised (loss)	(64)	-	-	(64)
<b>Opening fair value at 1 March 2015</b>	<b>4,247</b>	<b>-</b>	<b>-</b>	<b>4,247</b>
Purchases at cost	5,919	11,717	-	17,636
Disposal proceeds	(3,852)	(2,252)	-	(6,104)
Realised gain on disposals	1	1	-	2
Investment holding gains	228	-	-	228
Reclassification as assets held for sale	(793)	-	-	(793)
<b>Closing fair value at 29 February 2016</b>	<b>5,750</b>	<b>9,466</b>	<b>-</b>	<b>15,216</b>
Closing cost	5,494	9,466	-	14,960
Closing investment holding gains	256	-	-	256

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

#### Material disposals during the year

	<u>Cost</u>	<u>Opening</u>	<u>Disposal</u>	<u>Realised</u>
	£'000	Valuation	£'000	Loss
		£'000		£'000
Green Highland Shenval Ltd	416	416	416	-
Highland Hydro Services Ltd	813	1,099	640	(459)
	<u>1,229</u>	<u>1,515</u>	<u>1,056</u>	<u>(459)</u>

The loss shown on the sale of Highland Hydro Services Ltd was due to a dividend of £515,064 being declared prior to the sale and subsequently received. The realised losses shown in the table above and the realised gain shown in note 11 under Assets Held for Sale equal the total realised losses shown in the Statement of Comprehensive Income on page 46.

*Disclosure by share class is unaudited*

## Notes to the Financial Statements

### 11. Assets Held for Sale

Assets held for Sale are measured at fair value through profit or loss at the discounted price expected to be achieved through the sale after the year end and are classified as Level 3 Unquoted Investments.

#### Material disposals during the year

<u>Investee Company</u>	<u>Cost</u> £'000	<u>Opening Valuation</u> £'000	<u>Disposal</u> £'000	<u>Realised Gain</u> £'000
Aeris Power Ltd	575	464	494	30
Craigahulliar Energy Ltd	310	329	329	-
	885	793	823	30

Income for the year relating to these disposals amounted to £10,000 and expenses were £nil.

DLN Digital Ltd, a cinema digitisation company previously treated as Financial Assets at fair value through profit or loss has been reclassified as an asset held for sale at 28 February 2017 following the Investment Managers commitment to sell this company. It is highly probable that a sale will complete within 12 months. Subsequent to reclassification, in line with IFRS 5, the company will continue to be measured in line with IAS 39. Income for the year relating to the investment amounted to £nil and expenses were £nil. This asset is fair value through profit and loss and classified as Level 3 (2016: Level 3).

### 12. Receivables

	28 February 2017				29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accrued income	2	102	18	122	17	85	-	102
Prepaid expenses	2	2	1	5	3	1	-	4
Other debtors	670	574	4	1,248	661	190	-	851
	674	678	23	1,375	681	276	-	957

### 13. Cash and Cash Equivalents

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

### 14. Payables and Accrued Expenses

	Year ended 28 February 2017				Year ended 29 February 2016			
	Ordinary Shares	A Shares	B Shares	Total	Ordinary Shares	A Shares	B Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade Creditors	5	59	51	115	-	-	-	-
Other taxation and social security	2	2	1	5	3	1	-	4
Accrued expenses & deferred income	75	12	8	95	75	43	-	118
	82	73	60	215	78	44	-	122

Disclosure by share class is unaudited

**Notes to the Financial Statements****15. Share Capital**

	28 February 2017	29 February 2016
<b>Ordinary Shares of £0.01 each</b>		
<b>Issued &amp; Fully Paid</b>		
Number of shares	20,349,869	20,349,869
Par Value £'000	<u>203</u>	<u>203</u>
<b>Authorised</b>		
Number of shares	60,000,000	60,000,000
Par Value £'000	<u>600</u>	<u>600</u>
<b>A Ordinary Shares of £0.01 each</b>		
<b>Issued &amp; Fully Paid</b>		
Number of shares	9,951,133	9,951,133
Par Value £'000	<u>100</u>	<u>100</u>
<b>Authorised</b>		
Number of shares	10,000,000	10,000,000
Par Value £'000	<u>100</u>	<u>100</u>
<b>B Ordinary Shares of £0.01 each</b>		
<b>Issued &amp; Fully Paid</b>		
Number of shares	6,824,256	-
Par Value £'000	<u>68</u>	<u>-</u>
<b>Authorised</b>		
Number of shares	10,000,000	-
Par Value £'000	<u>100</u>	<u>-</u>
<b>Company Total Shares of £0.01 each</b>		
<b>Issued &amp; Fully Paid</b>		
Number of shares	371,252,258	303,010,002
Par Value £'000	<u>371</u>	<u>303</u>

On 29 April 2016 the B Share Class offer closed with a total of 6,824,266 B Shares being issued.

## Notes to the Financial Statements

### 16. Financial Instruments and Risk Management

The Company's financial instruments comprise VCT qualifying investments and non-qualifying investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy detailed in the Strategic Report on page 4.

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

	Total value £'000	Loan and receivables £'000	Financial Liabilities held at amortised cost £'000	Fair value through profit or loss £'000
<b>Year ended 28 February 2017</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	16,593	-	-	16,593
Assets held for sale	191	-	-	191
Receivables	1,370	1,370	-	-
Cash and cash equivalents	1,525	1,525	-	-
	<u>19,679</u>	<u>2,895</u>	<u>-</u>	<u>16,784</u>
<b>Liabilities:</b>				
Taxation payable	5	-	5	-
Other Payables	210	-	210	-
	<u>215</u>	<u>-</u>	<u>215</u>	<u>-</u>
<b>Year ended 29 February 2016</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	15,216	-	-	15,216
Assets held for sale	793	-	-	793
Receivables	953	953	-	-
Cash and cash equivalents	337	337	-	-
	<u>17,299</u>	<u>1,290</u>	<u>-</u>	<u>16,009</u>
<b>Liabilities:</b>				
Taxation payable	3	-	3	-
Other Payables	119	-	119	-
	<u>122</u>	<u>-</u>	<u>122</u>	<u>-</u>

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

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

## Notes to the Financial Statements

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

#### Market Risk

The Company's VCT qualifying investments are held in small and medium-sized unquoted investments which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a spread of holdings in terms of industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis. Details of the Company's investment portfolio at the balance sheet date are set out on pages 15 to 21.

An increase of 1% in the value of investments would increase the capital profits for the period and the net asset value at 28 February 2017 by £16,800. A decrease of 1% would reduce the capital profits and net asset value by the same amount. A movement of 1% is used as a multiple to demonstrate the impact of varying changes on the capital profits and net asset value of the Company.

#### Interest Rate Risk

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

Investments made into qualifying holdings are part equity and part loan. The loan element of investments totals £7,141,000 (2016: £8,399,000) and is subject to fixed interest rates for the five year loan terms and as a result there is no cash flow interest rate risk. As the loans are held in conjunction with equity and are valued in combination as part of the enterprise value, fair value risk is considered part of market risk.

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

	<b>28 February 2017</b>	<b>29 February 2016</b>
	<i>£'000</i>	<i>£'000</i>
Cash on Deposit	<u>1,525</u>	<u>337</u>
	<u>1,525</u>	<u>337</u>

An increase in interest rates of 1% per annum would not have a material effect either on the revenue for the year or the net asset value at 28 February 2017. The Board believes that in the current economic climate a movement of 1% is reasonably possible.

#### Credit Risk

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

	<b>28 February 2017</b>	<b>29 February 2016</b>
	<i>£'000</i>	<i>£'000</i>
Non Qualifying investment loans	3,744	5,209
Qualifying Investment loans	3,397	3,190
Cash on Deposit	1,525	337
Receivables	<u>1,370</u>	<u>953</u>
	<u>10,036</u>	<u>9,689</u>

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

## **Notes to the Financial Statements**

### **Liquidity Risk**

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

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

The Board maintains a liquidity management policy where cash and future cash flows from operating activities will be sufficient to pay expenses. At 28 February 2017 cash held by the Company amounted to £1,525,000.

### **Foreign Currency Risk**

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

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

The net asset value per Ordinary Share is 11.32p (2016: 35.26p) and is based on net assets of £2,304,000 (2016: £7,176,000) divided by the 20,349,869 (2016: 20,349,869) Ordinary Shares in issue.

The net asset value per A Share is 104.07p (2016: 100.54p) and is based on net assets of £10,356,000 (2016: £10,005,000) divided by the 9,951,133 (2016: 9,951,133) A Shares in issue.

The net asset value per B Share is 99.76p (2016: nil) and is based on net assets of £6,808,000 (2016: £nil) divided by the 6,824,256 (2016: nil) B Shares in issue.

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

The Company has no outstanding commitments or contingent liabilities.

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

During the period, TPIM received £494,509 which has been expensed (2016: £525,210), for providing management and administrative services, to the Company. At 28 February 2017 £115,441 was owing to TPIM (2016: £85,020).

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

The Directors Remuneration Statement on pages 32 to 34 discloses the Directors' remuneration and shareholdings.

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

Since the year end, on 13 April 2017 a dividend of £1.0 million equal to 5p per share has been paid to Ordinary Class Shareholders.

### **22. Dividend**

On 11 November 2016 a dividend of £4.9 million equal to 24p per share was paid to the Ordinary Class Shareholders. Since the year end, on 13 April 2017 a dividend of £1.0 million equal to 5p per share has been paid to Ordinary Class Shareholders. The Board has resolved to pay a further dividend to Ordinary Class Shareholders of £406,997 equal to 2p per share which will be paid on 23 June 2017 to shareholders on the register on 9 June 2017. This will bring the total paid by way of dividends to the Ordinary Class Shareholders to 110.75p per share.

The Board has resolved to pay the first dividend to A Class Shareholders of £398,045 equal to 4p per share which will be paid on 23 June 2017 to shareholders on the register on 9 June 2017.

## **Information**

### **Details of Advisers**

**Secretary and Registered Office:**

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

**Registered Number**

07324448

**FCA Registration number**

659605

**Investment Manager and Administrator**

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

Tel: 020 7201 8989

**Independent Auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
30 Finsbury Square  
London  
EC2P 2YU

**Solicitors**

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

**Registrars**

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

**VCT Taxation Advisers**

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

**Bankers**

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

## ***Shareholder Information***

### ***The Company***

Triple Point VCT 2011 plc is a Venture Capital Trust. The Investment Manager is Triple Point Investment Management LLP. The Company was incorporated on 23 July 2010.

The Company's investment strategy is to offer combined exposure to cash or cash based funds and venture capital investments focused on companies with contractual revenues from financially secure counterparties. The Company continues to meet the condition that 70% of relevant funds must be invested in qualifying investments.

### ***Financial Calendar***

The Company's financial calendar is as follows:

13 July 2017	Annual General Meeting
October 2017	Interim report for the six months ending 31 August 2017 despatched
May 2018	Results for the year to 28 February 2018 announced; Annual Report and Financial Statements published.

DO NOT  
DETACH

To be filed as part of the AA.

# Notice of Annual General Meeting

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NOTICE is hereby given that the Annual General Meeting of Triple Point VCT 2011 plc will be held at 18 St Swithin's Lane, London, EC4N 8AD at 10.45am on Thursday 13 July 2017 for the following purposes:

## Ordinary Business

1. To receive, consider and adopt the Report of the Directors and Financial Statements of the Company for the year ended 28 February 2017 together with the Independent Auditors Report thereon (*Ordinary Resolution*).
2. To approve the Directors' Remuneration Report for the year ended 28 February 2017 (*Ordinary Resolution*).
3. To approve the Directors' Remuneration Policy (*Ordinary Resolution*).
4. To re-elect Chad Murrin as a Director (*Ordinary Resolution*).
5. To re-elect Tim Clarke as a Director (*Ordinary Resolution*).
6. To re-appoint Grant Thornton UK LLP as Auditor and determine their remuneration (*Ordinary Resolution*).

## Special Business

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



COMPANIES HOUSE

# Notice of Annual General Meeting

By Order of the Board

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



16 May 2017

## Notes:

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

# Form of Proxy

Relating to the 2017 Annual General Meeting of Triple Point VCT 2011 plc

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

of.....

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 10:45am on Thursday 13 July 2017, notice of which was sent to shareholders with the Directors' Report and the accounts for the period ended 28 February 2017, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against	Withheld
1. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 28 February 2017.			
2. To approve the implementation report set out in the Directors' Remuneration Report for the year ended 28 February 2017.			
3. To approve the Directors' Remuneration Policy			
4. To re-elect Chad Murrin as a Director			
5. To re-elect Tim Clarke as a Director			
6. To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration.			
7. To authorise the Directors to make market purchases of the Company's own shares (Special Resolution).			

Signed: ..... Dated: .....2017

## Notes

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