

**Ventus VCT plc**

**Annual Report and Financial Statements**  
for the year ended 29 February 2016

Registered No: 05205442

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## **Chairman's Statement**

I am pleased to present the Annual Report and Financial Statements of Ventus VCT plc (the "Company") for the year ended 29 February 2016.

The Company is now fully invested with a portfolio of companies operating wind and hydroelectric renewable energy assets. This is a notable milestone in the Company's history. During the year, the construction of the wind farm owned by Bernard Matthews Green Energy Halesworth Limited was finished and the hydroelectric schemes on the Glenfalloch Estate owned by Darroch Power Limited and Upper Falloch Power Limited were also completed. All three companies are owned by each of the Company's three share funds and their projects are operating and generating revenue. Bernard Matthews Green Energy Halesworth Limited and Darroch Power Limited have been revalued on a discounted cash flow basis which has had a positive impact on the net asset value ("NAV") of the Company's three share funds; an aggregate unrealised gain in value of £1,123,000. Upper Falloch Limited is still held at cost as it is not yet operating in line with its potential, although it is expected it will perform as intended later in the year. When modified, this investment will be revalued in line with the Company's valuation policy in a future accounting period. Further information on these investments and the performance of the Company's other investments is set out in the Investment Manager's Report.

### **Strategy**

Recent and proposed changes to legislation in respect of Venture Capital Trusts ("VCTs") investing in companies which benefit from Renewable Obligation Certificates or the Feed-in Tariff or which invest in the energy sector in general mean that the Company's opportunity to make further investment in our sector is limited. It is unlikely the Company will be able to reinvest its returns. Therefore the focus of the Company is to optimise the performance of its investee companies over the operational lifetime of their renewable energy assets in order to allow the Company to fulfil its strategy, which is to provide shareholders with stable tax-free dividends and to enhance the value of the portfolio.

### **Special Dividend**

In April of this year, the Company received payment of the deferred consideration in respect of the sale of the ordinary share fund's holding in Craig Wind Farm Limited together with accrued interest, an amount of £2,456,000. The sale of Craig Wind Farm Limited took place in November 2012 and interest has accrued on the outstanding amount of the consideration at a rate of 8% per annum since May 2013. The value of the deferred consideration has been included in the Company's NAV since the sale. The interest was recognised as it accrued. Given the considerable amount of cash received by the Company, the Directors believe the best use of this cash is to pay a special final dividend to the ordinary shareholders in respect of the year ended 29 February 2016. The Directors propose to pay a final dividend of 12.00p per ordinary share.

Subject to payment of the final ordinary share dividend receiving approval from shareholders at the forthcoming AGM on 21 July 2016, the Investment Manager will be entitled to a performance-related incentive fee of £264,000. This will be the first time an incentive fee has been earned by the Investment Manager since incorporation of the Company. The incentive fee has not been accrued in the Financial Statements as at 29 February 2016 as it is contingent on the shareholders approving the final dividend. Further information about how the incentive fee is calculated is set out in Note 3 to the Financial Statements.

### **Net Asset Value, Results and Dividends – Ordinary Shares**

The net asset value of the ordinary share fund was £19,747,000 at 29 February 2016 or 121.1p per ordinary share (2015: £19,812,000 or 121.5p per ordinary share).

The income generated in the ordinary share fund during the year ended 29 February 2016 totalled £1,290,000, of which £492,000 was derived from loan stock, £743,000 from dividends, £53,000 from other investment income and £2,000 was bank deposit interest. This compares to total income of £1,100,000 for the year ended 28 February 2015.

The ordinary share fund received capital proceeds of £568,000 during the year from the repayment of mezzanine loans and £20,000 liquidation proceeds from BEL Holdco Limited.

The Company proposes to declare a final dividend of 12.00p per ordinary share to be paid on 10 August 2016 to all ordinary shareholders on the register as at the close of business on 15 July 2016. The Company paid an interim dividend of 3.50p per ordinary share on 13 January 2016. Therefore the total annual dividend will be 15.50p per ordinary share.

#### **Net Asset Value, Results and Dividends – “C” Shares**

The net asset value of the “C” share fund was £13,758,000 at 29 February 2016 or 122.0p per “C” share (2015: £13,813,000 or 122.4p per “C” share).

The total income of the “C” share fund for the year ended 29 February 2016 was £1,272,000, of which £400,000 was loan stock interest, £871,000 was from dividends and £1,000 was bank deposit interest. This compares with income generated by the “C” share fund of £694,000 in the year ended 28 February 2015.

The “C” share fund received capital proceeds of £47,000 during the year from the repayment of mezzanine loans.

The Company proposes to declare a final dividend of 4.50p per “C” share to be paid on 10 August 2016 to all “C” shareholders on the register as at the close of business on 15 July 2016. The Company paid an interim dividend of 3.50p per “C” share on 13 January 2016. Therefore the total annual dividend will be 8.00p per “C” share.

#### **Net Asset Value, Results and Dividends – “D” Shares**

The net asset value of the “D” share fund was £2,557,000 at 29 February 2016 or 128.4p per “D” share (2015: £1,871,000 or 94.0p per “D” share).

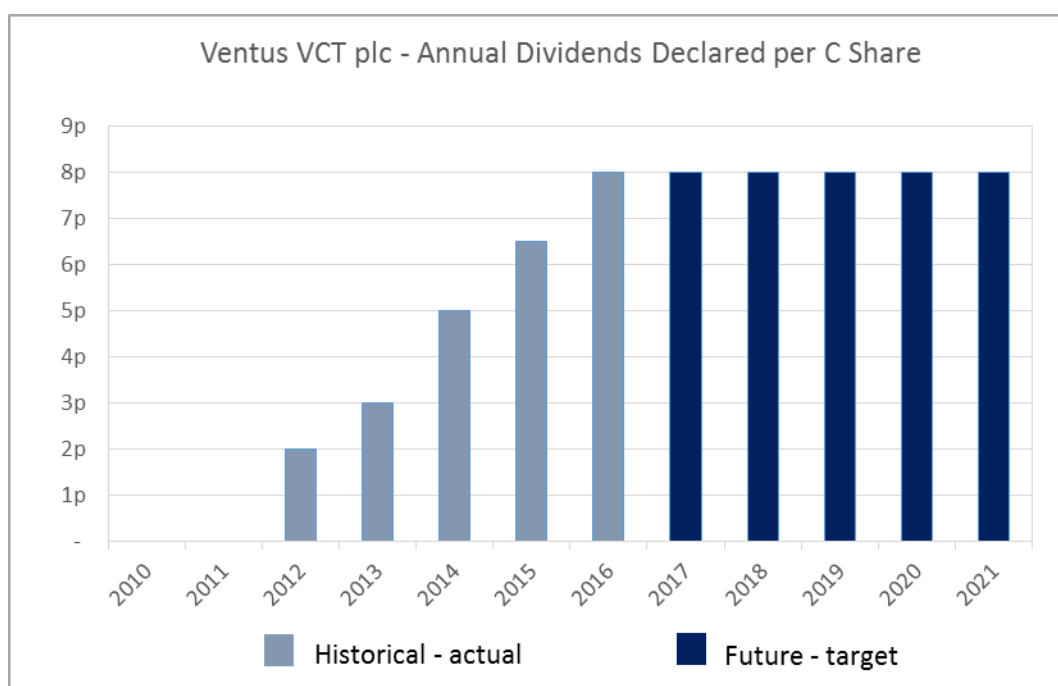
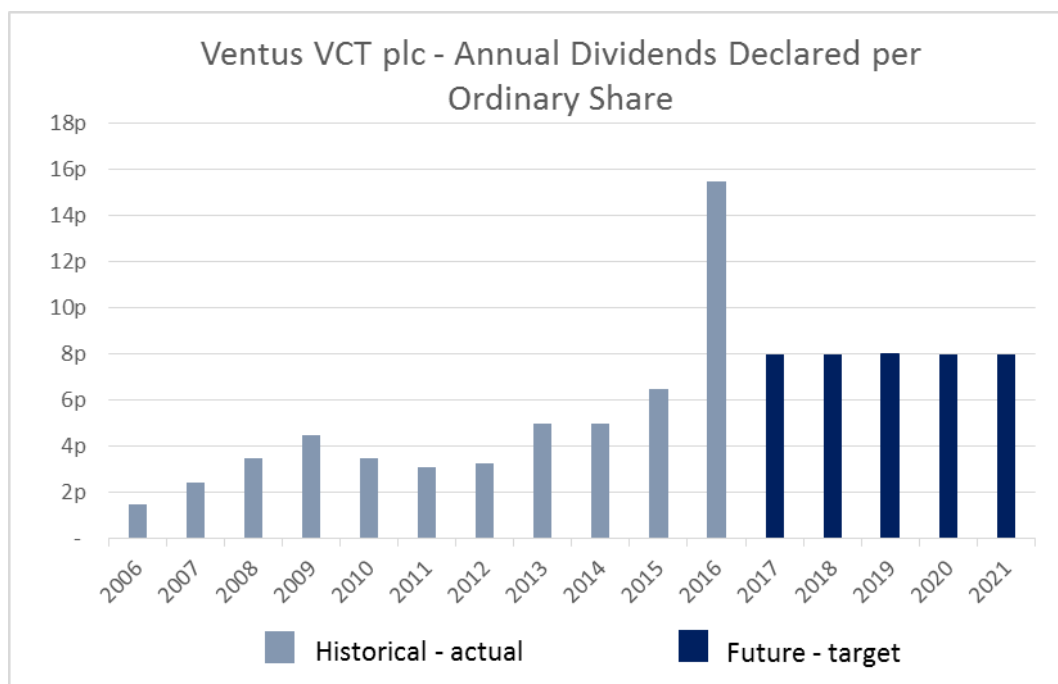
The total income of the “D” share fund for the year ended 29 February 2016 was £162,000, of which £51,000 was loan stock interest, £110,000 was from dividends and £1,000 was bank deposit interest.

The Company proposes to declare a final dividend of 2.00p per “D” share to be paid on 10 August 2016 to all “D” shareholders on the register as at the close of business on 15 July 2016. The Company paid an interim dividend of 2.00p per “D” share on 13 January 2016. Therefore the total annual dividend will be 4.00p per “D” share. The annual dividend for the “D” share fund is lower than the 5.00p annual dividend which had been targeted because there is some uncertainty about the level of cash that can be distributed from Upper Falloch Power Limited given its hydroelectric scheme is not yet operating as intended. The Directors consider that it would be imprudent to propose a higher dividend at this time.

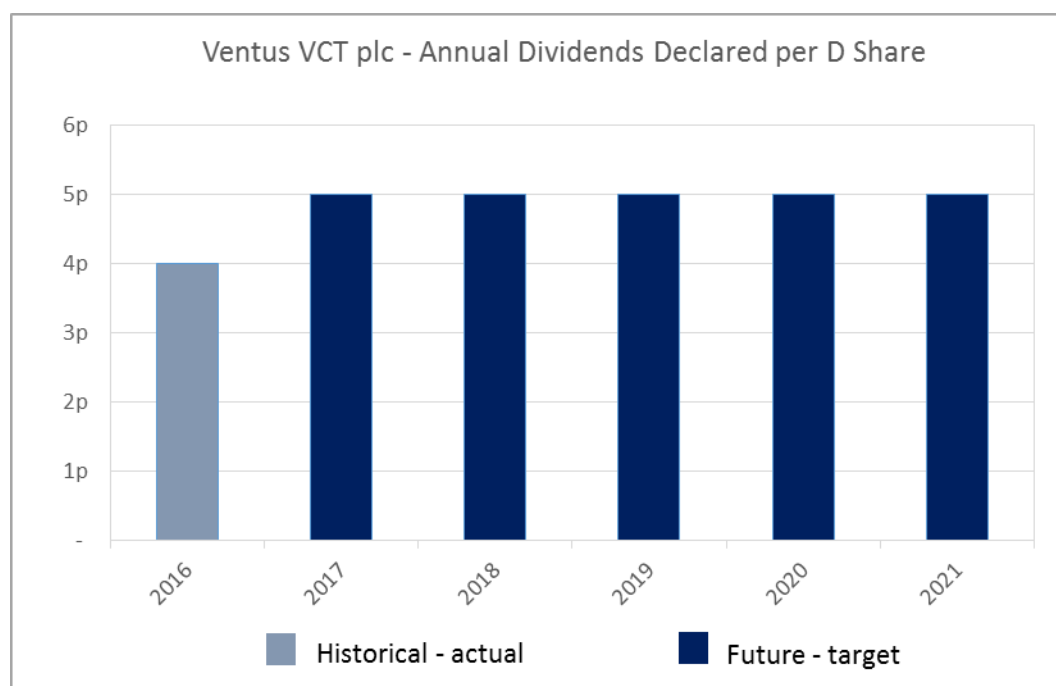
#### **Dividend Policy**

Over the next five years, the Directors anticipate a realistic target of 8.00p per ordinary share per annum, 8.00p per “C” share per annum and 5.00p per “D” share per annum. The dividend targets are intentions only. No forecasts are intended or should be inferred. The ability of the Company to pay dividends is dependent on the receipt of cash from its investee companies which is uncertain and depends on various factors including the performance of the renewable energy assets, the amount of energy generated, the availability of the turbines, the price of electricity and operating costs. For that reason, the Directors do not believe it is possible to set a target range for dividends for a period beyond five years with any reasonable degree of certainty and they will review the near term targets regularly and update them as appropriate. The charts below show historical annual dividends declared as well as target dividends for the next five years for each of the ordinary, “C” and “D” share funds.

## Ventus VCT plc



## Ventus VCT plc



### Dividend Yield

	Ordinary shares	"C" shares	"D" shares
Mid-market share price as at market close on 29 February 2016	100.0p	99.0p	103.0p
Target dividend per share for the year ending 28 February 2017:			
Tax-free dividend*	8.00p	8.00p	5.00p
Equivalent pre-tax dividend to Higher Rate taxpayer**	11.85p	11.85p	7.41p
Equivalent pre-tax dividend to Additional Rate taxpayer**	12.92p	12.92p	8.08p
Target dividend yield for the year ending 28 February 2017 based on the mid-market share price as at market close on 29 February 2016:			
Tax-free yield*	8.0%	8.1%	4.9%
Equivalent pre-tax dividend to Higher Rate taxpayer**	11.9%	12.0%	7.2%
Equivalent pre-tax dividend to Additional Rate taxpayer**	12.9%	13.1%	7.8%

\* Dividend targets are intentions only. No forecasts are intended or should be inferred. For eligible VCT investors (i.e. UK Residents aged over 18 years), there is no liability to tax on dividends and no Capital Gains Tax on realised gains. An investment limit of £200,000 per person per tax year applies.

\*\* Equivalent pre-tax dividends/yields are computed assuming a shareholder receives dividends from other sources in excess of the £5,000 per year tax-free dividend allowance (which became effective from April 2016). From April 2016, Higher Rate taxpayers pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 32.5% and Additional Rate taxpayers (taxable income in excess of £150,000) pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 38.1%.

### **Investments**

The Company's Investment Manager, Temporis Capital LLP, continues to be actively engaged in managing the portfolio to maximise the total return to shareholders.

As at 29 February 2016, the ordinary share fund of the Company held investments in 16 companies (2015: 14 companies) with a total value of £16.5 million (2015: £15.5 million). The "C" share fund held investments in 10 companies (2015: 9 companies) with a total value of £13.1 million (2015: £12.9 million). The "D" share fund held investments in 3 companies (2015: 1 company) with a total value of £2.4 million (2015: £712,000).

The Investment Manager's Report provides details of the investments held as at 29 February 2016. All investments are structured so as to be treated as qualifying holdings for the purposes of VCT regulations, unless otherwise stated.

### **Share Buy-backs**

The Board believes that it is beneficial to the Company for it to continue to have the flexibility to purchase its own shares in the market. However, the Board considers it in the best interests of all shareholders if the Directors use their authority to make share buy-backs judiciously. The Board does not believe it is in the best interest of all shareholders to have a policy of automatic annual share buy-backs. The Company did not buy-back any of its shares during the year and, currently, the Directors do not have any intention of the Company buying its own shares in the near future.

### **The Board**

The Board is aware of the need to plan for the eventual retirement and succession of the Directors. In anticipation of changes to the Board, it is expected there may be a period of time during which the number of Directors will be increased from three to four to allow for the continuity of governance that is required of companies listed on the London Stock Exchange. The Directors have formed a Nominations Committee to deal with the selection and appointment of new directors and will also propose a special resolution at the forthcoming AGM to increase the aggregate limit of their annual remuneration from £100,000 to £125,000. This increase is to allow for flexibility in making an appropriate appointment and to allow for an interim period during which there would be four Directors on the Board. It is not the intention of the Board to increase individual Director's remuneration at this time.

### **Share fund consolidation**

The Company has committed to convert the "C" and "D" shares to ordinary shares at a date when, in the opinion of the Directors, their assets are sufficiently mature and income generating that it is in the interests of all shareholders to make the conversion. A larger ordinary share fund should support better liquidity in the secondary market. In making a decision as to the timing of the conversion of the "C" and "D" shares the Board will consider the current and anticipated yield of each class of shares and the relative value of each share fund. Having reflected on the current position of each share fund, the Directors have concluded it is not yet appropriate to convert either the "C" or the "D" shares because the underlying assets of the investee companies held by the "C" and "D" shares are less mature than the underlying assets of the investee companies held by the ordinary share fund. The relative immaturity of these assets is reflected in their valuations. These valuations take into account the higher level of uncertainty in respect of the long term yield associated with assets which have only operated for a short period of time because the typical wind or water resource available to them has not been established to the same degree of certainty as more mature assets. The Board will continue to monitor the opportunities for a share class consolidation and will strive to ensure equity to shareholders of each share fund.

### **The Referendum on the UK's membership of the European Union**

The Company is exposed to changes in UK Government policy in respect of the energy market, in particular the level at which renewable energy tariffs are set, and also in respect of taxation, specifically support for the Venture Capital Trust scheme. These policies are largely driven or controlled by wider European Union policy. Given the impending referendum on the UK's membership of the European Union, the Directors are more mindful of the potential impact of changes in policy. Irrespective of the outcome of the referendum, any unfavourable changes in energy or taxation policy would likely have a negative impact on the Company's value.

**Shareholder Communications**

The Directors are committed to enhancing the public profile of the Company as they believe its outlook is now very attractive given its stated strategy and the yield the Company is targeting alongside the substantial tax benefits investors enjoy from its VCT status. In accordance with the Company's commitment to environmental sustainability and to minimise costs wherever appropriate, the financial statements will continue to be made available through regulated news service providers and on the Company website at [www.ventusvct.com](http://www.ventusvct.com). Any shareholder who wishes to receive notification of reports by either email or post may request this by contacting the Registrar.

**David Pinckney**

*Chairman*

6 June 2016



## Strategic Report

The Strategic Report has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006. Its purpose is to inform the shareholders of the Company on key matters 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.

### Objectives

The Company's objective is to achieve attractive long term investment returns to shareholders by maximising both divided yield and maintaining value from a portfolio of investments in companies developing or operating renewable energy projects with installed capacities of up to 20 megawatts.

### The Company and its Business Model

The Company is a public limited company, incorporated in England and listed on the London Stock Exchange. The registered address of the Company is Berger House, 36-38 Berkeley Square, London W1J 5AE.

The Company is an investment company, as defined by Section 833 of the Companies Act 2006. The Directors consider that the Company has conducted its affairs in a manner to enable it to comply with Section 274 of the Income Tax Act 2007. In particular, a VCT is required at all times to hold at least 70% by value of its investments (as defined in the legislation) in qualifying holdings, of which at least 30% (70% for funds raised after 5 April 2011) must comprise eligible ordinary shares.

Temporis Capital LLP was appointed as Investment Manager of the Company on 12 September 2011. The Company's Investment Manager continues to be actively engaged in managing the portfolio.

The Company has a clearly defined investment policy and process. Investment decisions are made by the Investment Manager after approval has been received from the Investment Committee. Regular Board meetings are held to review the investment performance against the Company's stated investment policy and objectives, and in doing so, monitor the performance of the Investment Manager.

### Investment policy

To achieve its objectives, the Company's strategy has been to focus on investing in companies developing or operating renewable energy projects with installed capacities of up to 20 megawatts. The opportunity for VCTs to make further investments in renewable energy projects is limited given new investments in companies benefiting from Renewable Obligation Certificates or Feed-in Tariffs will be excluded from the VCT scheme. Further changes to legislation have been proposed which will reduce investment opportunities again. This is discussed in detail in the Investment Manager's Report. The Company is focused on optimising the value of the investments it holds.

In accordance with the strategic objectives set by the Board, the Investment Manager has continued to focus the Company's activities on wind and hydroelectric investments generating stable long-term income with the objective of providing predictable dividends to shareholders. In order to improve stability of cash returns from investee companies and enhance the predictability of dividends to shareholders of the Company, more recent investments are, on average, structured with lighter leverage at financial close than earlier investments. Further information can be found in the Investment Manager's Report on page 12.

The Investment Manager's Report provides a detailed analysis of the portfolio held by each of the ordinary, "C" and "D" share funds including a schedule which sets out the stage of investment and the renewable energy technology type of the assets held by each investee company.

### Overview of the year and dividends

An overview of the Company's performance is set out in the Chairman's Statement together with details of the dividends paid to shareholders during the year and the final dividend declared in respect of the year.

## Investment portfolio

A summary of the investment portfolio of each share fund is set out in the Chairman's Statement. The Investment Manager's Report provides details of the investments held.

## Key performance indicators

The Directors consider the following key performance indicators, which are typical for VCTs, to best measure the Company's performance and to provide shareholders with a summary of how the business' objectives are pursued:

### For the year ended 29 February 2016

	Ordinary Shares		"C" Shares		"D" Shares		Total
	£000	Pence per share <sup>1</sup>	£000	Pence per share <sup>1</sup>	£000	Pence per share <sup>1</sup>	£000
Revenue profit attributable to equity shareholders	955	5.85	1,038	9.19	128	6.36	2,121
Capital gain/(loss) attributable to equity shareholders	122	0.75	(303)	(2.67)	598	30.04	417
Net profit attributable to equity shareholders	1,077	6.60	735	6.52	726	36.40	2,538
Dividends paid during the year	(1,142)	(7.00)	(790)	(7.00)	(40)	(2.00)	(1,972)
Total movement in equity shareholders' funds	(65)	(0.40)	(55)	(0.48)	686	34.40	566
		%		%		%	%
Ongoing charges ratio <sup>2</sup>		3.25%		3.23%		2.52%	3.19%

	Ordinary Shares		"C" Shares		"D" Shares		Total
	£000	Pence per share <sup>3</sup>	£000	Pence per share <sup>3</sup>	£000	Pence per share <sup>3</sup>	£000
<b>As at 29 February 2016</b>							
Net asset value	19,747	121.10	13,758	122.00	2,557	128.40	36,062
Total shareholder return <sup>4</sup>	26,359	162.85	16,018	142.00	2,597	130.40	44,974

<sup>1</sup> The "pence per share" value is determined in respect of the weighted average number of shares in issue during the year, except in respect of the dividends paid in the year, which is based on the number of shares eligible to receive dividends at the time the dividends were paid.

<sup>2</sup> The ongoing charges ratio represents the total operating expenditure during the year (excluding investment costs) as a percentage of the net asset value of the Company at year end.

The total annual running costs cap is set out in Note 3 to the financial statements.

<sup>3</sup> The "pence per share" value is determined in respect of the number of shares in issue as at the year end, except in respect of the total shareholder return, which includes dividends paid which is based on the number of shares eligible to receive dividends at the time the dividends were paid.

<sup>4</sup> The total shareholder return represents the net asset value of the Company at year end plus the cumulative dividends paid by the Company since incorporation.

## Principal Risks and Uncertainties

Under the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors are required to identify those principal risks to which the Company is exposed and take appropriate steps to mitigate those risks. Other than the inherent risks associated with investment activities, which are discussed in the Investment Manager's Report, the risks described below are those which the Directors consider to be material. The Directors do not expect that the risks and uncertainties presented will change significantly over the current financial year.

- Failure to meet and maintain the investment requirements for compliance with HMRC VCT regulations may result in the Company losing its status as a VCT.

*The Board mitigates this risk by regularly reviewing investment management activity and each new investment with appropriately qualified advisers and, typically, by obtaining pre-approval from HMRC for each qualifying investment.*

- Inadequate control environment at service providers may lead to inaccurate reporting or misappropriation of assets

*This risk is mitigated by only appointing service providers of a high standing under agreements that set out their responsibilities and by obtaining assurances from them that all exceptions have been reported to the Board. In addition, the Board has appointed an independent external party, Roffe Swayne, to report directly to the Board in respect of the Company's internal controls undertaken by the Investment Manager on behalf of the Company.*

- Non-compliance with the Listing Rules of the Financial Conduct Authority, Companies Act Legislation and other applicable regulations may result in termination of the Company's Stock Exchange listing or other sanctions

*This risk is mitigated by employing external advisers fully conversant with applicable statutory and regulatory requirements who report regularly to the Board on the Company's compliance.*

- Reliance on the UK Government's continued support for the renewable energy sector and the risk of adverse changes in the application of government policies particularly in respect of the renewable energy sector and tax legislation.

*The future level of Government-mandated support for renewables has important implications for the industry and could impact the value of investments the Company has made in companies which own and operate renewable projects. However the Directors believe that existing renewable energy tariffs supporting the assets owned by investee companies are secure.*

- The financial returns to the Company are dependent on the price of electricity its investee companies are able to sell through power purchase agreements. The value of the Company's investments is dependent on projected wholesale electricity prices.

*This risk is mitigated because investee companies have negotiated fixed or floor price mechanisms into the power purchase agreements they have entered into for the sale of their generated output. However, in the longer term, beyond the period of these agreements, the Company is exposed to wholesale prices to a greater degree. The Investment Manager's Report includes information about the average remaining tenor of the fixed price contracts and the sensitivity of the value of the Company's investments to changes in energy prices.*

## Investment management, administration and performance fees

Temporis Capital LLP, the Investment Manager of the Company, also provides management and other administrative services to the Company. Temporis Capital LLP also provided similar services to Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund during the financial year. The principal terms of the investment management agreement are set out in note 3 of the Financial Statements. The Directors evaluated the performance of the Investment Manager and agreed the continuing appointment of Temporis Capital LLP, on the terms agreed, is in the interests of the shareholders. Further discussion of the Investment Manager's performance is within the Corporate Governance Statement.

**Company Secretary**

The City Partnership (UK) Limited provides company secretarial services to the Company as set out in the company secretarial services agreement. For these services the Company Secretary received an annual fee of £16,951 plus VAT. The company secretarial services are terminable by either party giving not less than six months' notice in writing.

**VCT monitoring status**

Philip Hare & Associates LLP advises the Company on its compliance with the taxation requirements relating to VCTs.

The Board is satisfied that the Company is compliant with VCT rules as at the year end and at the date of this report.

**Additional disclosures required by the Companies Act 2006**

The Company had no employees during the year and the Company has three non-executive Directors, all of whom are male.

The Company, being an externally managed investment company with no employees, has no specific policies in relation to environmental matters, social, community and human rights issues. The purpose of the Company is to invest in companies that develop and operate assets which generate energy from renewable sources. Through its investment policy, the Company is committed to mitigating the impact of climate change by contributing to the transition to a low carbon economy and a cleaner environment.

In respect of the Bribery Act the Investment Manager believes there are no reasons or circumstances which could be foreseen in which any of the third party service providers might fall foul of the Bribery Act. The Investment Manager has detailed procedures in place covering the giving, receiving, authorising and recording of gifts and hospitality by staff of the Investment Manager.

For and on behalf of the Board

David Pinckney

Chairman

6 June 2016

## Investment Manager's Report

In line with the strategic objectives set by the Board, the Investment Manager has continued to focus the Company's activities on renewable energy investments generating stable long-term income with the objective of providing predictable dividends to shareholders.

The three share funds of the Company are now fully invested in companies that own operating wind and hydro projects. All development investments have either been completed, sold or written off. During the year, the Company's investments in Blawearie Wind Limited, BEL Holdco Limited and BEL Acquisition Limited, which in aggregate were immaterial, were written down to nil or nominal values.

Under the current VCT regulations, new investments in renewable energy companies that benefit from Renewable Obligation Certificates or Feed-in Tariffs are excluded as qualifying investments for VCTs. As announced in the 2015 Autumn Statement, with effect for investments made from 6 April 2016, all remaining energy generation activities (including the export of electricity and the production of gas or other fuel) will not be regarded as a qualifying trade.

The Government intends to introduce new legislation, which will be effective from 6 April 2016, which will restrict VCTs to making only qualifying investments and certain limited investments for liquidity purposes; all other non-qualifying investments will be prohibited. This further restricts the Company in its ability to make investments which are non-qualifying for VCT purposes.

As such, the Company is limited in its ability to make further investments in accordance with the Investment Policy and has no plans to make further investments. The VCT restrictions described above do not affect any of the Company's existing investments.

The ordinary share fund of the Company has investments in companies operating ten UK wind farms with an aggregate installed capacity of 83.35 megawatts. Five of these investee companies are also owned in part by the "C" share fund and one such company is also owned in part by the "D" share fund.

The "C" share fund has investments in companies operating seven UK wind farms with an aggregate installed capacity of 75.15 megawatts. Five of these seven companies are also owned in part by the ordinary share fund and one is also owned in part by the "D" share fund.

The "D" share fund currently has three operational investments. Bernard Matthews Green Energy Halesworth Limited operates a 10.25 megawatt wind farm and is also owned in part by the ordinary and "C" share funds. All three share funds have a joint investment in two companies with hydroelectricity projects near Loch Lomond in Scotland (Darroch Power Limited and Upper Falloch Power Limited) which were under construction during the year. These projects were completed in December 2015 and are now operational. These projects have an aggregate installed capacity of 2.8 megawatts.

## Ventus VCT plc

The following table shows key information about the operational renewable energy projects owned by the Company's investee companies:

	Capacity	Operational		Output as % of budget - 12 months ended 29 Feb 2016	Investment held by		
	MW	since	Location		Ord Share Fund	C Share Fund	D Share Fund
<b><u>Operational Wind</u></b>							
Fenpower Limited	10.00	May 2007	Cambridgeshire	106%	✓		
A7 Greendykeside Limited	4.00	Nov 2007	Lanarkshire, Scotland	97%	✓		
Achairn Energy Limited	6.00	May 2009	Caithness, Scotland	87%	✓		
A7 Lochhead Limited	6.00	Jun 2009	Lanarkshire, Scotland	108%	✓		
Greenfield Wind Farm Limited	12.30	Mar 2011	Lanarkshire, Scotland	87%	✓	✓	
Biggleswade Wind Farm Limited	20.00	Dec 2013	Bedfordshire	112%	✓	✓	
Eye Wind Power Limited	6.80	Apr 2014	Suffolk	104%	✓		
BMGE Pickenham Ltd/North Pickenham Energy Ltd	4.00	Apr 2014	Norfolk	112%	✓	✓	
BMGE Weston Ltd/Weston Airfield Investments Ltd	4.00	Apr 2014	Norfolk	102%	✓	✓	
AD Wind Farmers Ltd (Allt Dearg Windfarmers LLP)	10.20	Dec 2012	Argyll and Bute, Scotland	103%		✓	
White Mill Windfarm Limited	14.40	Aug 2012	Cambridgeshire	114%		✓	
BMGE Halesworth Limited	10.25	Aug 2015	Suffolk	114%	✓	✓	✓
<b><u>Operational Hydro</u></b>							
Darroch Power Limited (Derrydarroch)	1.90	Dec 2015	Near Loch Lomond, Scotland	131%	✓	✓	✓
Upper Falloch Power Limited	0.90	Dec 2015	Near Loch Lomond, Scotland	60%	✓	✓	✓

Bernard Matthews Green Energy Halesworth wind farm became operational in August 2015 and has performed in line with expectations. The hydro schemes owned by Darroch Power Limited and Upper Falloch Power Limited were completed and started operating in December 2015. The hydro scheme operated by Darroch Power Limited is performing well. However, the scheme operated by Upper Falloch Limited has performed below expectations because of a sizing issue with the water intake chamber. A solution has been developed to increase the water capture of the intake. This will be installed in June 2016 after which time the performance is expected to meet original expectations.

One of the three turbines at the Achairn wind farm was out of operation for part of the year because of a damaged blade. However the blade has now been repaired and revenues are fully protected under warranty claims.

Two turbines of the wind farm owned by Greenfield Wind Farm Limited at Muirhall had problems with blade bearings during the year. The problem was fixed in January 2016 and the losses are fully covered under the maintenance contractor's turbine availability warranty.

The performance of the assets owned by the other investee companies was generally satisfactory during the year.

The Investment Manager is working actively to increase the value of the Company's portfolio through improvements in the operations of underlying assets and, where possible, the optimisation of the financial structure of investee companies.

Each of the investee companies with operational assets has been financed with senior debt. The percentage average loan-to-value and the average remaining tenor of the debt finance of the investee companies with operational assets is set out below for each share fund's portfolio:

	Ordinary Share	"C" Share	"D" Share
Percentage Loan-to-Value	48%	54%	61%
Average remaining tenor (years)	11.5	13.2	15.3

## Ordinary share portfolio

A summary of the ordinary share fund's investment valuations as at 29 February 2016 and gains and losses during the year ended 29 February 2016 is given below:

		Voting rights	Investment value			Investment cost			Unrealised gain/ (loss)	Investment value	Investment cost
		as at 29 February 2016	Shares as at 29 February 2016	Loans as at 29 February 2016	Total as at 29 February 2016	Shares as at 29 February 2016	Loans as at 29 February 2016	Total as at 29 February 2016	in the year to 29 February 2016	Total as at 28 February 2015	Total as at 28 February 2015
		%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Operational wind</b>											
Fenpower Limited	Q	33.33%	3,203	1,493	4,696	308	1,412	1,720	390	4,483	1,897
A7 Greendykeside Limited	Q	50.00%	1,863	682	2,545	916	620	1,536	40	2,505	1,536
Achairn Energy Limited	* Q	8.50%	528	287	815	203	261	464	(34)	849	464
A7 Lochhead Limited	* Q	30.00%	885	-	885	820	-	820	(218)	1,103	820
Greenfield Wind Farm Limited	* PQ	8.35%	635	656	1,291	334	596	930	(74)	1,396	961
Biggleswade Wind Farm Limited	* Q	3.50%	287	291	578	86	264	350	(16)	594	350
Eye Wind Power Limited	** Q	35.38%	2,083	-	2,083	1,597	-	1,597	198	1,885	1,597
Bernard Matthews Green Energy Weston Limited	* Q	50.00%	879	-	879	500	-	500	(92)	971	500
Bernard Matthews Green Energy Pickenham Limited	* Q	50.00%	757	-	757	500	-	500	63	694	500
Bernard Matthews Green Energy Halesworth Limited	** Q	4.45%	319	-	319	50	-	50	82	237	50
<b>Operational small hydro</b>											
Darroch Power Limited	* Q	14.09%	370	488	858	176	444	620	238	-	-
Upper Falloch Power Limited	* Q	9.30%	58	301	359	58	301	359	-	-	-
<b>Operational companies in the wind sector</b>											
Firefly Energy Limited	* Q	50.00%	-	395	395	200	578	778	10	745	1,138
<b>Development and Pre-planning</b>											
BEL Holdco Limited *	***	12.80%	-	-	-	750	-	750	(12)	12	750
BEL Acquisition Limited	*	11.40%	6	-	6	58	-	58	(52)	58	58
<b>Realised investments</b>											
Redeven Energy Limited	*	50.00%	-	-	-	-	113	113	-	-	113
<b>Total</b>			11,873	4,593	16,466	6,556	4,589	11,145	523	15,532	10,734

**Q** Investment complies with VCT regulations on qualifying holdings.

**PQ** Part of the investment complies with VCT regulations on qualifying holdings.

\* A company in which Ventus 2 VCT plc has also invested (or in which Ventus 2 VCT plc had invested prior to the investment being realised).

\*\* A company in which Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund have also invested. The Company, Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund are managed by Temporis Capital LLP.

\*\*\* BEL Holdco Limited was written down to a nil value in the prior year. However, liquidation proceeds of £20,000 were received during the year ended 29 February 2016 which have been treated as realised gains.

**“C” share portfolio**

A summary of the “C” share fund’s investment valuations as at 29 February 2016 and gains and losses during the year ended 29 February 2016 is given below:

			Voting rights	Investment value			Investment cost			Unrealised gain/ (loss)	Investment value	Investment cost
				Shares	Loans	Total	Shares	Loans	Total		Total	Total
			as at 29 February	as at 29 February	as at 29 February	as at 29 February	as at 29 February	as at 29 February	as at 29 February	in the year to 29 February	as at 28 February	as at 28 February
			2016	2016	2016	2016	2016	2016	2016	2016	2015	2015
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b><u>Operational wind</u></b>												
Greenfield Wind Farm Limited	*	PQ	12.50%	950	982	1,932	500	893	1,393	(110)	2,089	1,440
White Mill Windfarm Limited	*	PQ	25.00%	2,050	349	2,399	1,000	318	1,318	(464)	2,863	1,318
AD Wind Farmers Limited	*	Q	50.00%	1,210	-	1,210	1,000	-	1,000	(5)	1,215	1,000
Biggleswade Wind Farm Limited	*	Q	21.50%	1,765	1,786	3,551	527	1,623	2,150	(102)	3,653	2,150
Weston Airfield Investments Limited	*	Q	50.00%	1,701	-	1,701	1,000	-	1,000	157	1,544	1,000
North Pickenham Energy Limited	*	Q	50.00%	1,481	-	1,481	1,000	-	1,000	302	1,179	1,000
Bernard Matthews Green Energy Halesworth Limited	**	Q	5.64%	404	-	404	300	-	300	104	300	300
<b><u>Operational small hydro</u></b>												
Darroch Power Limited	*	Q	4.22%	111	146	257	53	133	186	71	-	-
Upper Falloch Power Limited	*	Q	2.79%	17	90	107	17	90	107	-	-	-
<b><u>Development and pre-planning</u></b>												
Blawearie Wind Limited	*		0.00%	-	-	-	-	-	-	-	32	32
<b><u>Realised investments</u></b>												
Iceni Renewables Limited	*		50.00%	-	-	-	400	17	417	-	-	417
<b>Total</b>				9,689	3,353	13,042	5,797	3,074	8,871	(47)	12,875	8,657

**Q** Investment complies with VCT regulations on qualifying holdings.

**PQ** Part of the investment complies with VCT regulations on qualifying holdings.

**\*** A company in which Ventus 2 VCT plc has also invested.

**\*\*** A company in which Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund have also invested. The Company, Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund are managed by Temporis Capital LLP.



## “D” share portfolio

A summary of the “D” share fund’s investment valuations as at 29 February 2016 and gains during the year ended 29 February 2016 is given below:

			Voting rights	Investment value			Investment cost			Unrealised gain in the year to 29 February 2016	Investment value Total as at 28 February 2015	Investment cost Total as at 28 February 2015
				Shares	Loans	Total	Shares	Loans	Total			
				as at 29 February 2016	as at 29 February 2016	as at 29 February 2016	as at 29 February 2016	as at 29 February 2016	as at 29 February 2016			
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Operational wind</b>												
Bernard Matthews Green Energy Halesworth Limited	**	Q	13.38%	957	-	957	712	-	712	245	712	712
<b>Operational small hydro</b>												
Darroch Power Limited	*	Q	25.50%	670	358	1,028	319	325	644	384	-	-
Upper Falloch Power Limited	*	Q	29.58%	185	189	374	185	189	374	-	-	-
<b>Total</b>				1,812	547	2,359	1,216	514	1,730	629	712	712

**Q** Investment complies with VCT regulations on qualifying holdings.

**\*** A company in which Ventus 2 VCT plc has also invested.

**\*\*** A company in which Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund have also invested. The Company, Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund are managed by Temporis Capital LLP.

## Top Ten Investments

The details of the top ten investments, by value, held by each of the ordinary share fund, the “C” share fund and the “D” share fund at 29 February 2016 are set out in the table below:

### Ordinary Share Fund

Company	Value	Cost	Shareholding	Voting rights	Income recognised by the Company during the year	Basis of value	Proportion of share fund portfolio by value	Date of latest accounts	Net assets	Turnover	Profit/(loss)
	£000	£000	%	%	£000		%		£000	£000	£000
Fenpower Limited	4,696	1,720	33.33%	33.33%	113	DCF	28.5%	31/03/2015	2,865	1,796	249
A7 Greendykeside Limited	2,545	1,536	50.00%	50.00%	84	DCF	15.5%	30/04/2015	1,087	814	114
Eye Wind Power Limited	2,083	1,597	35.38%	35.38%	323	DCF	12.7%	28/02/2015	4,109	1,265	56
Greenfield Wind Farm Limited	1,291	930	8.35%	8.35%	112	DCF	7.8%	31/12/2014	1,940	-	563
A7 Lochhead Limited	885	820	30.00%	30.00%	129	DCF	5.4%	31/03/2015	999	1,471	249
Bernard Matthews Green Energy Weston Limited	879	500	50.00%	50.00%	100	DCF	5.3%	31/03/2015	985	-	(11)
Darroch Power Limited	858	620	14.09%	14.09%	44	DCF	5.2%	31/03/2015	1,048	-	45
Achairn Energy Limited	815	464	8.50%	8.50%	38	DCF	4.9%	30/11/2014	827	1,251	(39)
Bernard Matthews Green Energy Pickenham Limited	757	500	50.00%	50.00%	117	DCF	4.6%	31/03/2015	1,029	45	32
Biggleswade Wind Farm Limited	578	350	3.50%	3.50%	42	DCF	3.5%	30/06/2015	1,254	4,272	(23)

### “C” Share Fund

Company	Value	Cost	Shareholding	Voting rights	Income recognised by the Company during the year	Basis of value	Proportion of share fund portfolio by value	Date of latest accounts	Net assets	Turnover	Profit/(loss)
	£000	£000	%	%	£000		%		£000	£000	£000
Biggleswade Wind Farm Limited	3,551	2,150	21.50%	21.50%	256	DCF	27.2%	30/06/2015	1,254	4,272	(23)
White Mill Windfarm Limited	2,399	1,318	25.00%	25.00%	192	DCF	18.4%	31/12/2014	2,142	2,989	388
Greenfield Wind Farm Limited	1,932	1,393	12.50%	12.50%	168	DCF	14.8%	31/12/2014	1,940	-	563
Weston Airfield Investments Limited	1,701	1,000	50.00%	50.00%	-	DCF	13.0%	31/03/2015	2,110	78	59
North Pickenham Energy Limited	1,481	1,000	50.00%	50.00%	-	DCF	11.4%	31/03/2015	2,074	90	70
AD Wind Farmers Limited	1,210	1,000	50.00%	50.00%	200	DCF	9.3%	30/09/2014	4,123	4,262	2,161
Bernard Matthews Green Energy Halesworth Limited	404	300	5.64%	5.64%	284	DCF	3.1%	30/06/2015	2,305	-	(831)
Darroch Power Limited	257	186	4.22%	4.22%	13	DCF	2.0%	31/03/2015	1,048	-	45
Upper Falloch Power Limited	107	107	2.79%	2.79%	-	PRI	0.8%	31/03/2015	505	-	2

### “D” Share Fund

Company	Value	Cost	Shareholding	Voting rights	Income recognised by the Company during the year	Basis of value	Proportion of share fund portfolio by value	Date of latest accounts	Net assets	Turnover	Profit/(loss)
	£000	£000	%	%	£000		%		£000	£000	£000
Darroch Power Limited	1,028	644	25.50%	25.50%	32	DCF	43.6%	31/03/2015	1,048	-	45
Bernard Matthews Green Energy Halesworth Limited	957	712	13.38%	13.38%	110	DCF	40.6%	30/06/2015	4,124	-	(831)
Upper Falloch Power Limited	374	374	29.58%	29.58%	19	PRI	15.9%	31/03/2015	505	-	2

**Basis of valuation**

**DCF** Discounted future cash flows from the underlying business excluding interest earned to date  
**PRI** Price of recent investment reviewed for impairment

The ordinary share fund and the “C” share fund have shareholdings in Greenfield Wind Farm Limited of 8.35% and 12.5% respectively, therefore the Company’s aggregate shareholding is 20.85%.

The ordinary share fund and the “C” share fund have shareholdings in Biggleswade Wind Farm Limited of 3.5% and 21.5% respectively, therefore the Company’s aggregate shareholding is 25.0%.

The ordinary share fund, the “C” share fund and the “D” share fund have shareholdings in Bernard Matthews Green Energy Halesworth Limited of 4.45%, 5.64% and 13.38% respectively, therefore the Company’s aggregate shareholding is 23.47%.

The ordinary share fund, the “C” share fund and the “D” share fund have shareholdings in Darroch Power Limited of 14.09%, 4.22% and 25.50% respectively, therefore the Company’s aggregate shareholding is 43.81%.

The ordinary share fund, the “C” share fund and the “D” share fund have shareholdings in upper Falloch Power Limited of 9.30%, 2.79% and 29.58% respectively, therefore the Company’s aggregate shareholding is 41.67%.

## Valuation of Investments

It is the accounting policy of the Company to hold its investments at fair value. The Company's investments in investee companies which operate renewable energy assets are valued using a discounted cash flow methodology. The Company changed its approach to the valuation methodology during the year. In previous years, the valuation analysis was performed using a discount factor applied to the leveraged cash flows of the investee companies. However, to determine the valuations as at 29 February 2016 (and 31 August 2015), the Company has applied a discount rate to the unleveraged cash flows to determine the enterprise value of the investee company and then has subtracted the market value of any senior debt (including any prepayment fees and swap break costs) to calculate the value of the equity and/or mezzanine debt in the investee company. In recent years an active market for the purchase of operational renewable energy assets has emerged; the revised valuation approach conforms to the methodology that has become prevalent in the market. It is therefore deemed a more appropriate method to value the Company's investments. The discount rates used to value the unleveraged cash flows of investee companies range from 7.5% to 9%, with discount rates applied to the cash flows of operating wind farms generally being in the range of 8.25% to 9%.

The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount rate, the price at which the power and associated benefits can be sold, the amount of electricity the investee companies' generating assets are expected to produce and operating costs. In the discounted cash flow models investee companies, which own wind energy assets, have been valued assuming an operating life of 20 years from the date of first operation; investee companies which own hydroelectric assets have been valued assuming an operating life of 25 years from the valuation date.

The fair value of the Company's investments in project companies which have not passed an initial satisfactory operational period are determined to be the price of investment subject to a periodic impairment review. As mentioned above, the hydroelectric scheme owned by Upper Falloch Power Limited has yet to complete a satisfactory period of operation and remedial work is being undertaken to improve its performance. Consequently, as at 29 February 2016, this investment has been valued based on the price of investment in line with the Company's valuation policy. All other investee companies with operational renewable energy assets, were valued on a discounted cash flow basis.

The movement in the value of each investment during the year is set out in the tables above. The removal of the Levy Exemption Certificate and a reduction in the projected electricity prices have had a negative impact on projected revenues and this has impacted value. This has been offset to some extent by a reduction in corporation tax rate.

## Sensitivity of Net Asset Value to Changes in Key Assumptions

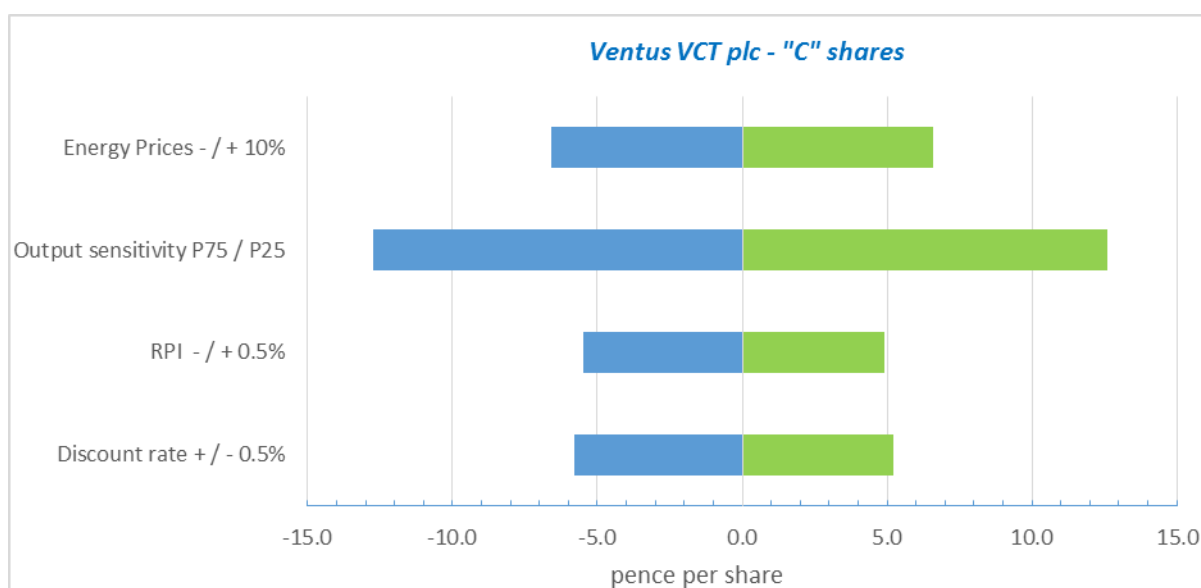
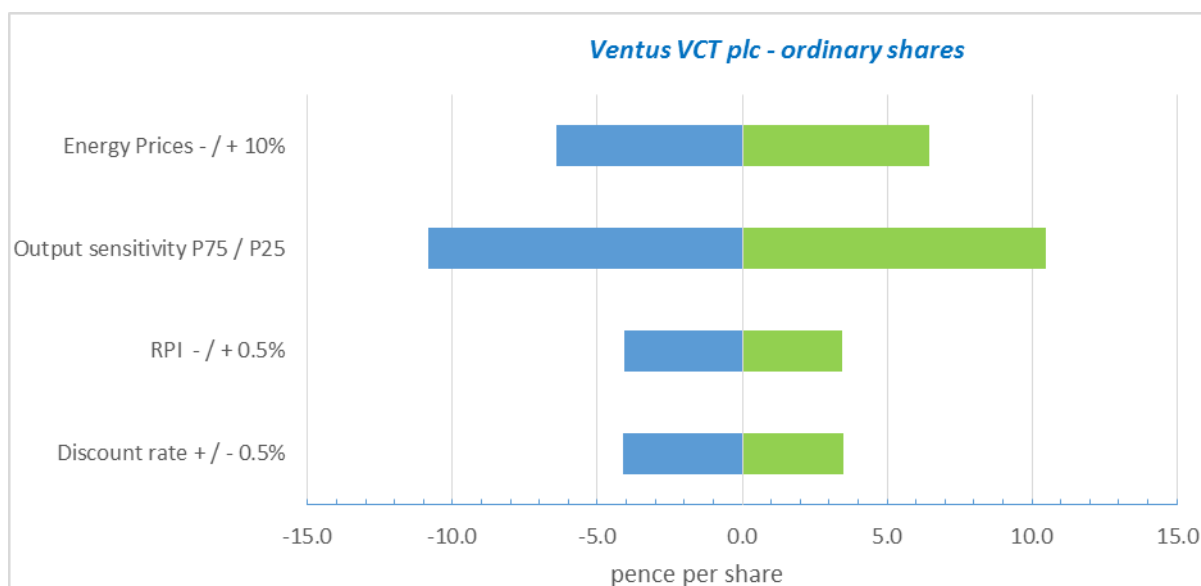
The charts below illustrate the sensitivity of the NAV of the Company's share funds to changes of certain key input assumptions applied to the unleveraged cash flows in the valuation models.

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and Government subsidies. The selling price is often fixed in the medium term under power purchase agreements. For periods outside the terms of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. Half of the operational investee companies owned by the ordinary share fund had a fixed price electricity contract in place as at the year end. The average remaining tenor of these fixed price power purchase agreements ("PPAs") was 6.4 years. Of the operational investee companies owned by the "C" share fund 56% had a fixed price electricity contract in place as at the year end. The average remaining tenor of these PPAs was 6.7 years. The PPAs of the operational investee companies owned by the "D" share fund were all variable electricity price contracts.

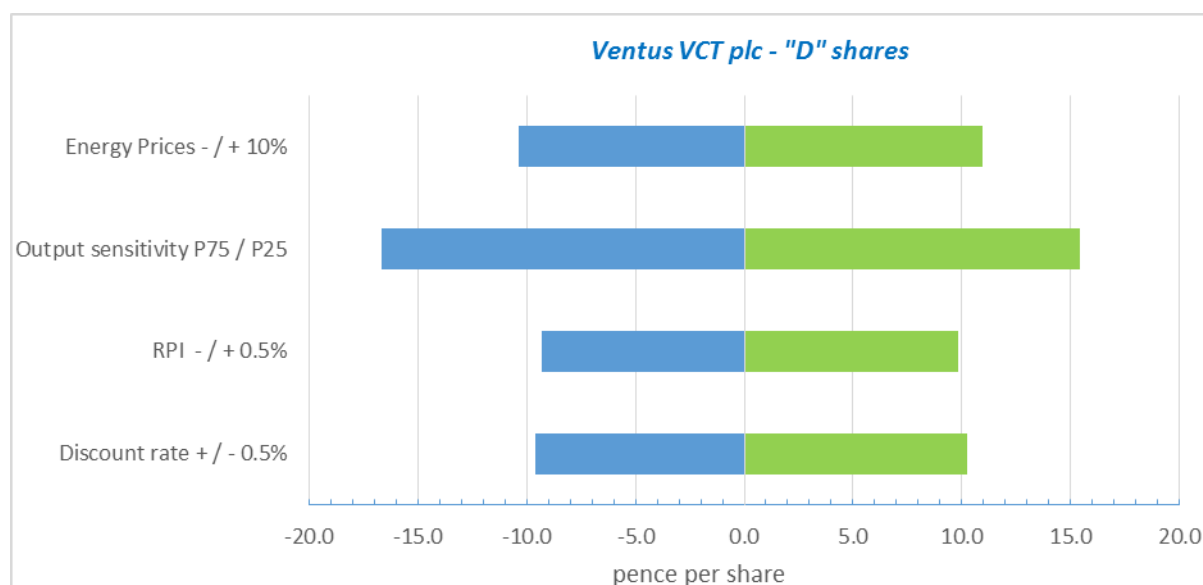
Specifically commissioned external consultant reports are used to estimate the expected generating output of the investee company's generating assets taking into account their type and location. The analyses set out below describe the sensitivity of each share fund's NAV to a higher (P75) or lower (P25) probability of exceedance of the forecast long term average output versus the base case (P50).

## Ventus VCT plc

The discount factor and inflation rate applied to the cash flows are regularly reviewed by the Investment Committee of the Investment Manager to ensure they are set at the appropriate levels. The Investment Committee and the Board will also give consideration to the specific performance characteristics of the particular type of generating technology being used. The range of discount factors which form the base case in the sensitivity analysis is set out in the section above. The base case inflation rate used in the sensitivity analysis is 2.5%.



## Ventus VCT plc



### Investment Policy

The Company has focused on investing in companies developing renewable energy projects with installed capacities of up to 20 megawatts. Investments are generally in joint venture companies which own and operate projects initiated by specialist small-scale developers and smaller projects which are not attractive to large development companies and utilities.

#### *Asset Allocation*

The Investment Manager has allocated the Company's investments in equity securities and loan stock of companies owning renewable energy projects, primarily wind energy and hydroelectric.

When there is a conflict or potential conflict of interest between the investment strategy of the Company and that of another fund managed by Temporis Capital LLP, the matter is referred to the Investment Manager's compliance officer who ensures any conflicts are dealt with fairly. Any investment made in a company in which another fund managed by the Investment Manager has invested or intends to invest will be approved by the Directors who are independent of the Investment Manager, unless the investment is made at the same time and on the same terms or in accordance with a specific pre-existing agreement between the Company and the Investment Manager.

The Company's policy is to maintain cash reserves of at least 5% of net proceeds raised from share offers for the purpose of meeting operating expenses and purchasing its shares in the market (if appropriate). Circumstances may arise which would require the Company to hold less than 5% of net proceeds in cash for a limited period of time.

In order to comply with VCT requirements, at least 70% by value of the Company's investments are required to be comprised of qualifying investments.

The Company typically owns 25% to 50% of the equity share capital of each investee company and a portion of its investment in each investee company may be in the form of loan stock.

The Company's uninvested funds are placed on deposit or invested in short-term fixed income securities.

#### *Risk Diversification*

The geographical focus of the Company's portfolio is the UK and the majority of investments made to date are in the wind sector. Funds are invested in a range of companies with small-scale projects so project risk is not concentrated in only a few schemes. All projects contained within the portfolio are

now operational. Investments were made via subscriptions for new share capital, or via loan stock instruments in order to secure a negotiated level of return from the project. The majority of investments are made in special purpose companies set up specifically to develop each project.

### *Gearing*

The Company does not intend to borrow funds for investment purposes. However the Company is exposed to gearing through its investee companies which typically funded the construction costs of each project through senior debt which is non-recourse to the Company. The Investment Manager was involved in assisting investee companies in negotiating the terms of this finance to ensure competitive terms are achieved. The interest rate is typically fixed for the duration of the loan so that investee companies are not exposed to changes in market interest rates.

To the extent that borrowing should be required by the Company for any purpose, the Directors will restrict the borrowings of the Company. The aggregate principal amount at any time outstanding in respect of money borrowed by the Company will not, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to 10% of the adjusted share capital and reserves of the Company in accordance with its Articles.

### *Maximum Exposures*

In order to gauge the maximum exposure of the Company to various risks, the following can be used as a guide:

#### i) Investments in qualifying holdings

Under VCT regulations, at least 70% of the Company's funds should be invested in qualifying holdings. When there is an issue of new shares, the 70% requirement does not apply to the new funds raised for any accounting periods which end earlier than three years from the date of allotment of the new shares.

For the purposes of the 70% qualifying holdings requirement, disposals of qualifying investments for cash may be disregarded for a period of six months. Where a VCT breaches any requirement due to factors outside of its control, it may apply to HMRC for a determination that the breach will be disregarded for a period of 90 days while the breach is remedied.

#### ii) Concentration limits

Under VCT regulations, no more than 15% of the Company's total assets should be in a single investee company at the time the investment is made in that investee company.

## **DIRECTORS' REPORT**

The Directors present their Annual Report and the audited Financial Statements for the year ended 29 February 2016.

### **Dividends**

The dividends for the half-year ended 31 August 2015 of 3.50p per ordinary share and 3.50p per "C" share and 2.00p per "D" share were paid on 13 January 2016 to shareholders on the register on 11 December 2015. The Directors recommend a final dividend of 12.00p per ordinary share, 4.50p per "C" share and 2.00p per "D" share to be paid on 10 August 2016 to shareholders on the register on 15 July 2016. This gives a total dividend for the year of 15.50p per ordinary share, 8.00p per "C" share and 4.00p per "D" share. Note 7 of the Financial Statements gives details of the dividends declared and paid in the current and prior financial years.

The Company is able to pay dividends from special reserves as these are distributable reserves. Also, the Companies Act 2006 now allows investment companies to pay dividends from realised profits.

### **Going concern**

The Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the accounts. The Company's major cash flows are within the Company's control (namely investments and dividends) or are reasonably predictable (namely the operating expenses). The Company is able to forecast cash inflows comprising proceeds from investments to a reasonable degree. Having reviewed a cash flow forecast for the next 18 months, the Board has a reasonable expectation that the Company is able to continue in operational existence for a period of at least 12 months from the date of this report.

### **Statement on Long-term Viability**

#### **Introduction**

As required by the AIC Code of Corporate Governance ("AIC Code"), the Directors are required to assess the prospects of the Company over a period longer than the 12 months associated with going concern.

#### **Period of Assessment**

The Directors consider a period of five years to be a suitable period over which to assess the long term viability of the Company. The Company's viability is predicated on its ability to receive returns from its investments in the form of dividends, interest and capital. The Company invests in companies which own and operate renewable energy assets which typically have an operational life of at least twenty years. The degree of certainty over key input assumptions used in forecasting the future cash flows from the investee companies diminishes over time. For that reason, the Directors believe it would not be meaningful to assess the viability of the Company beyond a period of five years.

#### **Risk Assessment**

The Directors have conducted a regular robust review of the risks facing the Company and its investee companies. The Company maintains a Risk Register which is used to document the key risks considered to be pertinent to the Company and includes an assessment of the likelihood of certain events, their potential impact and the mitigating conditions which have been put in place to manage the impact of these events. The key risks which may impact the Company's business are set out in the Strategic Report. The Investment Manager reports to the Directors on a regular basis in respect of the performance of the investee companies and cash flow forecasts setting out the returns the Company may expect to receive from its investments are reviewed. The key factors which determine the level of return the Company may receive from its investee companies are, the energy resource available to their renewable energy assets, the availability of the turbines, the amount of energy generated, the price of electricity and tariffs and the cost of operating the assets. Regular consideration is given to these factors and the sensitivity of the cash flows to variances is assessed.



### Statement of Viability

Having reviewed the cash flow forecasts used in valuing the Company's investments, the assumptions used in determining these cash flows and the projected results for the Company over the period of the expected operating life of the assets owned by its investee companies, the Directors have a reasonable expectation the Company will receive returns over a period of five years which will be at a sufficient level to ensure the viability of the Company with a reasonable degree certainty. Although the degree of certainty over key assumptions diminishes over time, the Directors view is there no reason to suggest the Company would not be viable beyond a period of five years.

Future developments of the Company are discussed in detail in the business model and investment policy sections of the Strategic Report on page 7.

### Directors

The Directors of the Company during the year under review were David Pinckney, Richard Abbott and David Williams. Biographical information on the Directors is shown in the Directors' Information on page 40. The terms of the Directors' appointment and replacement are set out in the Corporate Governance Statement. In accordance with the Company's Articles of Association and the Financial Reporting Council's (FRC) UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority, Richard Abbott will retire by rotation at the AGM and being eligible, will offer himself for re-election. David Pinckney will retire in accordance with the AIC Code, and being eligible, offers himself for re-election. As Mr Abbott and Mr Pinckney have acted in the interest of the Company throughout the period of their appointment and demonstrated commitment to their role, the Board recommends they be reappointed at the AGM.

### Share capital

#### Authorised share capital

At 29 February 2016, the Company had authorised share capital of £22,500,000 in total which was represented by 50 million ordinary shares of 25p, 20 million "C" shares of 25p each and 20 million "D" shares of 25p each being 56%, 22% and 22% of the Company's authorised share capital respectively.

#### Allotted, called and fully paid up shares

As at 29 February 2016, the Company had allotted, called and fully paid up shares in three share funds, of which 16,307,547 shares were ordinary shares of 25p each, 11,329,107 were "C" shares of 25p each and 1,990,767 were in "D" shares of 25p each. These shares represented 55%, 38% and 7% of the Company's issued share capital respectively. The Company holds 45,900 "C" shares in treasury.

#### Authority to allot

At the AGM held on 21 July 2015 the Directors were authorised to allot relevant securities (in accordance with Section 551 of the Companies Act 2006) up to a maximum aggregate nominal amount of £6,250,000. Renewal of the authority to allot shares will be voted on at the forthcoming AGM of the Company to be held on 21 July 2016.

#### Disapplication of pre-emption rights

At the AGM held on 21 July 2015 the Directors were empowered to allot equity securities for cash (further to the authority referred to above) without first offering such securities to existing shareholders in proportion to their shareholdings – such power being limited to the allotment of securities only in certain, defined circumstances. Renewal of the authority to disapply pre-emption rights will be voted on at the AGM to be held on 21 July 2016.

#### Authority to repurchase shares

At the AGM held on 21 July 2015 the Company renewed its authority to repurchase up to 14.99% of its own issued ordinary share capital, up to 14.99% of its own issued "C" share capital and up to 14.99% of the "D" shares in issue. Renewal of these authorities will be voted on at the forthcoming AGM to be held on 21 July 2016.

### **Rights and restrictions attaching to shares and powers of the Board of Directors**

As set out in the Company's Articles of Association, subject to the provisions of the Companies Act 2006 and to any special rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide. The business of the Company shall be managed by the Board of Directors which may exercise all the powers of the Company, subject to the provisions of the Companies Act 2006, the Memorandum of Association of the Company, the Company's Articles of Association and any special resolution of the Company. Copies of the Articles of Association can be obtained from Companies House in the UK or by writing to the Company Secretary.

### **CREST**

The Company's shares are available for trading in CREST, the settlement system for uncertified stocks and shares.

### **Substantial interests**

As at 29 February 2016 and the date of this report, the Company was aware of the following shareholders that held beneficial interests and voting rights exceeding 3% of the voting rights attached to each of the Company's ordinary, "C" or "D" share capital

	Percentage of shares held at 29 February 2016 and the date of this report
Shareholders	
The Bank of New York Nominees Limited	4.56%
Luna Nominees Limited	3.16%

The Company is not aware of any other beneficial interest exceeding 3% of the voting rights attached to the Company's ordinary, "C" or "D" share capital.

### **Financial instruments**

The Company's financial instruments comprise investments in unquoted companies and cash, trade and other receivables and trade and other payables. Further details, including details about risk management, are set out in note 16 of the Financial Statements.

### **Events after the year end**

Significant events which have occurred after the year end are detailed in note 15 of the Financial Statements.

### **Global Greenhouse Gas Emissions**

The Company has no direct greenhouse gas emissions to report from its operations, being an externally managed investment Company. It is the specific purpose of the Company to invest in companies that develop and operate assets which generate energy from renewable sources. Through its investment policy, the Company is committed to mitigating the impact of climate change by contributing to the transition to a low carbon economy and a cleaner environment.

### **Accountability and Audit**

The statement of directors' responsibilities is set out on page 41 of this report. The Directors who were in office on the date of approval of these Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

### **Auditor**

A resolution to re-appoint BDO LLP as the Auditor of the Company will be proposed at the forthcoming AGM.

Details of the non-audit services provided to the Company by the Auditor, are set out in note 4 of the Financial Statements.

### **Annual General Meeting**

Enclosed with this Annual Report and Financial Statements is the Notice of AGM of the Company (or any adjournment thereof) to be convened for 21 July 2016 at 12 noon (the "Notice"). A copy of the Notice is set out at the end of this report. A Form of Proxy for use in connection with the AGM has been issued with this report.

The business of the meeting is outlined below:

### **Resolution 1 – Annual Report and Financial Statements**

The Directors are required to present to the AGM the Annual Report and Financial Statements for the financial year ended 29 February 2016.

### **Resolution 2 – To declare a final dividend**

The final dividend cannot exceed the amount recommended by the Directors and can only be paid after the members at a general meeting have approved it. The Directors recommend a final dividend of 12.00p per ordinary share to the holders of ordinary shares, 4.50p per "C" share to the holders of "C" shares and 2.00p per "D" share to the holders of "D" shares, payable on 10 August 2016 to those shareholders registered at the close of business on 15 July 2016, which will bring the total dividend for the year to 15.50p per ordinary share, 8.00p per "C" share and 4.00p per "D" share.

### **Resolution 3 – Directors' Remuneration Report**

Under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013, the Company is required to produce a Directors' Remuneration Report for each relevant financial year and to seek shareholder approval for that report at the AGM.

### **Resolution 4 – Re-election of Director**

Mr Richard Abbott retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

### **Resolution 5 – Re-election of Director**

Mr David Pinckney retires in accordance with the AIC Code, and being eligible, offers himself for re-election.

### **Resolution 6 – Re-appointment of Auditor**

This resolution proposes that BDO LLP be re-appointed as Auditor of the Company.

### **Resolution 7 – Remuneration of the Auditor**

This resolution proposes that the Directors be authorised to set the Auditor's remuneration.

### **Resolution 8 – Purchase of shares by the Company**

This resolution, which will be proposed as a special resolution, will authorise the Company to purchase in the market up to 2,444,501 ordinary shares, 1,698,233 "C" shares and 298,415 "D" shares, representing 14.99% of the current issued share capital of each class, at a minimum price of 25p per share and a maximum price, exclusive of any expenses, for not more than an amount equal to the higher of (a) 105% of the average of the middle market prices shown in the quotations for a share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. This authority will be effective until the earlier of the date of the AGM of the Company to be held in 2017 and the date which is 18 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting). The Board believes that it is beneficial to the Company for it to continue to have the flexibility to purchase in the market its own shares. However, the Board considers it in the best interests of all shareholders if the Directors use their authority to make share

buy-backs judiciously. This resolution seeks authority from the shareholders for the Company to be authorised to do so when considered appropriate by the Directors. This resolution would renew the authority granted to the Directors at the last AGM of the Company. The minimum and maximum prices to be paid for the shares are stated in the Notice. Repurchases of shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing net asset value ("NAV") per share as and when market conditions are appropriate. Any shares which are repurchased in this way may be cancelled or held as treasury shares, which may then be cancelled or sold for cash, as determined by the Board. The Directors consider that this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares. The Directors are aware that the secondary market for the shares of VCT companies can be illiquid and that shares may trade at a discount to their NAV. The Company has established special reserves out of which it may fund share buy-backs.

#### **Resolution 9 – Authority to allot shares**

If passed, this ordinary resolution gives the Directors the authority to issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in each Company up to an aggregate nominal amount of £6,250,000. This authority will expire on the earlier of the conclusion of the AGM of the Company to be held in 2017 and the date which is 15 months after the date on which this resolution is passed (unless renewed, varied or revoked by the Company in general meeting). As at the date of this document, the Directors are not intending to issue any Shares.

#### **Resolution 10 – Disapply pre-emption rights**

If this special resolution is passed, the Directors will be empowered to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Companies Act 2006 ("Act") for cash pursuant to the authority given pursuant to resolution 9 above, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this resolution shall expire on earlier of the AGM of the Company to be held in 2017 and the date which is 15 months after the date on which this resolution is passed (unless renewed, varied or revoked by the Company in general meeting).

#### **Resolution 11 – Increase in the limit of the Directors' annual remuneration to £125,000**

If this special resolution is passed, the Articles of Association of the Company will be amended to increase the limit on the aggregate remuneration of the Directors from £100,000 to £125,000 per annum.

#### **Action to be taken**

Shareholders have been issued with a Form of Proxy for use in connection with the AGM. Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the AGM (excluding any time which is not part of a working day). Shareholders who have elected to receive correspondence by email are requested to complete the Form of Proxy online through the web proxy voting portal on the Capita Registrars website. Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the AGM in person should they subsequently decide to do so.

#### **Recommendation**

The Directors believe that all of the resolutions are in the best interests of the Company and its shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares.

By order of the Board

The City Partnership (UK) Limited  
Secretary  
6 June 2016

## DIRECTORS' REMUNERATION REPORT

### Statement by the Chairman

This Directors' Remuneration Report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This Directors' Remuneration Report includes the Directors' Remuneration Policy Report and the Directors' Annual Report on Remuneration. Changes in legislation, which became effective in the first financial year beginning on or after 1 October 2013, require that quoted companies may only pay remuneration to Directors in accordance with a remuneration policy which has been approved by shareholders.

Details of the Company's Directors' Remuneration Policy are shown below together with an explanation of changes made to fees during the year and the reason for the changes.

Under the Companies Act 2006, certain disclosures provided in this report are required to be audited. Where disclosures have been audited they have been indicated as such.

### Directors' Remuneration Policy Report

The Board comprises three Directors, all of whom are non-executive. The Board does not have a separate Remuneration Committee as the Company has no employees, other than the non-executive Directors.

The Board considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors and should be broadly comparable to those paid by similar companies. It is not considered appropriate that Directors' remuneration should be performance-related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. The Board considers that the level of remuneration should be sufficient to attract and retain Directors of appropriate experience to oversee the Company and should be adjusted, appropriately, for the level of work and responsibility required as well as for inflation.

The total remuneration of non-executive Directors should not exceed the £100,000 per annum limit set out in the Articles of Association of the Company which may not be changed without seeking shareholder approval at a general meeting. Shareholder approval is being sought at the AGM to increase this limit to £125,000.

No Director has a contract of service with the Company. All of the Directors have been provided with letters of appointment. The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first AGM after their appointment and at least every three years thereafter. A Director's appointment will continue unless terminated by the Company by giving three months' written notice. A Director's appointment may also be terminated in certain other circumstances.

The date of appointment of each Director and the AGM at which he is expected to next stand for re-election is set out below:

	Date of appointment	Due date for re-election
David Pinckney (Chairman)	8 October 2004	AGM 2016
David Williams	13 July 2010	AGM 2017
Richard Abbott	1 September 2011	AGM 2016

Based on the current level of fees, which came into effect on 1 September 2013, the Directors' remuneration for the forthcoming financial year would be as follows:

	Year ending 29 February 2017 £
David Pinckney (Chairman)	30,000
David Williams	25,000
Richard Abbott	25,000
<b>Total</b>	<b>80,000</b>

It is intended that the Directors' Remuneration Policy should remain in place until 28 February 2017. However, the Board will consider the level of Directors' fees at least annually. Any changes to be made to Directors' remuneration during this period will be made in accordance with the policy stated above. Directors' remuneration must be made in accordance with the approved policy unless approved by a separate shareholder resolution. Please refer to resolution 11 in the Director's Report whereby Shareholder approval is being sought at the AGM to increase this limit to £125,000.

### Directors' Annual Report on Remuneration

During the financial year ended 29 February 2016, having considered:

- the additional responsibilities and workload placed on them due to regulatory changes;
- the additional time being spent with internal and external Auditors to ensure proper controls are in place; and
- that until 1 September 2013 there has been no change in fees since the inception of the Company, except in 2010 when the Ventus Funds' boards were reorganised, and individual Directors took a cut in overall fees earned from the Ventus Funds in order to maintain aggregate fees for the Company at the same level

the Board resolved that it was appropriate to maintain the Directors' fees at the same level as that which was effective from 1 September 2013.

### Directors' fees (audited information)

The following fees were paid to individual Directors in respect of the year ended 29 February 2016. The fees were paid in accordance with the Directors' Remuneration Policy. Comparative figures for the year ended 28 February 2015 are also presented.

	Year ended 29 February 2016 £	Year ended 28 February 2015 £
David Pinckney (Chairman)	30,000	30,000
David Williams	25,000	25,000
Richard Abbott	25,000	25,000
<b>Total</b>	<b>80,000</b>	<b>80,000</b>

None of the Directors received any other remuneration during the year.

The table below shows aggregate Directors' remuneration, aggregate shareholder dividends paid and aggregate amounts paid to buy back the Company's own shares in the current and prior financial years:

	Year ended 29 February 2016 £	Year ended 28 February 2015 £	% Change
Aggregate Directors' remuneration	80,000	80,000	0.0%
Aggregate shareholder dividends paid	1,972,000	1,519,000	29.9%
Aggregate amounts paid to buy back the Company's own shares	-	45,000	n/a

#### Directors' Shareholding (audited information)

The Directors who held office during the year held the following interests in the Company:

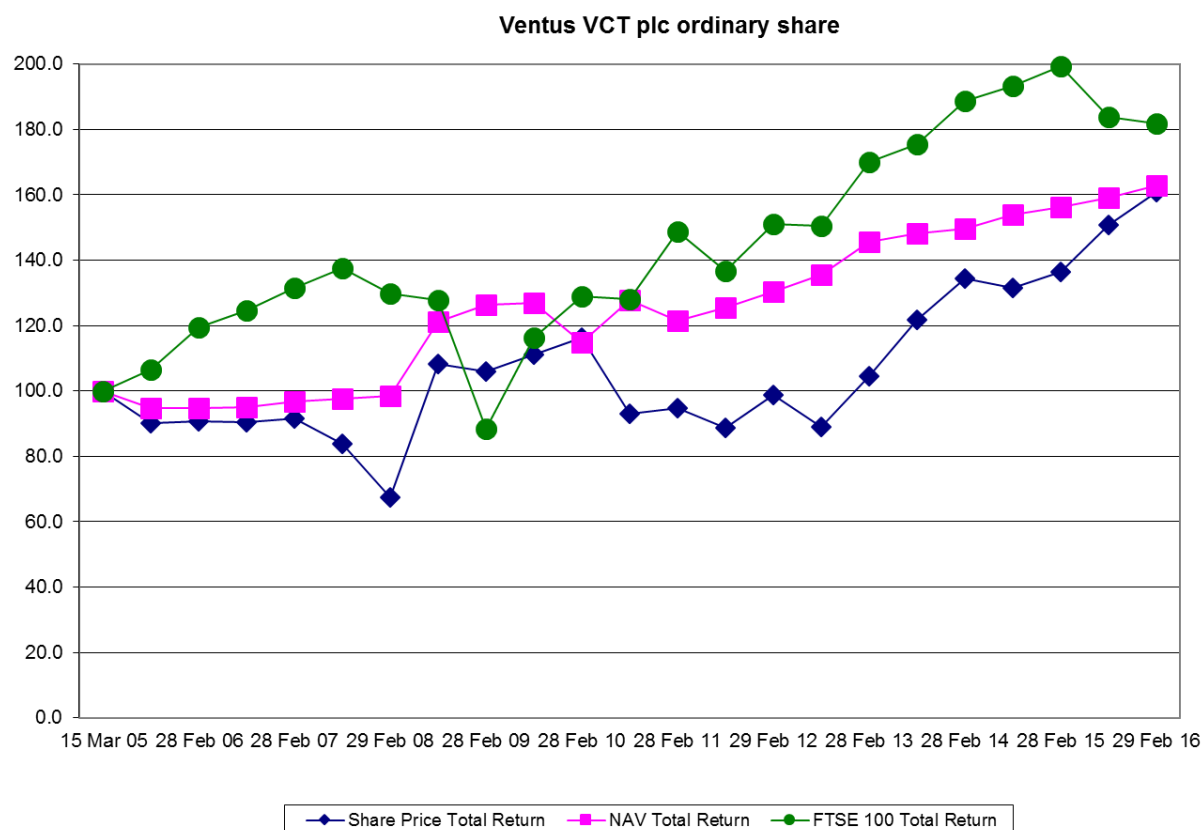
	As at 29-Feb 2016 £	As at 29-Feb 2016 £	As at 29-Feb 2016 £	As at 28-Feb 2015 £	As at 28-Feb 2015 £	As at 28-Feb 2015 £
	Ordinary shares	"C" shares	"D" shares	Ordinary shares	"C" shares	"D" shares
David Pinckney (Chairman)	10,104	2,600	nil	10,104	2,600	nil
David Williams	nil	nil	25,000	nil	nil	25,000
Richard Abbott	30,000	nil	nil	30,000	nil	nil

There have been no changes in the beneficial interests of the Directors between 29 February 2016 and the date of this report.

#### Company performance

Due to the positioning of the Company in the market as a specialist VCT investing in companies that develop, construct and operate small on-shore UK renewable energy projects, the Directors consider that there is no suitable company or index that can be identified for comparison over the period since the date the Company's shares were first issued. However in order to comply with the Directors' Remuneration Report Regulations 2013, the FTSE 100 Index has been used as a comparative.

## Total shareholder return on ordinary shares



The graph demonstrates the change in value, in terms of Share Price Total Return<sup>1</sup> and NAV Total Return<sup>2</sup>, based on £100 invested in ordinary shares on the date they were first listed on the London Stock Exchange (15 March 2005) over the period to 29 February 2016 compared with the total return attributable to £100 invested in companies comprising the FTSE 100 Index over the same period. The graph shows that there has been a net increase in shareholder return based on NAV during the year, which is representative of the net upward revaluation in investments as detailed in the Investment Manager's Report and dividends paid and revenue earned.

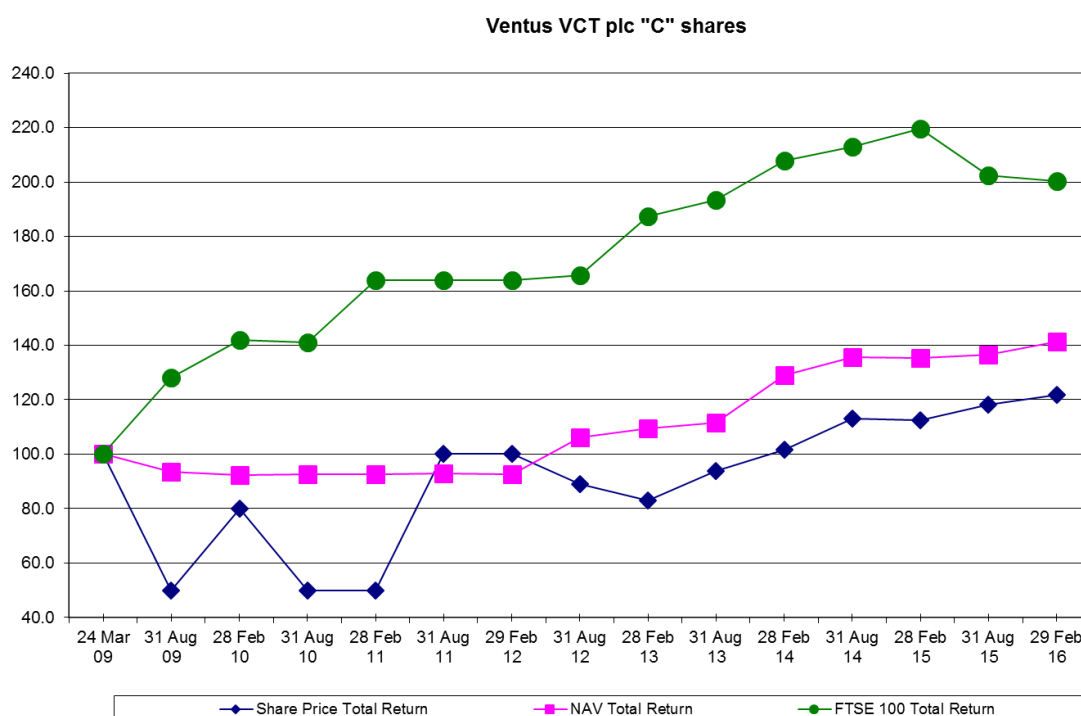
The ordinary share fund's Share Price Total Return and NAV Total Return presented in the graph do not include the effect of VCT tax relief or income tax and capital gains tax exemptions from which VCT shareholders may benefit. Assuming an investor had benefitted from the initial income tax relief of 40% which was available to investors in the tax years in which the initial offer for ordinary shares was made, the Share Price Total Return of the ordinary share fund would be 268%. This analysis, also, does not include the effect of the additional benefits of income tax-free dividends or capital gains tax exemptions which are available to VCT investors nor does it include the tax benefits received by shareholders who participated in the linked tender offer and ordinary share offer in 2012.

<sup>1</sup> Share Price Total Return is the return attributable to the share price of the ordinary shares held assuming that dividends paid in respect of those shares were immediately reinvested in shares at the market price as at the date the dividends were paid.

<sup>2</sup> NAV Total Return is the net asset value of the ordinary shares held plus the cumulative dividends paid to those shares over the period in which they were held.



## Total shareholder return on “C” shares



The graph demonstrates the change in value, in terms of Share Price Total Return<sup>1</sup> and NAV Total Return<sup>2</sup>, based on £100 invested in “C” shares on the date they were first listed on the London Stock Exchange (24 March 2009) over the period to 29 February 2016 compared with the total return attributable to £100 invested in companies comprising the FTSE 100 Index over the same period.

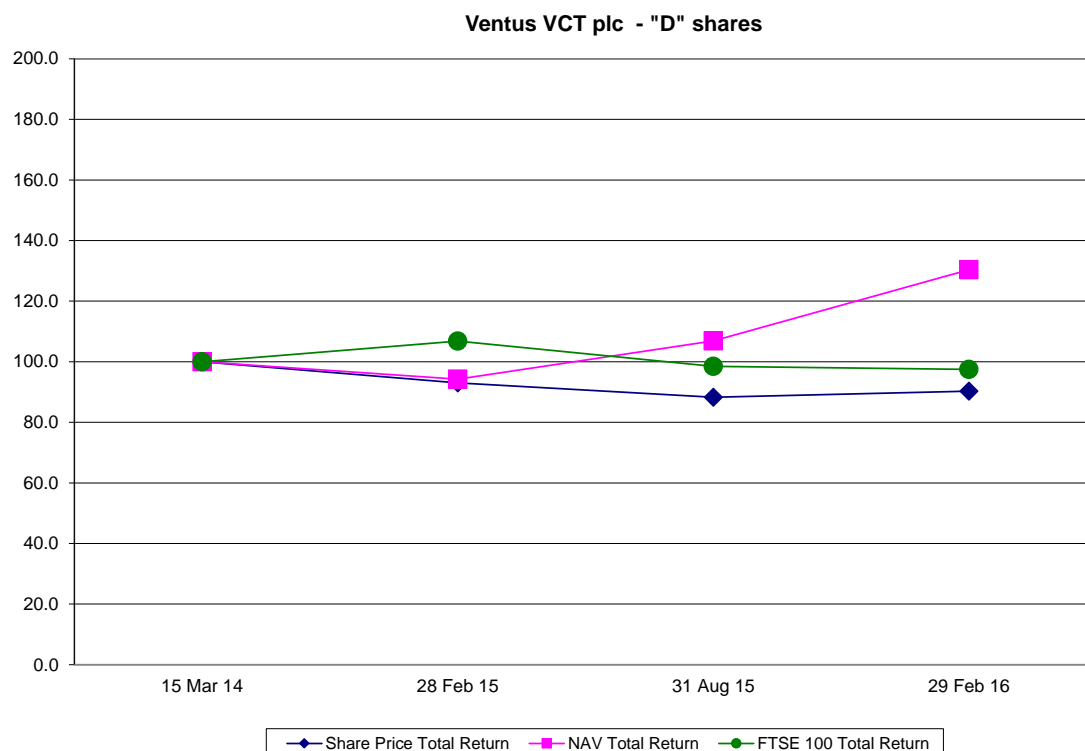
The graph shows that there has been a net increase in shareholder return based on NAV during the year, which is representative of the revenue earned and dividends paid less a net decrease in the value of the investments as detailed in the Investment Manager’s Report.

The “C” share fund’s Share Price Total Return and NAV Total Return presented in the graph do not include the effect of VCT tax relief or income tax and capital gains tax exemptions from which VCT shareholders may benefit. Assuming an investor had benefitted from the initial income tax relief of 30% which was available to investors in the tax years in which the initial offer for “C” shares was made, the Share Price Total Return of the “C” share fund would be 203%. This analysis, also, does not include the effect of the additional benefits of income tax-free dividends or capital gains tax exemptions which are available to VCT investors.

<sup>1</sup> Share Price Total Return is the return attributable to the share price of the “C” shares held assuming that dividends paid in respect of those shares were immediately reinvested in shares at the market price as at the date the dividends were paid.

<sup>2</sup> NAV Total Return is the net asset value of the “C” shares held plus the cumulative dividends paid to those shares over the period in which they were held.

## Total shareholder return on “D” shares



The graph demonstrates the change in value, in terms of Share Price Total Return<sup>1</sup> and NAV Total Return<sup>2</sup>, based on £100 invested in “D” shares on the date they were first listed on the London Stock Exchange (15 March 2014) over the period to 29 February 2016 compared with the total return attributable to £100 invested in companies comprising the FTSE 100 Index over the same period.

The graph shows that there has been a net increase in shareholder return based on NAV during the year, which is representative of the net upward revaluation of investments as detailed in the Investment Managers Report and revenue earned and dividends paid.

The “D” share fund’s Share Price Total Return and NAV Total Return presented in the graph do not include the effect of VCT tax relief or income tax and capital gains tax exemptions from which VCT shareholders may benefit. Assuming an investor had benefitted from the initial income tax relief of 30% which was available to investors in the tax years in which the initial offer for “D” shares was made, the Share Price Total Return of the “D” share fund would be 129%. This analysis, also, does not include the effect of the additional benefits of income tax-free dividends or capital gains tax exemptions which are available to VCT investors.

<sup>1</sup> Share Price Total Return is the return attributable to the share price of the “D” shares held assuming that dividends paid in respect of those shares were immediately reinvested in shares at the market price as at the date the dividends were paid.

<sup>2</sup> NAV Total Return is the net asset value of the “D” shares held plus the cumulative dividends paid to those shares over the period in which they were held.

**Voting on the Directors' Remuneration Report at the AGM**

At the last AGM held on 21 July 2015, the shareholders approved the Directors' Remuneration Report in respect of the year ended 28 February 2015. Votes representing 680,696 shares (89.22%) were in favour of the resolution, votes representing 82,250 shares (10.78%) were against, and votes representing 52,471 shares were withheld.

An ordinary resolution to approve this Directors' Remuneration Report will be proposed at the forthcoming AGM.

On behalf of the Board

David Pinckney  
Chairman

6 June 2016

## **CORPORATE GOVERNANCE STATEMENT**

The Board of Ventus VCT plc has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to member companies of the AIC.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Code), will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Code, except as set out below.

The Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- remuneration committee.

For the reasons set out in the AIC Guide, and as explained in the Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

In addition to the provisions above, the Directors acknowledge that the Company does not comply with the AIC Code in its recommendation that the chairman of a company may not chair the Audit Committee. However, the Board considers that, in view of his extensive international auditing experience, it is appropriate and in the interests of shareholders that David Pinckney, as Chairman of the Company, should also chair the Audit Committee. Also, the Company does not comply with the AIC Code in its recommendation that the Board appoints a senior independent director. However, the Board considers that as the directors are few in number the Company does not require a senior independent director.

### **Board of Directors**

For the year ended 29 February 2016 the Board consisted of three Directors, all of whom are non-executive. The Board ensures that it has the appropriate balance of skills, experience, length of service and knowledge of the Company amongst its Directors. Biographical information on the Directors is shown in the Directors' Information on page 40.

### **Independence**

The Board has reviewed the independence of each Director and of the Board as a whole. Directors withdrew from discussions concerning their individual status. No Directors of the Company are directors of another company managed by the Investment Manager. The Board believes that each Director has demonstrated that he is independent in character and judgement and independent of the Investment Manager and therefore, that David Pinckney, David Williams and Rick Abbott are each considered independent. The Board is of the view that length of service will not necessarily compromise the independence or effectiveness of Directors where continuity and experience can be of significant benefit to the Company and its shareholders. However, in accordance with the AIC Code any Director who has served for more than nine years will stand for re-election annually therefore a resolution to re-elect David Pinckney is included in the Notice of AGM.

### **Directors' responsibilities**

The Board meets at least quarterly and is in regular contact with the Investment Manager between these meetings. The Directors also held two strategy meetings with the Investment Manager during the year. The number of meetings of the Board and the Audit Committee held during the year and the attendance of the Directors is shown in the table below:

	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
David Pinckney (Chairman)	4	4	4	4
Richard Abbott	4	4	4	4
David Williams	4	3	4	3

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered. The Board has a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. The schedule of matters reserved to it includes the general investment strategy of the Company and the performance of the Company.

All Directors have direct access to the Company Secretary and independent advisers at the Company's expense provided prior clearance has been obtained from the Board. The Company Secretary is responsible to the Board for ensuring that Board and Committee procedures are followed and for compliance with applicable statutory rules and regulations and for ensuring the timely delivery of information.

When Directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board.

The terms and conditions of appointment of non-executive Directors are available upon written application to the Company Secretary. Directors appointed by the Board to fill a vacancy are required to submit to election at the next AGM by separate resolution. The Company may by ordinary resolution appoint any person who is willing to act as a Director, either to fill a vacancy or as an additional Director. Upon joining the Board, new Directors will receive a full, formal and tailored induction. As the Company has no major shareholders, it is considered unnecessary to provide shareholders with the opportunity to meet new non-executive Directors at a specific meeting other than an AGM. At each AGM of the Company one third of the Directors shall retire from office and, being eligible, be proposed for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. The Company may by ordinary resolution remove any Director before his period of office has expired. In accordance with the AIC Code, David Pinckney stands for re-election, as a non-executive Director serving more than nine years should be subject to annual re-election.

The Company has in place directors' and officers' liability insurance.

The performance of the Board, Audit Committee and individual Directors has been evaluated through an assessment process led by the Chairman. The assessment process included consideration of performance monitoring and evaluation, strategy and corporate issues, shareholder value and communications and governance.

#### **Report from the Audit Committee**

The Audit Committee comprises David Pinckney, David Williams and Richard Abbott. David Pinckney has extensive international auditing experience (detailed in the Directors' Information on page 40) and is Chairman of both the Audit Committee and the Board of the Company. The Committee meets at least twice a year to review the audit plan and the Annual and Half-yearly Financial Statements before submission to the Board. The roles and responsibilities of the Audit Committee, including reviewing the Company's internal controls, risk management systems and monitoring Auditor independence, are set out in written terms of reference and are available on the Company's website [www.ventusvct.com](http://www.ventusvct.com) and are also available upon written application to the Company Secretary. The Audit Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external Auditor.

The Audit Committee met four times this year and the Audit Committee chairman also held private discussions with the external Auditor without the Investment Manager present. After each meeting, the Chairman reports to the Board on the matters discussed, on recommendations and actions to be taken.

During the year ended 29 February 2016 the Audit Committee discharged its responsibilities by:

- reviewing all financial statements released by the Company (including the annual and Half-yearly Financial Report);
- reviewing the Company's accounting policies;
- monitoring the effectiveness of the system of internal controls and risk management; no significant weaknesses were identified in the year under review;
- approving the external Auditor's plan and fees;
- receiving a report from the external Auditors following its detailed audit work, and discussing key issues arising from that work;
- reviewing its' own terms of reference; and
- reviewing the internal audit plan and the recommendations from the internal Auditors.

The key areas of risk identified by the Audit Committee in relation to the business activities and financial statements of the Company are:

- compliance with HM Revenue & Customs to maintain the Company's VCT status;
- valuation of investments; and
- revenue recognition and recoverability.

These matters are monitored regularly by the Investment Manager, and reviewed by the Board at every Board meeting. They were also discussed with the Investment Manager and the Auditor at the Audit Committee meeting held to discuss the annual financial statements.

The Audit Committee concluded:

VCT Status –the Investment Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status had been complied with throughout the year. The Investment Manager typically attains pre-approval from HM Revenue & Customs for each qualifying investment. New investments and the Company's VCT status are also reviewed by the Company's tax adviser, Philip Hare & Associates LLP.

Valuation of unquoted investments – the Investment Manager confirmed to the Audit Committee that the basis of valuation for unquoted investments was consistent with the prior year and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. A comprehensive report on the valuation of investments is presented and discussed at every Board meeting; Directors are also consulted about material changes to those valuations between Board meetings.

Revenue recognition and recoverability – the Audit Committee considered the revenue recognised during the year and the revenue receivable by the Company at the year end and is satisfied that they are appropriately accounted for.

The Investment Manager and the Auditor confirmed to the Audit Committee that they were not aware of any unadjusted material misstatements. Having reviewed the reports received from the Investment Manager and the Auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been properly addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

The Audit Committee has managed the relationship with the external Auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the Audit Committee considered the Auditor's technical knowledge and that it has a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the Auditor provided a clear explanation of the scope and strategy of the audit and that the Auditor maintained independence and objectivity. As part of the review of Auditor effectiveness and

independence, BDO LLP ("BDO") has confirmed that it is independent of the Company and has complied with professional accounting standards. BDO and prior to its merger PKF (UK) LLP has held office as Auditor for seven years and in accordance with professional guidelines the engagement partner is rotated after at most five years. The current partner started working with the Company in the current financial year and was responsible for the review of the Half-yearly Financial Report.

The appointment of BDO as the Company's Auditor was approved by shareholders at the AGM held on 21 July 2015. Following the review as noted above the Audit Committee is satisfied with the performance of BDO and recommends the services of BDO to the shareholders in view of both that performance and the firm's extensive experience in auditing VCTs. A resolution to re-appoint BDO as Auditor to the Company will be proposed at the forthcoming AGM.

The Audit Committee reviews the nature and extent of non-audit services provided by the Company's Auditor and ensures that the Auditor's independence and objectivity is safeguarded. During the year under review, the Company's Auditor provided tax compliance services, iXBRL tagging services and a review of the Half-yearly Financial Report. The Board believes that the appointment of BDO to supply these services was in the interest of the Company due to its knowledge of the Company and the VCT sector. BDO was, therefore, in a position to provide a greater efficiency of service compared to other potential providers of these services. The Board is satisfied that the fees charged and work undertaken did not affect BDO's objectivity as the proportion of the fees earned from the Company for other services was relatively small in relation to the audit fees. Also, the tax services were provided by a separate team and did not involve undertaking any internal review or management role nor did these services create any self-review conflict over the preparation of the information reported in the accounts.

### **Nomination Committee**

During the year the Board established a Nomination Committee. The Nomination Committee comprises David Williams (Chairman), David Pinckney and Richard Abbott. In accordance with the AIC Code David Williams, who is an independent non-executive director, was appointed chairman of the Nomination Committee. The Nomination Committee has considered the recommendations of the Code concerning diversity and welcomes such initiatives generally. The Nomination Committee believes, however, that all appointments should be made on merit rather than positive discrimination. The Nomination Committee is clear that maintaining an appropriate balance round the board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and gender diversity is a significant element of this.

Any search for new board candidates will be conducted, and appointments made, on merit, against objective selection criteria having due regard, among other things, to the benefits of diversity on the board.

### **Remuneration Committee**

To date, no Remuneration Committee has been established. Where an investment company has no executive directors, the Code principles relating to directors' remuneration do not apply and as such no Remuneration Committee has been appointed. Matters relating to remuneration of Directors, all of whom are non-executive, are considered by the Board and any Director is excluded from meetings whose purpose is the setting of his own remuneration.

### **Internal control**

The Directors acknowledge their responsibility for the Company's risk management and systems of internal control and for reviewing their effectiveness. Internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which accords with the Turnbull guidance which has been in place for the year under review and up to the date of approval of the accounts. The Board has delegated, contractually to third parties, the investment management, the custodial services (which include safeguarding the Company's assets), the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered.

In April 2012, the Company appointed Roffe Swayne, an independent external party, to undertake an internal audit programme to review the processes and procedures in place at the Investment Manager. Roffe Swayne agreed a three year rolling internal audit plan in consultation with the Investment Manager and the Directors based on risks and control objectives identified jointly. Roffe Swayne tests the satisfactory operation of internal controls for the Company and reports to the Audit Committee once or twice yearly. The controls on which Roffe Swayne is focusing are portfolio management, asset management, execution of investment and divestment decisions and back office operations, including Sharepoint. Roffe Swayne has reported to the Audit Committee that key controls tested in the current year are predominantly effectively and efficiently designed and operate to mitigate the risks associated with them. The Board will continue to monitor and review the risk management process on a regular basis.

The Company has a clearly defined investment policy and process. Investment decisions are made by the Investment Manager after approval has been received from the Investment Committee of the Investment Manager. In certain circumstances investment decisions are referred to the Board for approval after due consideration of the recommendations of the Investment Committee of the Investment Manager. The Board performs regular reviews of the Company's performance in respect of the investments and other assets, liabilities, revenue and expenditure.

The Audit Committee reviews each of the Company's Half-yearly and Annual Reports and associated announcements. The Audit Committee regularly reviews management accounts information to make comparisons to budget. The Audit Committee also regularly reviews the internal controls adopted and implements appropriate policies to deal with operational risks. The findings of the external Auditor in respect of internal controls and financial reporting are discussed at Audit Committee meetings and appropriate recommendations are made to the Board.

The principal features of the internal control systems which the Investment Manager has in place in respect of the Company's financial reporting include:

- authorisation limits over expenditure incurred by the Company;
- segregation of duties between the analysis of investment valuations, review of the assumptions made in valuing investments and the recording of these valuations in the accounting records;
- bank reconciliations, carried out on a regular basis; and
- review by the Audit Committee of financial information prior to its publication.

### **Performance of the Investment Manager**

The primary focus of regular Board meetings is to review the investment performance against the Company's stated investment policy and objectives. In doing so, the Board assesses the performance of the Investment Manager and considers whether the arrangements made between the Company and the Investment Manager are appropriate and in the interests of shareholders. The Board completed a formal assessment of the performance of the current Investment Manager and in the opinion of the Directors, the continuing appointment of Temporis Capital LLP as the Investment Manager, on the terms agreed, is in the interests of the shareholders. The Directors are satisfied that the Investment Manager will continue to manage the Company's investment programme in a way which will enable the Company to achieve its objectives.

### **Share Capital**

The Company has three classes of shares, ordinary, "C" and "D" shares, which carry no right to fixed income. Details of the Company's share capital, including the number of shares authorised and allotted, are set out in the Directors' Report. In accordance with the Company's Articles of Association, subject to the provisions of the Companies Act 2006 and to any special rights conferred on the holders of any other shares, any shares may be issued with or have attached to them such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide. The powers of the Company's Directors in relation to the Company issuing or buying back its own shares are set out in the Director's Report.



### **Voting**

At a general meeting of the Company, on a show of hands, every member who is present in person and entitled to vote shall have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share held.

### **Dividends**

Any profits of each share fund which the Company may determine to distribute in respect of any financial year shall be distributed among the shareholders pro rata according to the amounts paid up or credited as paid up on the shares held.

### **Capital entitlement**

The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the shareholders the amounts paid up or credited as paid up on such shares and subject thereto shall belong to and be distributed according to the number of such shares held.

### **Major interests in the Company's shares**

The identity of each of the shareholders with a significant holding as at the year end and the date of this report, including details of the size and nature of their holding, is disclosed in the Substantial Interests section of the Directors' Report. As at the year end and date of this report the Company had no immediate or ultimate controlling parties and there were no shares in issue carrying special rights with regard to control of the Company.

### **Articles of Association**

The Company may by special resolution make amendment to the Company's Articles of Association.

### **Relations with shareholders**

The Company communicates with shareholders and solicits their views where it is appropriate to do so. All shareholders are welcome at the AGM, which provides a forum for shareholders to ask questions of the Directors and to discuss with them issues affecting the Company. The Board is also happy to respond to any written queries made by shareholders during the course of the year. Shareholders may write to the Board of Ventus VCT plc at the following address: c/o The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh, EH2 1DF.

The Board as a whole approves the Chairman's Statement which forms part of the Annual and Half-yearly Financial Report to shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects. The Board confirms that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business model and strategy. Notice of the AGM accompanies this Annual Report, which is sent to shareholders a minimum of 20 working days before the meeting.

A separate resolution is proposed at the AGM on each substantially separate issue. The Registrar collates the proxy votes, and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM can be found at the end of these Financial Statements. A proxy form in respect of this meeting has been issued to shareholders separately.

For and on behalf of the Board

David Pinckney  
Chairman  
6 June 2016

## **DIRECTORS' INFORMATION**

The Company's Board comprises three Directors, all of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Directors have wide experience of investment in both smaller growing companies and larger quoted companies. Information about the current Directors is set out below.

### **David Pinckney - Chairman of the Company and Audit Committee**

David Pinckney was, from 1998 until December 2003, first chief operating officer for the Far East and then Vice Chairman of AXA Investment Managers SA, the investment management arm of the AXA Group with over US\$500 billion under management. He was a member of the Executive and Audit Committees. From 1987 to 1997, he was Group Finance Director and Joint Managing Director of The Thornton Group (a subsidiary of Dresdner Bank), which specialised in equity investment management, in particular in the Asia/Pacific region. From 1984 to 1986, he was Managing Director of Wrightson Wood Financial Services Limited, a company specialising in international corporate finance and venture capital. From 1963 to 1983, he was with Peat, Marwick Mitchell (now KPMG), where, in his last six years, he was Senior Audit Partner for France and French speaking Africa. He was non-executive Chairman of Park Row Group PLC from 2002 to 2003, when the Group was successfully sold. He retired as a Director of Albion Development VCT PLC in 2013. He was Chairman of DP Property Europe Limited (formerly Rutley European Property Limited) until July 2010 and was Chairman of Syndicate Asset Management PLC until 31 March 2010. He is a Chartered Accountant and an "Expert Comptable" (a French Accountant). He has been a member of the Board since October 2004.

### **David Williams - Director**

David Williams is a graduate Chartered Electrical Engineer who also holds qualifications in Management, Accountancy and Finance. David has been involved in renewable energy for over 26 years, starting his career with UK utility company SWALEC. David set up Energy Power Resources (EPR) in 1996 and co-founded Eco2 in 2002. David has advised the British Government on a number of expert panels including being a member of the UK Government's Renewables Advisory Board. Renewable Energy Projects under David's management over the 26 years equate to 430MW of capacity and £1.5Bn of funds raised. This saves over 1M tonnes of CO2 every year and supplies the equivalent of 1M homes with renewable energy. David has three lifetime achievement awards in respect of his work in renewable energy, including an Honorary Doctorate in recognition of his outstanding contribution to the sector from the University of South Wales. In 2014 David was assessed by the Western Mail as being in the top 35 most influential people on the Welsh Economy. He has been a member of the Board since July 2010.

### **Richard Abbott - Director**

Richard Abbott has had a successful career in investment banking having held senior positions at Morgan Grenfell, Deutsche Bank, and ABN-AMRO. More recently he has concentrated on building businesses in private equity, real estate and in the financial sector, also holding various non-executive directorships. He has been a member of the Board since September 2011.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **Directors' responsibilities**

The Directors are responsible for preparing the Annual 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 Company law the Directors are required to prepare the Financial Statements and have elected to prepare the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) 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 of the Company and of the profit or loss for the company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare a Strategic Report, Director's Report and Director's Remuneration Report which comply with the requirements of the Companies Act 2006.

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 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.

### **Website publication**

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

### **Directors' responsibilities pursuant to FCA's Disclosure and Transparency Rules**

The Directors confirm to the best of their knowledge:

- The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the Directors are stated in the Directors' Information on page 40.

For and on behalf of the Board

David Pinckney  
Chairman  
6 June 2016

**DIRECTORS AND ADVISERS**

**Directors**

David Pinckney  
Richard Abbott  
David Williams

**Investment Manager and Registered Office**

Temporis Capital LLP  
Berger House  
36 - 38 Berkeley Square  
London  
W1J 5AE

**Company Secretary**

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh  
EH2 1DF

**Principal Banker**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**VCT Taxation Adviser**

Philip Hare & Associates LLP  
Suite C- First Floor  
4-6 Staple Inn  
London  
WC1V 7QH

**Solicitors**

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

**Broker**

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

**Registrars**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**Internal Auditor**

Roffe Swayne  
Ashcombe Court  
Godalming  
Surrey  
GU7 1LQ

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTUS VCT PLC**

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

In our opinion the Ventus VCT plc financial statements for the year ended 29 February 2016, which have been prepared by the Directors in accordance with the applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union:

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 our opinion covers**

Our audit opinion on the financial statements covers the:

- statement of comprehensive income;
- statement of financial position;
- statement of changes in equity;
- statement of cash flows; and,
- related notes.

### **Respective responsibilities of directors and auditor**

As explained more fully in the report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

### **An overview of the scope of the audit including our assessment of and response to the risk of material misstatement**

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement.

### **Valuation of Investments**

The outcome of our risk assessment was that the valuation of investments was considered to be the area that had the greatest effect on the overall audit strategy including the allocation of resources in the audit.

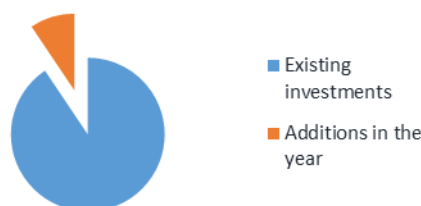
The valuation of investments is a highly subjective accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the company.

## Ventus VCT plc

100% of the underlying investment portfolio is represented by unquoted equity and mezzanine investments. 97% of the investments are valued using discounted cash flow models prepared by the Investment Manager. The key assumptions in the valuation model include, inter alia, the discount factor, inflation rate, power prices and energy yield.

Our starting point was to review the components of the movement in the investment valuations in order to understand the rationale for the fair value movement in the year. We then agreed key assumptions to supporting evidence and challenged the Investment Manager regarding the appropriateness of judgemental assumptions including sensitising the valuations where we considered that reasonably possible alternative assumptions could have been applied.

The total investment valuation at 29 February 2016 is broken down as follows:



In respect of new investments made during the year, we performed the following specific procedures:

- Agreed key inputs to the valuation model to independent information including energy yield report, power purchase agreement, lease agreement and operating and maintenance agreement
- Reviewed the assumptions compared with other investments in the portfolio to consider the overall reasonableness of assumptions and completeness of costs
- Considered the appropriateness of the discount factor applied by comparing it with other investments in the portfolio, considering the comparability of the investments.

For one investment (3% of the portfolio) the investment value is based on the price of recent investment. For this investment we considered the appropriateness of this methodology by considering the date of purchase as well as the operational performance of the investee company since acquisition.

In respect of all investments valued using discounted cash flows, we performed the following specific procedures:

- Tested the integrity of the discounted cash flow model using IT audit tools
- Agreed changes in key assumptions compared with the prior year to independent evidence
- Agreed electricity price assumptions to an independent expert's report
- Considered the appropriateness of the discount factor and inflation assumptions applied with reference to a comprehensive list of comparable transactions and consultation with our valuations specialists
- Reviewed cost assumptions in the valuation models compared with actual results to assess the completeness of costs
- Discussed with the Investment Manager their valuation methodology and the results of our testing procedures to consider the continued appropriateness of those methodologies and the key assumptions therein.

### Revenue recognition

We also consider revenue recognition to be a significant risk. Revenue consists of dividends receivable from the investee companies and interest earned on loan stock and cash balances. Revenue recognition is considered to be a significant audit risk as it is one of the key drivers of

dividend returns to investors. In particular, in unquoted companies, dividends receivable can be difficult to predict.

We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid.

We also reviewed the recognition and classification of accrued income receipts to ascertain whether it meets the definition of realised income, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest.

In respect of dividends receivable, we compared actual income to expectations set based on dividends declared by the investee companies. We reviewed the categorisation of dividends received from the investee companies between the revenue and capital.

The audit committee's consideration of their key issues is set out on page 35.

### Materiality in context

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

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	<ul style="list-style-type: none"> <li>The value of investments</li> <li>The level of judgement inherent in the valuation</li> <li>The range of reasonable alternative valuation</li> </ul>	640,000
Specific materiality – classes of transactions and balances which impact on revenue profits	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none"> <li>Revenue for the year excluding realised and unrealised gains/losses</li> </ul>	210,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £13,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

## **Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the company**

We have nothing 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 entity, 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 considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties over the entity's ability to continue 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 entity, 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 entity 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.

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

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
- is otherwise misleading.

In particular, we are required to consider whether 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 and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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



## Ventus VCT plc

- 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, set out on page 22, in relation to going concern and set out on page 22 in relation to longer-term viability; 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.

We have nothing to report in respect of these matters.

**Michelle Carroll** (senior statutory auditor)

*For and on behalf of BDO LLP, statutory auditor*

*London*

*United Kingdom*

*Date*

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

## Statement of Comprehensive Income

for the year ended 29 February 2016

		Ordinary Shares			"C" Shares			"D" Shares			Total		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Realised gains/(losses) on investments	9	-	20	20	-	(33)	(33)	-	-	-	-	(13)	(13)
Net unrealised (loss)/gain on investments	9	-	523	523	-	(47)	(47)	-	629	629	-	1,105	1,105
Income from investments	2	1,290	-	1,290	1,272	-	1,272	162	-	162	2,724	-	2,724
Investment management fees	3	(124)	(373)	(497)	(87)	(260)	(347)	(12)	(35)	(47)	(223)	(668)	(891)
Other expenses	4	(158)	(101)	(259)	(105)	(5)	(110)	(18)	-	(18)	(281)	(106)	(387)
<b>Profit/(loss) before taxation</b>		1,008	69	1,077	1,080	(345)	735	132	594	726	2,220	318	2,538
Taxation	6	(53)	53	-	(42)	42	-	(4)	4	-	(99)	99	-
<b>Profit and total comprehensive income for the year attributable to shareholders</b>		955	122	1,077	1,038	(303)	735	128	598	726	2,121	417	2,538
<b>Earnings per share:</b>													
Basic and diluted earnings per share (p)	8	5.85	0.75	6.60	9.19	(2.67)	6.52	6.36	30.04	36.40			

The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

## Statement of Comprehensive Income

for the year ended 28 February 2015

		Ordinary Shares			"C" Shares			"D" Shares			Total		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Realised gains on investments	9	-	150	150	-	-	-	-	-	-	-	150	150
Net unrealised gain on investments	9		548	548	-	474	474	-	-	-	-	1,022	1,022
Income from Investments	2	1,100	-	1,100	694	-	694	2	-	2	1,796	-	1,796
Investment management fees	3	(124)	(371)	(495)	(84)	(252)	(336)	(11)	(33)	(44)	(219)	(656)	(875)
Other expenses	4	(209)	(6)	(215)	(115)	(9)	(124)	(18)	-	(18)	(342)	(15)	(357)
<b>Profit/(loss) before taxation</b>		767	321	1,088	495	213	708	(27)	(33)	(60)	1,235	501	1,736
Taxation	6	4	(30)	(26)	(27)	29	2	6	(6)	-	(17)	(7)	(24)
<b>Profit/(loss) and total comprehensive income for the year attributable to shareholders</b>		771	291	1,062	468	242	710	(21)	(39)	(60)	1,218	494	1,712
<b>Earnings per share:</b>													
Basic and diluted earnings per share (p)	8	4.73	1.79	6.52	4.14	2.14	6.28	(1.25)	(2.23)	(3.48)			

The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

**Statement of Financial Position**

As at 29 February 2016

As at 29 February 2016

As at 28 February 2015

	Note	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000
<b>Non-current assets</b>									
Investments	9	16,466	13,042	2,359	31,867	15,532	12,875	712	29,119
Trade and other receivables	10	-	-	-	-	2,404	-	-	2,404
		16,466	13,042	2,359	31,867	17,936	12,875	712	31,523
<b>Current assets</b>									
Trade and other receivables	10	3,098	421	104	3,623	309	263	1	573
Cash and cash equivalents	11	309	325	97	731	1,749	752	1,169	3,670
		3,407	746	201	4,354	2,058	1,015	1,170	4,243
<b>Total assets</b>		19,873	13,788	2,560	36,221	19,994	13,890	1,882	35,766
<b>Current liabilities</b>									
Trade and other payables	12	(126)	(30)	(3)	(159)	(182)	(77)	(11)	(270)
<b>Net current assets</b>		3,281	716	198	4,195	1,876	938	1,159	3,973
<b>Net assets</b>		19,747	13,758	2,557	36,062	19,812	13,813	1,871	35,496
<b>Equity attributable to equity holders</b>									
Share capital	13	4,076	2,832	498	7,406	4,076	2,832	498	7,406
Capital redemption reserve		1,587	-	-	1,587	1,587	-	-	1,587
Share premium		-	-	1,433	1,433	-	-	1,433	1,433
Special reserve		8,761	7,667	-	16,428	9,176	7,667	-	16,843
Capital reserve – realised		(1,297)	(1,733)	559	(2,471)	(2,957)	(1,477)	(39)	(4,473)
Capital reserve – unrealised		6,049	4,652	-	10,701	7,587	4,699	-	12,286
Revenue reserve		571	340	67	978	343	92	(21)	414
<b>Total equity</b>		19,747	13,758	2,557	36,062	19,812	13,813	1,871	35,496
<b>Basic and diluted net asset value per share (p)</b>									
	14	121.1	122.0	128.4		121.5	122.4	94.0	

Approved by the Board and authorised for issue on 6 June 2016.

**David Pinckney**  
Chairman

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

Ventus VCT plc. Registered No: 05205442

## Statement of Changes in Equity

for the year ended 29 February 2016

	Share capital £000	Capital redemption reserve £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>Ordinary Shares</b>								
<b>At 1 March 2015</b>	4,076	1,587	-	9,176	(2,957)	7,587	343	19,812
Transfer from special reserve to revenue reserve	-	-	-	(415)	-	-	415	-
Transfer of unrealised gains on investment to realised gains on investment	-	-	-	-	2,061	(2,061)	-	-
Profit/(Loss) and total comprehensive income for the year	-	-	-	-	(401)	523	955	1,077
Dividends paid in the year	-	-	-	-	-	-	(1,142)	(1,142)
<b>At 29 February 2016</b>	4,076	1,587	-	8,761	(1,297)	6,049	571	19,747
<b>"C" Shares</b>								
<b>At 1 March 2015</b>	2,832	-	-	7,667	(1,477)	4,699	92	13,813
Profit/(Loss) and total comprehensive income for the year	-	-	-	-	(256)	(47)	1,038	735
Dividends paid in the year	-	-	-	-	-	-	(790)	(790)
<b>At 29 February 2016</b>	2,832	-	-	7,667	(1,733)	4,652	340	13,758
<b>"D" Shares</b>								
<b>At 1 March 2015</b>	498	-	1,433	-	(39)	-	(21)	1,871
Profit and total comprehensive income for the year	-	-	-	-	598	-	128	726
Dividends paid in the year	-	-	-	-	-	-	(40)	(40)
<b>At 29 February 2016</b>	498	-	1,433	-	559	-	67	2,557
<b>Total</b>								
<b>At 1 March 2015</b>	7,406	1,587	1,433	16,843	(4,473)	12,286	414	35,496
Transfer from special reserve to revenue reserve	-	-	-	(415)	-	-	415	-
Transfer of unrealised gains on investment to realised gains on investment	-	-	-	-	2,061	(2,061)	-	-
Profit/(Loss) and total comprehensive income for the year	-	-	-	-	(59)	476	2,121	2,538
Dividends paid in the year	-	-	-	-	-	-	(1,972)	(1,972)
<b>At 29 February 2016</b>	7,406	1,587	1,433	16,428	(2,471)	10,701	978	36,062

All amounts presented in the Statement of Changes in Equity are attributable to equity holders. The reserves available for distribution comprise the revenue reserve, special reserve and realised capital reserve. The special reserve may be used to fund buy-backs of shares, as and when it is considered by the Board to be in the interests of the shareholders, and to pay dividends.

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

**Statement of Changes in Equity**

for the year ended 28 February 2015

	Share capital	Capital redemption reserve	Share premium	Special reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Ordinary Shares</b>								
<b>At 1 March 2014</b>	4,076	1,587	-	9,479	(4,315)	8,654	165	19,646
Transfer from special reserve to revenue reserve	-	-	-	(303)	-	-	303	-
Transfer of unrealised gains on investment to realised gains on investment	-	-	-	-	1,615	(1,615)	-	-
Profit/(loss) and total comprehensive income for the year	-	-	-	-	(257)	548	771	1,062
Dividends paid in the year	-	-	-	-	-	-	(896)	(896)
<b>At 28 February 2015</b>	4,076	1,587	-	9,176	(2,957)	7,587	343	19,812
	Share capital	Capital redemption reserve	Share premium	Special reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>"C" Shares</b>								
<b>At 1 March 2014</b>	2,832	-	-	7,712	(1,245)	4,225	247	13,771
Share buyback for Treasury in the period	-	-	-	(45)	-	-	-	(45)
Profit/(loss) and total comprehensive income for the year	-	-	-	-	(232)	474	468	710
Dividends paid in the year	-	-	-	-	-	-	(623)	(623)
<b>At 28 February 2015</b>	2,832	-	-	7,667	(1,477)	4,699	92	13,813
	Share capital	Capital redemption reserve	Share premium	Special reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>"D" Shares</b>								
<b>At 1 March 2014</b>	-	-	-	-	-	-	-	-
Shares issued in the year	498	-	1,488	-	-	-	-	1,986
Issue costs	-	-	(55)	-	-	-	-	(55)
Loss and total comprehensive income for the year	-	-	-	-	(39)	-	(21)	(60)
<b>At 28 February 2015</b>	498	-	1,433	-	(39)	-	(21)	1,871
	Share capital	Capital redemption reserve	Share premium	Special reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Total</b>								
<b>At 1 March 2014</b>	6,908	1,587	-	17,191	(5,560)	12,879	412	33,417
Shares issued in the year	498	-	1,488	-	-	-	-	1,986
Issue costs	-	-	(55)	-	-	-	-	(55)
Share buyback for Treasury in the period	-	-	-	(45)	-	-	-	(45)
Transfer from special reserve to revenue reserve	-	-	-	(303)	-	-	303	-
Transfer of unrealised losses on investment to realised losses on investment	-	-	-	-	1,615	(1,615)	-	-
Profit/(loss) and total comprehensive income for the year	-	-	-	-	(528)	1,022	1,218	1,712
Dividends paid in the year	-	-	-	-	-	-	(1,519)	(1,519)
<b>At 28 February 2015</b>	7,406	1,587	1,433	16,843	(4,473)	12,286	414	35,496

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

**Statement of Cash Flows**

for the year ended 29 February 2016

	Year ended 29 February 2016				Year ended 28 February 2015			
	Ordinary Shares	"C" Shares	"D" Shares	Total	Ordinary Shares	"C" Shares	"D" Shares	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cash flows from operating activities</b>								
Investment income received	969	1,027	56	2,052	932	906	-	1,838
Deposit interest received	3	1	1	5	4	1	2	7
Investment management fees paid	(497)	(346)	(46)	(889)	(495)	(336)	(44)	(875)
Other cash payments	(382)	(72)	(25)	(479)	(231)	(140)	(8)	(379)
<b>Cash generated from/ (used in) operations</b>	93	610	(14)	689	210	431	(50)	591
Taxes paid	-	-	-	-	-	-	-	-
<b>Net cash inflow/ (outflow) from operating activities</b>	93	610	(14)	689	210	431	(50)	591
<b>Cash flows from investing activities</b>								
Purchases of investments	(979)	(294)	(1,018)	(2,291)	(58)	(2)	(712)	(772)
Proceeds from investments	588	47	-	635	2,240	541	-	2,781
<b>Net cash (outflow)/ inflow from investing activities</b>	(391)	(247)	(1,018)	(1,656)	2,182	539	(712)	2,009
<b>Cash flows from financing activities</b>								
"C" shares repurchased	-	-	-	-	-	(45)	-	(45)
"D" shares issued	-	-	-	-	-	-	1,986	1,986
"D" shares issue costs	-	-	-	-	-	-	(55)	(55)
Dividends paid	(1,142)	(790)	(40)	(1,972)	(896)	(623)	-	(1,519)
<b>Net cash (outflow) / inflow from financing activities</b>	(1,142)	(790)	(40)	(1,972)	(896)	(668)	1,931	367
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(1,440)	(427)	(1,072)	(2,939)	1,496	302	1,169	2,967
<b>Cash and cash equivalents at the beginning of the year</b>	1,749	752	1,169	3,670	253	450	-	703
<b>Cash and cash equivalents at the end of the year</b>	309	325	97	731	1,749	752	1,169	3,670

The accompanying notes on pages 54 to 81 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 29 February 2016

### 1. Accounting policies

#### Accounting convention

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), to the extent that they have been adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

#### Accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations which will be effective for future reporting periods have been considered but not been early adopted in these Financial Statements. These changes are not expected to have a material impact on the transactions and balances reported in the financial statements.

#### Income

Interest income on investments is stated on an accruals basis, by reference to the principal outstanding and at the effective interest rates applicable. Interest receivable on cash and non-equity investments is accrued to the end of the year. No tax is withheld at source on interest income.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, which is normally the ex-dividend date.

#### Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except when expenses are split and charged partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The investment management fee has been allocated 25% to revenue and 75% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company. Investment costs have been allocated to capital which represents the expenditure associated with the Company's investments.

Expenses have been allocated between the ordinary, "C" and "D" share funds on the basis of the number of shares in issue during the year, except when expenses are directly attributable to a particular share fund.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets or liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are



recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Due to the Company's status as a VCT, no provision for deferred taxation is required in respect of any realised or unrealised appreciation in the Company's investments.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are not discounted.

### **Financial Instruments**

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

#### *Investments*

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends and increases in fair value, all investments are designated as "fair value through profit or loss" on initial recognition. A financial asset is designated within this category if it is acquired, managed and evaluated on a fair value basis in accordance with the Company's documented investment policy. In the year of acquisition, investments are initially measured at cost, which is considered to be their fair value. Thereafter, the investments are measured at subsequent reporting dates on a fair value basis in accordance with IFRS. Gains or losses resulting from revaluation of investments are taken to the capital account of the Statement of Comprehensive Income.

Investments in unquoted companies and equity based derivatives are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines, using the most appropriate valuation methodology as determined by the Board. Where there has been a recent arm's length transaction between knowledgeable, willing parties, the "price of recent investment" methodology is used to determine the value of the investment. In the absence of a recent market transaction, unquoted investee companies with renewable energy generating plant constituting a substantial portion of their assets and which have proved stable operational performance are valued using the "discounted future cash flows from the underlying business" methodology, excluding interest accrued in the accounts to date, unless uncertainties exist which would make the "price of recent investment" methodology, reviewed for impairment, more appropriate. Generally, renewable energy generating plant will be considered to be operating when it has been taken-over by the investee company, although specific circumstances could cause a plant to be considered operating satisfactorily earlier than formal take-over by the investee company. Notwithstanding the above, the Board may determine that an alternative methodology should be used where this more appropriately reflects the fair value of an investment.

When an investee company has gone into receivership or liquidation or where any loss in value below cost is considered to be permanent, the investment, although physically not disposed of, is treated as being realised.

The Company has taken the exemption permitted by IAS 28 "Investments in Associates and Joint Ventures" and IFRS 11 "Joint Arrangements" and upon initial recognition, will measure its investments in Associates and Joint Ventures at fair value, with subsequent changes to fair value recognised in the income statement in the period of change.

#### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including counterparties with financial difficulties or in default on payments) that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective

interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

### *Deferred consideration*

Deferred consideration is initially recognised at fair value and then subsequently measured at amortised cost under IAS 39. Any subsequent movement in the value relating to changes in expected cash flows and the recognition of income using the effective interest rate is shown in the Statement of Comprehensive Income. Gains and income derived from deferred consideration are recognised as realised when the outstanding amounts are capable of being settled within a reasonable period of time, there is reasonable certainty that the outstanding amounts will be settled when called upon and there is an expectation that the receivable amounts will be settled. Until such time, the gains and income derived from deferred consideration are recognised as unrealised.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Company with original maturities of less than three months. These short-term deposits are classified under cash equivalents as they meet the definition in IAS 7 “Cash Flow Statements” of a short-term highly liquid investment that is readily convertible into known amounts of cash and subject to insignificant risk of change in value.

### *Financial liabilities and equity*

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 Company after deducting all of its liabilities.

### *Trade and other payables*

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

## **Equity and reserves**

### *Share Capital*

Equity instruments issued by the Company are recorded at the proceeds received amount, net of direct issue costs.

### *Special reserve*

The special reserves were created by approval of the High Court to cancel the Company's share premium accounts. The special reserve may be used to fund buy-backs of shares and pay dividends as and when it is considered by the Board to be in the interests of the shareholders.

### *Capital reserve - realised*

This reserve includes gains and losses compared to cost on the realisation of investments and expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policy on expenses.

### *Capital reserve – unrealised*

This reserve includes increases and decreases in the valuation of investments held at fair value insofar as they are not considered to be permanent.

### *Share premium*

This reserve includes amounts subscribed for share capital in excess of nominal value of the shares.

### *Capital Redemption Reserve*

This reserve includes amounts transferred from the share capital on redemption of issued shares.

### *Revenue reserve*

This reserve includes all other net gains and losses not recognised elsewhere which are available for distribution to shareholders.

### **Key assumptions and key sources of estimation uncertainty**

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. The estimates and assumptions adopted are those which the Board considers to be appropriate at the reporting date. Estimates and assumptions will change from time to time depending on prevailing circumstances. Estimates, by their nature, are based on judgement and available information. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of assets which are designated as “fair value through profit or loss”. The impact of changes in the key estimates and assumptions adopted are discussed in the Investment Manager’s Report.

The key assumptions that have a significant impact on fair value in the discounted cash flow valuations are the discount factor used, the price at which the power and associated benefits can be sold, the amount of electricity the investee companies’ generating assets are expected to produce and operating costs. The discount factor applied to the cash flows is regularly reviewed by the Investment Committee of the Investment Manager to ensure it is set at the appropriate level. The Investment Committee and the Board will also give consideration to the specific performance characteristics of the particular type of generating technology being used. The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and government subsidies. The selling price is often fixed in the medium term under power purchase agreements. For periods outside the terms of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. Specifically commissioned external consultant reports are also used to estimate the expected electrical output from the investee company’s generating assets taking into account their type and location. All of these key assumptions are reviewed regularly by the Investment Committee of the Investment Manager and the Board.

### **Dividends payable**

Dividends payable are recognised as distributions in the Financial Statements when the Company’s liability to make payment has been established.

### **Segmental Reporting**

The Directors consider that the Company has engaged in a single operating segment as reported to the chief operating decision maker which is that of investing in equity and debt. The chief operating decision maker is considered to be the Board.

**2. Income**

	<i>Year ended 29 February 2016</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Income from investments</b>				
Loan stock interest	492	400	51	943
Dividends	743	871	110	1,724
Other investment income	53	-	-	53
	<u>1,288</u>	<u>1,271</u>	<u>161</u>	<u>2,720</u>
<b>Other income</b>				
Bank deposit interest	2	1	1	4
	<u>1,290</u>	<u>1,272</u>	<u>162</u>	<u>2,724</u>

	<i>Year ended 28 February 2015</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Income from investments</b>				
Loan stock interest	421	410	-	831
Dividends	497	283	-	780
Other investment income	178	-	-	178
	<u>1,096</u>	<u>693</u>	<u>-</u>	<u>1,789</u>
<b>Other income</b>				
Bank deposit interest	4	1	2	7
	<u>1,100</u>	<u>694</u>	<u>2</u>	<u>1,796</u>

During the year ended 29 February 2016, the Company recognised other investment income which includes interest income earned on the deferred consideration due from the sale of Craig Wind Farm of £47,000 (2015:£178,000).

**3. Investment management fees**

<i>Year ended 29 February 2016</i>				
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Investment management fees	497	347	47	891

<i>Year ended 28 February 2015</i>				
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Investment management fees	495	336	44	875

The Investment Manager is entitled to an annual fee equal to 2.5% of the Company's net asset value ("NAV"). This fee is exclusive of VAT and is paid quarterly in advance. The fee covers the provision by the Investment Manager of investment management services as well as all accounting and administrative services together with the additional annual trail commission payable to authorised financial intermediaries. Total annual running costs are in aggregate capped at 3.6% of NAV (excluding the Investment Manager's performance-related incentive fee, any irrecoverable VAT and investment costs), with any excess being borne by the Investment Manager.

The Investment Manager will receive a performance-related incentive fee subject to the Company achieving certain defined targets. No incentive fee will be payable until the Company has provided a cumulative return to investors in the forms of growth in NAV plus payment of dividends ("the Return") of 60p per share. Thereafter, the incentive fee, which is payable in cash, is calculated as 20% of the amount by which the Return in any accounting period exceeds 7p per share. The incentive fee is exclusive of VAT.

**4. Other expenses**

	Year ended 29 February 2016			
	Ordinary Shares	"C" Shares	"D" Shares	Total
	£000	£000	£000	£000
<i>Revenue expenses:</i>				
Directors' remuneration	45	31	4	80
Fees payable to the Company's Auditor for:				
- Audit of the Company's annual accounts	14	9	2	25
- Audit related services pursuant to legislation	5	2	-	7
- Other services relating to taxation	2	1	-	3
Other expenses	92	62	12	166
	158	105	18	281
<i>Capital expenses:</i>				
Investment costs	101	5	-	106
	259	110	18	387

	Year ended 28 February 2015			
	Ordinary Shares	"C" Shares	"D" Shares	Total
	£000	£000	£000	£000
<i>Revenue expenses:</i>				
Directors' remuneration	45	31	4	80
Fees payable to the Company's Auditor for:				
- Audit of the Company's annual accounts	16	11	2	29
- Audit related services pursuant to legislation	5	4	1	10
- Other services relating to taxation	5	3	1	9
Other expenses	138	66	10	214
	209	115	18	342
<i>Capital expenses:</i>				
Investment costs	6	9	-	15
	215	124	18	357

Other services relating to taxation provided by the Company's Auditor related to corporation tax compliance and iXBRL tagging services. Audit related services pursuant to legislation provided by the Company's Auditor related to the review of the Half-yearly Financial Report.

## 5. Directors' remuneration

	<i>Year ended 29 February 2016</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
D Pinckney	17	11	2	30
D Williams	14	10	1	25
R Abbott	14	10	1	25
Aggregate emoluments	45	31	4	80

	<i>Year ended 28 February 2015</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
D Pinckney	17	11	2	30
D Williams	14	10	1	25
R Abbott	14	10	1	25
Aggregate emoluments	45	31	4	80

Further details regarding Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 27 to 33. The Company has no employees other than the Directors.

## 6. Taxation

	Year ended 29 February 2016			
	Ordinary Shares	"C" Shares	"D" Shares	Total
	£000	£000	£000	£000
<b>(a) Tax charge/(credit) for the year</b>				
Current UK corporation tax:				
(Credited)/Charged to revenue reserve	(53)	(42)	(4)	(99)
Charged/(Credited) to capital reserve	53	42	4	99
	-	-	-	-

**(b) Factors affecting the tax charge/(credit) for the year**

Profit before taxation	1,077	735	726	2,538
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Tax credit calculated on profit before taxation at the applicable rate of 20.08% (2015: 21.17%)

	216	148	146	510
Effect of:				
UK dividends not subject to tax	(149)	(175)	(22)	(346)
Capital gains not subject to tax	(109)	16	(126)	(219)
Non-deductible expenses	20	1	-	21
Tax losses not recognised	22	10	2	34
	-	-	-	-

	Year ended 28 February 2015			
	Ordinary Shares	"C" Shares	"D" Shares	Total
	£000	£000	£000	£000
<b>(a) Tax charge/(credit) for the year</b>				
Current UK corporation tax:				
Charged/(credited) to revenue reserve	56	46	(6)	96
(Credited)/charged to capital reserve	(56)	(46)	6	(96)
<b>Deferred Tax:</b>				
Prior year deferred tax asset adjustment	26	(2)	-	24
	26	(2)	-	24

**(b) Factors affecting the tax charge/(credit) for the year**

Profit/(loss) before taxation	1,088	708	(60)	1,736
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Tax charge calculated on profit before taxation at the applicable rate of 21.17% (2014: 23.08%)

	230	150	(13)	367
Effect of:				
UK dividends not subject to tax	(105)	(60)	-	(165)
Capital gains not subject to tax	(148)	(101)	-	(249)
Non-deductible expenses	1	-	-	1
Deferred tax asset adjustment	48	9	13	70
	26	(2)	-	24



**Deferred tax reconciliation**

	<i>As at 29 February 2016</i>		
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Opening balance	-	-	-
Recognised in other comprehensive income:			
Deferred tax adjustment	-	-	-
Closing balance	-	-	-

	<i>As at 29 February 2015</i>		
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Opening balance	26	(2)	24
Recognised in other comprehensive income:			
Deferred tax adjustment	(26)	2	(24)
Closing balance	-	-	-

A deferred tax asset was recognised in the ordinary share fund during the year ended 28 February 2014 corresponding to a tax loss carried forward. This was written back during 2015 because the Directors do not expect the Company will be able to offset the tax loss in future given the level of taxable revenue the Company is expected to earn versus tax deductible expenses. Moreover, a significant portion of the Company's future revenue is expected to be in the form of non-taxable franked investment income.

No provision for deferred taxation has been made on potential capital gains due to the Company's current status as a VCT under section 274 of the Income Tax Act and the Directors' intention to maintain that status. The Company intends to continue to meet the conditions required to maintain its status as a VCT for the foreseeable future.

A deferred tax asset has not been recognised for the following:

	<i>As at 29 February 2016</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Unused tax losses	22	10	2	34

	<i>As at 28 February 2015</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Unused tax losses	22	11	13	46

## 7. Dividends

## Ordinary Shares

	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
<b>Amounts recognised as distributions to ordinary shareholders in the year:</b>		
Previous year's final dividend of 3.50p per ordinary share (2015: 2.50p)	571	408
Current year's interim dividend of 3.50p per ordinary share (2015: 3.00p)	571	488
	<u>1,142</u>	<u>896</u>

Subject to approval of the final dividend, the total dividend in respect of the financial year is set out below. The proposed final dividend is subject to approval by the shareholders at the forthcoming AGM and has not been included as a liability in these Financial Statements.

	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
Interim dividend for the year ended 29 February 2016 of 3.50p per ordinary share (2015: 3.00p)	571	488
Proposed final dividend for the year ended 29 February 2016 of 12.00p per ordinary share (2015: 3.50p)	1,957	571
	<u>2,528</u>	<u>1,059</u>

## "C" Shares

	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
<b>Amounts recognised as distributions to "C" shareholders in the year:</b>		
Previous year's final dividend of 3.50p per "C" share (2015: 2.50p)	395	283
Current year's interim dividend of 3.50p per "C" share (2015: 3.00p)	395	340
	<u>790</u>	<u>623</u>

Subject to approval of the final dividend, the total dividend in respect of the financial year is set out below. The proposed final dividend is subject to approval by the shareholders at the forthcoming AGM and has not been included as a liability in these Financial Statements.

	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
Interim dividend for the year ended 29 February 2016 of 3.50p per "C" share (2015: 3.00p)	395	340
Proposed final dividend for the year ended 29 February 2016 of 4.50p per "C" share (2015: 3.50p)	510	397
	<u>905</u>	<u>737</u>

# Ventus VCT plc

<b>"D" Shares</b>	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
<b>Amounts recognised as distributions to "D" shareholders in the year:</b>		
Current year's interim dividend of 2.00p per "D" share (2015: 0p)	40	-
	<u>40</u>	<u>-</u>

Subject to approval of the final dividend, the total dividend in respect of the financial year is set out below. The proposed final dividend is subject to approval by the shareholders at the forthcoming AGM and has not been included as a liability in these Financial Statements.

	<i>Year ended 29 February 2016 £000</i>	<i>Year ended 28 February 2015 £000</i>
Interim dividend for the year ended 29 February 2016 of 2.00p per "D" share (2015: 0p)	40	-
Proposed final dividend for the year ended 29 February 2016 of 2.00p per "D" share (2015: 0p)	40	-
	<u>80</u>	<u>-</u>

**8. Basic and diluted earnings per share**

<b>For the year ended 29 February 2016</b>		<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>
Revenue earnings for the year	<i>p per share*</i>	5.85	9.19	6.36
<i>Based on:</i>				
Revenue earnings for the year	<i>£'000</i>	955	1,038	128
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Capital gain/(loss) for the year	<i>p per share*</i>	0.75	(2.67)	30.04
<i>Based on:</i>				
Capital gain/(loss) for the year	<i>£'000</i>	122	(303)	598
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Net profit for the year	<i>p per share*</i>	6.60	6.52	36.40
<i>Based on:</i>				
Net profit for the year	<i>£'000</i>	1,077	735	726
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
<b>For the year ended 28 February 2015</b>		<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>
Revenue earnings for the year	<i>p per share*</i>	4.73	4.14	(1.25)
<i>Based on:</i>				
Revenue earnings for the year	<i>£000</i>	771	468	(21)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,298,758	1,738,861
Capital gain/(loss) for the year	<i>p per share*</i>	1.79	2.14	(2.23)
<i>Based on:</i>				
Capital gain/(loss) for the year	<i>£000</i>	291	242	(39)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,298,758	1,738,861
Net profit for the year	<i>p per share*</i>	6.52	6.28	(3.48)
<i>Based on:</i>				
Net profit for the year	<i>£000</i>	1,062	710	(60)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,298,758	1,738,861

\* The value per share may differ on recalculation due to rounding differences.

There is no difference between the basic return per ordinary share and the diluted return per ordinary share, between the basic return per "C" share and the diluted return per "C" share or between the basic return per "D" share and the diluted return per "D" share because no dilutive financial instruments have been issued.

## 9. Investments

Year ended  
29 February 2016

	Ordinary Shares			"C" Shares			"D" Shares			Total		
	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening position</b>												
Opening cost	6,322	4,412	10,734	5,759	2,898	8,657	712	-	712	12,793	7,310	20,103
Opening realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Opening unrealised gains	5,102	275	5,377	4,472	227	4,699	-	-	-	9,574	502	10,076
Opening fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119
<b>During the year</b>												
Purchases at cost	234	745	979	71	223	294	504	514	1,018	809	1,482	2,291
Disposal proceeds	-	(568)	(568)	-	(47)	(47)	-	-	-	-	(615)	(615)
Investment proceeds *	(20)	-	(20)	-	-	-	-	-	-	(20)	-	(20)
Realised gains / (losses)	20	-	20	(33)	-	(33)	-	-	-	(13)	-	(13)
Unrealised gains	377	146	523	(116)	69	(47)	596	33	629	857	248	1,105
Closing fair value	11,873	4,593	16,466	9,689	3,353	13,042	1,812	547	2,359	23,374	8,493	31,867
<b>Closing position</b>												
Closing cost	6,556	4,589	11,145	5,797	3,074	8,871	1,216	514	1,730	13,569	8,177	21,746
Closing realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Closing unrealised gains	5,479	421	5,900	4,356	296	4,652	596	33	629	10,431	750	11,181
Closing fair value	11,873	4,593	16,466	9,689	3,353	13,042	1,812	547	2,359	23,374	8,493	31,867

\* Investment proceeds in the year ended 28 February 2016 includes £20,000 of liquidation proceeds received from BEL Holdco Limited.

# Ventus VCT plc

Year ended  
28 February 2015

	Ordinary Shares			"C" Shares			"D" Shares			Total		
	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening position</b>												
Opening cost	8,264	4,887	13,151	5,457	3,740	9,197	-	-	-	13,721	8,627	22,348
Opening realised losses	(2,312)	(417)	(2,729)	(464)	(17)	(481)	-	-	-	(2,776)	(434)	(3,210)
Opening unrealised gains	6,309	285	6,594	3,984	241	4,225	-	-	-	10,293	526	10,819
Opening fair value	12,261	4,755	17,016	8,977	3,964	12,941	-	-	-	21,238	8,719	29,957
<b>During the year</b>												
Purchases at cost	58	-	58	2	-	2	712	-	712	772	-	772
Disposal proceeds	-	(475)	(475)	-	(541)	(541)	-	-	-	-	(1,016)	(1,016)
Conversion of loan stock to shares	-	-	-	300	(301)	(1)	-	-	-	300	(301)	(1)
Investment proceeds	(1,765)	-	(1,765)	-	-	-	-	-	-	(1,765)	-	(1,765)
Realised gains	150	-	150	-	-	-	-	-	-	150	-	150
Unrealised gains/(losses)	558	(10)	548	488	(14)	474	-	-	-	1,046	(24)	1,022
Closing fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119
<b>Closing position</b>												
Closing cost	6,322	4,412	10,734	5,759	2,898	8,657	712	-	712	12,793	7,310	20,103
Closing realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Closing unrealised gains	5,102	275	5,377	4,472	227	4,699	-	-	-	9,574	502	10,076
Closing fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119

The shares held by the Company represent equity holdings in unquoted UK companies. The Investment Manager's Report on pages 11 to 21 provides details in respect of the Company's shareholding in each investment, loans issued and investments purchased and disposed of during the year.

Under IFRS 7 and IFRS 13, the Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

As at 29 February 2016, each of the Company's investments held was valued using inputs which are considered to be Level 3 inputs and a reconciliation of the movements is in the table above.

The Company changed its approach to the valuation methodology during the year. In previous years, the valuation analysis was performed using a discount factor applied to the leveraged cash flows of the investee companies. However, to determine the valuations as at 29 February 2016 (and 31 August 2015), the Company has applied a discount rate to the unleveraged cash flows to determine the enterprise value of the investee company and then has subtracted the market value of any senior

debt (including any prepayment fees and swap break costs) to calculate the value of the equity and/or mezzanine debt in the investee company.

The Board has considered the key assumptions which may affect the results reported in the financial statements and the Company is further required to disclose the effect of changing one or more inputs with reasonable alternative assumptions where a significant change to the fair value measurement would result. The key assumptions that have a significant impact on the fair value in the discounted future cash flow valuations are the discount factors used (which range from 7.5% to 9%), the price at which power and associated benefits may be sold and the level of electricity the investee' companies generating assets are likely to produce (which are taken from specialist consultant reports).

The Board has determined that a reasonable alternative assumption may be made in respect of the discount factors applied. The sensitivity of the value of the portfolio to the application of an increase or decrease in discount factors is set out below.

The investment portfolio has been reviewed for the effect of alternative valuation inputs, namely the sensitivity of the total value of all investments to a 0.5% increase or decrease in the discount factors applied to the valuation models of investments which have been valued using the discounted future cash flows from the underlying business.

The application of the upside alternative discount factor to the investments in the ordinary share fund's portfolio would have resulted in the total value of its investments having been £567,000 or 3.5% higher. The application of the downside alternative discount factor would have resulted in the total value of all investments having been £668,000 or 4.2% lower.

The application of the upside alternative discount factor to the "C" share fund's portfolio would have resulted in the total value of its investments having been £589,000 or 4.6% higher. The application of the downside alternative discount factor would have resulted in the total value of its investments having been £652,000 or 5% lower.

The application of the upside alternative discount factor to the "D" share fund's portfolio would have resulted in the total value of its investments having been £204,000 or 10.3% higher. The application of the downside alternative discount factor would have resulted in the total value of its investments having been £191,000 or 9.7% lower.

Further details regarding input sensitivity can found in the Investment Manager's Report on page 18.

The future price at which power and associated benefits may be sold is estimated using forecasts produced by third party industry experts and the projected energy yield is determined by yield analyses also prepared by third party industry experts, therefore the Directors do not believe there are reasonable alternative assumptions for these inputs available.

**10. Trade and other receivables**

	<i>As at 29 February 2016</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b><i>Current assets</i></b>				
Accrued interest income	303	207	51	561
Deferred consideration	2,451	-	-	2,451
Other receivables	336	208	52	596
Prepayments	8	6	1	15
	<u>3,098</u>	<u>421</u>	<u>104</u>	<u>3,623</u>
	<i>As at 28 February 2015</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b><i>Non-current assets</i></b>				
Deferred consideration	2,404	-	-	2,404
	<u>2,404</u>	<u>-</u>	<u>-</u>	<u>2,404</u>
<b><i>Current assets</i></b>				
Accrued interest income	222	180	-	402
Other receivables	78	78	-	156
Prepayments	9	5	1	15
	<u>309</u>	<u>263</u>	<u>1</u>	<u>573</u>

The deferred consideration of £2,451,000 represents the outstanding balance of the consideration arising from the Company's sale of Craig Wind Farm Limited during the year ended 28 February 2013 and was received in full in April 2016.

The Directors consider that the carrying amounts of trade and other receivables approximate to their fair value.



**11. Cash and cash equivalents**

	Ordinary Shares	"C" Shares	"D" Shares	Total
	<i>Cash £000</i>	<i>Cash £000</i>	<i>Cash £000</i>	<i>Cash £000</i>
As at 1 March 2015	1,749	752	1,169	3,670
Net decrease	(1,440)	(427)	(1,072)	(2,939)
As at 29 February 2016	309	325	97	731

	Ordinary Shares	"C" Shares	"D" Shares	Total
	<i>Cash £000</i>	<i>Cash £000</i>	<i>Cash £000</i>	<i>Cash £000</i>
As at 1 March 2014	253	450	-	703
Net increase	1,496	302	1,169	2,967
As at 28 February 2015	1,749	752	1,169	3,670

As at 29 February 2016, the ordinary share fund held £70,000 (28 February 2015 £69,000) in a decommissioning bond account on behalf of Eye Wind Power Limited which is considered to be a restricted cash balance. The ordinary share fund recognised an amount payable of £70,000 within trade and other payables as at 29 February 2016 in respect of the amount due to Eye Wind Power Limited.

During the year, cash and cash equivalents comprised bank balances and cash held by the Company. The carrying amount of these assets approximates to their fair value.

## 12. Trade and other payables

	<i>As at 29 February 2016</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other payables	83	-	-	83
Accruals	43	30	3	76
	<u>126</u>	<u>30</u>	<u>3</u>	<u>159</u>

	<i>As at 28 February 2015</i>			
	<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>	<b>Total</b>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade payables	22	-	-	22
Other payables	86	43	4	133
Accruals	74	34	7	115
	<u>182</u>	<u>77</u>	<u>11</u>	<u>270</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

**13. Share capital**

	Ordinary Shares		"C" Shares		"D" Shares		Total	
	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>
<b>Authorised</b>								
<b>As at 1 March 2015</b>	50,000,000	12,500	20,000,000	5,000	20,000,000	5,000	90,000,000	22,500
<b>As at 29 February 2016</b>	50,000,000	12,500	20,000,000	5,000	20,000,000	5,000	90,000,000	22,500

	Ordinary Shares		"C" Shares		"D" Shares		Total	
	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>
<b>Allotted, called up and fully paid</b>								
<b>As at 1 March 2015</b>	16,307,547	4,076	11,329,107	2,832	1,990,767	498	29,627,421	7,406
<b>As at 29 February 2016</b>	16,307,547	4,076	11,329,107	2,832	1,990,767	498	29,627,421	7,406

	Ordinary Shares		"C" Shares		"D" Shares		Total	
	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>
<b>Authorised</b>								
<b>As at 1 March 2014</b>	50,000,000	12,500	20,000,000	5,000	20,000,000	5,000	90,000,000	22,500
<b>As at 28 February 2015</b>	50,000,000	12,500	20,000,000	5,000	20,000,000	5,000	90,000,000	22,500

	Ordinary Shares		"C" Shares		"D" Shares		Total	
	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>	<i>Number of shares of 25p each</i>	<i>£000</i>
<b>Allotted, called up and fully paid</b>								
<b>As at 1 March 2014</b>	16,307,547	4,076	11,329,107	2,832	-	-	27,636,654	6,908
Allotted, called up and fully paid during the year	-	-	-	-	1,990,767	498	1,990,767	498
<b>As at 28 February 2015</b>	16,307,547	4,076	11,329,107	2,832	1,990,767	498	29,627,421	7,406

At 29 February 2016 the Company had three classes of shares which carry no right to fixed income. The rights and obligations attaching to the Company's shares are set out in the Directors' Report on pages 22 to 26.

**14. Basic and diluted net asset value per share**

The calculation of net asset value per ordinary share as at 29 February 2016 of 121.1p (2015: 121.5p) is based on net assets of £19,747,000 (2015: £19,812,000) divided by 16,307,547 (2015: 16,307,547) ordinary shares in issue at that date. The net asset value per "C" share as at 29 February 2016 of 122.0p (2015: 122.4p) is based on net assets of £13,758,000 (2015: £13,813,000) divided by 11,283,207 (2015: 11,283,207) "C" shares in issue at that date. The net asset value per "D" share as at 29 February 2016 of 128.4p (2015: 94.0p) is based on net assets of £2,557,000 (2015: £1,871,000) divided by 1,990,767 (2015: 1,990,767) "D" shares in issue at that date.

**15. Events after the year end**

In April 2016 the Company received proceeds of £2,456,000 in respect of the deferred consideration and accrued interest due from the sale of Craig Wind Farm.

Subject to payment of the final ordinary share dividend receiving approval from shareholders at the AGM on 21 July 2016, the Investment Manager will be entitled to a performance-related incentive fee of £264,000.

## 16. Financial instruments and risk management

The Company's financial instruments comprise investments in unquoted companies, cash and cash equivalents, trade and other receivables and trade and other payables. The investments in unquoted companies are categorised as "fair value through profit or loss" and the other financial instruments are initially recognised at fair value and subsequently at amortised cost. The main purpose of these financial instruments is to generate revenue and capital appreciation.

The Company has not entered into any derivative transactions and has no financial asset or liability for which hedge accounting has been used.

The main risks arising from the Company's financial instruments are investment risk, interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, and they are summarised below. These policies have remained unchanged since the beginning of the financial year.

### Interest rate risk profile of financial assets and financial liabilities

#### Financial assets

*As at 29 February 2016*

Ordinary Shares	£000	Interest rate	Weighted	Weighted
		p.a.	average interest	average period
		%	rate p.a.	to maturity
			%	
<i>At fair value through profit or loss:</i>				
Ordinary shares	11,873	n/a	n/a	n/a
Loan stock	4,593	0% - 13.5%	9.80%	8.8 years
<i>Loans and receivables:</i>				
Cash	309	0% - 0.38%	0.00%	n/a
Deferred consideration	2,451	8.00%	8.00%	0.1 years
Accrued interest income	303	n/a	n/a	n/a
"C" Shares	£000	Interest rate	Weighted	Weighted
		p.a.	average interest	average period
		%	rate p.a.	to maturity
			%	
<i>At fair value through profit or loss:</i>				
Ordinary shares	9,689	n/a	n/a	n/a
Loan stock	3,353	0% - 13%	12.74%	9.2 years
<i>Loans and receivables:</i>				
Cash	325	0% - 0.38%	0.00%	n/a
Accrued interest income	207	n/a	n/a	n/a

# Ventus VCT plc

<b>"D" Shares</b>		<i>Interest rate p.a. %</i>	<i>Weighted average interest rate p.a. %</i>	<i>Weighted average period to maturity</i>
	<i>£000</i>			
<i>At fair value through profit or loss:</i>				
Ordinary shares	1,812	n/a	n/a	n/a
Loan stock	547	10.50%	10.50%	17.3 years
<i>Loans and receivables:</i>				
Cash	97	0% - 0.38%	0.39%	n/a
Accrued interest income	51	n/a	n/a	n/a

## As at 28 February 2015

<b>Ordinary Shares</b>		<i>Interest rate p.a. %</i>	<i>Weighted average interest rate p.a. %</i>	<i>Weighted average period to maturity</i>
	<i>£000</i>			
<i>At fair value through profit or loss:</i>				
Ordinary shares	11,262	n/a	n/a	n/a
Loan stock	4,270	0% - 13.5%	8.97%	7.6 years
<i>Loans and receivables:</i>				
Cash	1,749	0%-0.38%	0.10%	n/a
Deferred consideration	2,404	8.0%	8.0%	2 years
Accrued interest income	222	n/a	n/a	n/a

<b>"C" Shares</b>		<i>Interest rate p.a. %</i>	<i>Weighted average interest rate p.a. %</i>	<i>Weighted average period to maturity</i>
	<i>£000</i>			
<i>At fair value through profit or loss:</i>				
Ordinary shares	9,767	n/a	n/a	n/a
Loan stock	3,108	0% - 13%	12.92%	9.6 years
<i>Loans and receivables:</i>				
Cash	752	0% - 0.38%	0.07%	n/a
Accrued interest income	180	n/a	n/a	n/a

<b>"D" Shares</b>		<i>Interest rate p.a. %</i>	<i>Weighted average interest rate p.a. %</i>	<i>Weighted average period to maturity</i>
	<i>£000</i>			
<i>At fair value through profit or loss:</i>				
Ordinary shares	712	n/a	n/a	n/a
Loan stock	-	n/a	n/a	n/a
<i>Loans and receivables:</i>				
Cash	1,169	0% - 0.38%	0.11%	n/a
Accrued interest income	-	n/a	n/a	n/a

The interest rates determining the weighted average interest rates in the tables above are the contractual rates.

The impact of applying a reasonable sensitivity in interest rates to cash on deposit is not significant.

Other than certain accrued interest income receivable amounts, the Company's trade and other receivables did not hold a right to interest income. Interest income is accrued on interest income receivable amounts which have been deferred for payment by investee companies.

Interest income earned from loan stock held by the ordinary share fund and "C" and "D" share funds is not subject to movements resulting from market interest rate fluctuations as the rates are fixed. Therefore this income presents a low interest rate risk profile. However, interest earned from loan stock remains exposed to fair value interest rate risk when bench-marked against market rates.

The risk from future fluctuations in interest rate movements is mitigated by the Company holding a majority of its investments in instruments which are not exposed to market interest rate changes.

### **Financial liabilities**

The Company's guarantees and financial liabilities are detailed in Note 12 and Note 17 to the Financial Statements.

### **Currency exposure**

All financial assets and liabilities are held in sterling, hence there is no foreign currency exchange rate exposure.

### **Borrowing facilities**

The Company has no committed borrowing facilities as at 29 February 2016 (2015: £nil).

### **Investment risk**

As a VCT, it is the Company's specific business to evaluate and control the investment risk in its portfolio of unquoted companies, the details of which are discussed in the Investment Manager's Report.

### **Investment price risk**

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment. The Company aims to mitigate the impact of investment price risk by adhering to its investment policy of risk diversification, as described in the Investment Manager's Report.

The sensitivity of the ordinary share fund to a 10% increase or decrease in valuation would be an increase or decrease in the profit before tax of the share fund of £1,647,000 (2015: £1,553,000) or 152.89% (2015: 142.76%) and an increase or decrease in net asset value of the same amount or 8.34% (2015: 7.84%).

The sensitivity of the "C" share fund to a 10% increase or decrease in valuation would be an increase or decrease in the profit before tax of the share fund of £1,304,000 (2015: £1,288,000) or 177.44% (2015: 181.85%) and an increase or decrease in net asset value of the same amount or 9.48% (2015: 9.32%).

The sensitivity of the "D" share fund to a 10% increase or decrease in valuation would be an increase or decrease in the profit before tax of the share fund of £236,000 (2015: £71,000) or 32.49% (2015: 118.67%) and an increase or decrease in net asset value of the same amount or 9.23% (2015: 3.81%).

A 10% variable is considered to be a suitable factor by which to demonstrate a potential change in fair value over the course of a year. The analysis assumes no tax effect applied on the gain or loss.

### **Liquidity risk**

Due to the nature of the Company's investments, it is not easy to liquidate investments in ordinary shares and loan stock in the short term. The main cash outflows are made for investments and dividends, which are within the control of the Company, and operating expenses which are reasonably predictable. In this respect, the Company may manage its liquidity risk by making prudent

forecasts in respect of realising future cash proceeds from its investments and holding sufficient cash to enable it to fund its obligations. The cash equivalents are held on deposit and are therefore readily convertible into cash.

### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is also exposed to credit risk through its receivables, investments in loan stock and through cash held on deposit with banks. At the 29 February 2016, the Company's receivables included £2,451,000 (2015: £2,404,000) of deferred consideration from the sale of Craig Wind Farm Limited. The Company held security over the assets of Craig Wind Farm Limited in respect of the deferred consideration. In April 2016 the Company received proceeds of £2,456,000 in respect of the deferred consideration and accrued interest due from the sale of Craig Wind Farm.

The Investment Manager evaluates credit risk on loan stock prior to making investments as well as monitoring ongoing exposures. Loan stock has a fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Investment Manager regularly reviews management accounts from investee companies and generally appoints directors to sit on their boards in order to identify and manage the credit risk.

Cash is held on deposit with banks which are A rated (or equivalent) financial institutions. Consequently, the Directors consider that the risk profile associated with cash deposits is low and the carrying value in the Financial Statements approximates to fair value.

The maximum credit risk of the Company is £12.8 million (2015: £14.0 million) of which the ordinary share fund is exposed to £8.0 million, the "C" share fund is exposed to £4.1 million and the "D" share fund is exposed to £0.7 million.

The table below sets out the amounts receivable by the Company which were past due but not individually impaired as at 29 February 2016 and the extent to which they are past due.

### Amounts past due 29 February 2016:

Ordinary Shares	Total £000	0 - 6	6 - 12	Over 12
		months £000	months £000	months £000
Loan	1,504	884	620	-
Accrued interest	98	59	39	-
Receivables past due	1,602	943	659	-

The amounts past due for payment represent interest due on loan investments with A7 Greendykeside Limited and Bigglewade Wind Farm Limited. In the analysis, the loan principal amount on which the interest has accrued is included as past due as required by IFRS 7. The loan principal which was actually past due for payment at 29 February 2016 was £nil and the loan interest past due was £98,000.

"C" Shares	Total £000	0 - 6	6 - 12	Over 12
		months £000	months £000	months £000
Loan	1,941	1,941	-	-
Accrued interest	127	127	-	-
Receivables past due	2,068	2,068	-	-

The amounts past due for payment represent interest due on loan investments with White Mill Windfarm Limited and Bigglewade Wind Farm Limited. In the analysis, the loan principal amount on which the interest has accrued is included as past due as required by IFRS 7. The loan principal



which was actually past due for payment at 29 February 2016 was £nil and the loan interest past due was £127,000.

**Amounts past due 28 February 2015:**

<b>Ordinary Shares</b>	<i>Total</i>	<i>0 - 6</i>	<i>6 - 12</i>	<i>Over 12</i>
	<i>£000</i>	<i>months</i>	<i>months</i>	<i>months</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Loan	1,850	1,786	64	-
Accrued interest	156	90	66	-
Past due	2,006	1,876	130	-

The amounts past due for payment represent interest and loan principal due on a loan investment with Fenpower Limited and Achairn Energy Limited. In this analysis, the total loan principal amount and the interest accrued is included as past due as required by IFRS 7. The loan principal which was actually past due for payment at 28 February 2015 was £64,000 and the loan interest past due was £66,000.

**17. Contingencies, guarantees and financial commitments**

The fair value of financial guarantees provided by the Company is considered to be £nil.

The Company has entered into the following agreements:-

On 4 April 2006, the Company registered a charge over its shares in Fenpower Limited to Alliance & Leicester plc (now Santander UK plc) as security for a senior loan facility of £4.8 million raised by Fenpower Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Fenpower Limited.

On 20 December 2006, the Company registered a charge over its shares in A7 Greendykeside Limited to Alliance & Leicester Commercial Bank plc (now Santander UK plc) as security for a senior loan facility of £3.5 million raised by A7 Greendykeside Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of A7 Greendykeside Limited.

On 22 October 2008, the Company registered a charge over its shares in Achairn Energy Limited to Alliance & Leicester Commercial Finance plc (now Santander Asset Finance plc) as security for a senior loan facility of £6.9 million raised by Achairn Energy Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Achairn Energy Limited.

On 28 November 2008, the Company registered a charge over its shares in A7 Lochhead Limited to Alliance & Leicester Commercial Finance plc (now Santander Asset Finance plc) as security for a senior loan facility of £7.8 million raised by A7 Lochhead Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of A7 Lochhead Limited.

On 15 January 2010, the Company registered a charge over its shares in Greenfield Wind Farm Limited to The Co-operative Bank plc as security for a senior loan facility of £18.3 million raised by Greenfield Wind Farm Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Greenfield Wind Farm Limited.

On 26 July 2011, the Company registered a charge over its shares in White Mill Wind Farm Limited to The Co-operative Bank plc as security for a senior loan facility of up to £15.5 million raised by White Mill Wind Farm Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of White Mill Wind Farm Limited.

On 31 January 2013, the Company registered a charge over its shares in Biggleswade Wind Farm Limited to The Co-operative Bank plc as security for a senior loan facility of up to £22.5 million raised by Biggleswade Wind Farm Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Biggleswade Wind Farm Limited.

On 5 August 2013, the Company registered a share charge over its shares in North Pickenham Energy Limited and Bernard Matthews Green Energy Pickenham Limited to GCP Onshore Wind 1 Limited as security for a senior loan facility of £3.1 million raised by Bernard Matthews Wind Farm (North Pickenham) LLP to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of North Pickenham Energy Limited and Bernard Matthews Green Energy Pickenham Limited.

On 5 August 2013, the Company registered a share charge over its shares in Weston Airfield Investments Limited and Bernard Matthews Green Energy Weston Limited to GCP Onshore Wind 1 Limited as security for a senior loan facility of £4.5 million raised by Bernard Matthews Wind Farm (Weston) LLP to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Weston Airfield Investments Limited and Bernard Matthews Green Energy Weston Limited.

On 15 April 2013, the Company registered a charge over its shares in Eye Wind Power Limited to GCP Onshore Wind 1 Limited as security for the senior loan facility of £5 million raised by Eye Wind Power Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in the shares of Eye Wind Power Limited.

On 9 September 2014, the Company registered a share charge over its shares in Bernard Matthews Green Energy Halesworth Limited to GCP Onshore Wind 1 Limited as security for a senior loan facility of £8.4 million raised by Bernard Matthews Green Energy Halesworth Limited to finance the construction costs of its wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Bernard Matthews Green Energy Halesworth Limited.

On 20 March 2015, the Company registered a share charge over its shares in Upper Falloch Power Limited to GCP Hydro 1 Limited as security for a senior loan facility of £3.4 million raised by Upper Falloch Power Limited to finance the construction costs of its hydro scheme. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Upper Falloch Power Limited.

On 20 March 2015, the Company registered a share charge over its shares in Darroch Power Limited to GCP Hydro 1 Limited as security for a senior loan facility of £6.5 million raised by Darroch Power Limited to finance the construction costs of its hydro scheme. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Darroch Power Limited.

In its Annual Report and Financial Statements for the year ended 28 February 2015, the Company disclosed that a claim had been filed against the Company under a warranty in the Share Purchase Agreement pertaining to the sale of an investee company previously owned by the Company. The disclosure stated that the Company was vigorously defending the claim, that no provision had been made in the accounts and that the Directors did not expect the outcome to have a material impact on the Company's accounts. The claim in question has now been settled with an immaterial impact on the Company's net asset value.

The Company had no other contingencies, financial commitments or guarantees as at 29 February 2016.

**18. Related party transactions**

The investee companies in which the Company has a shareholding of 20% or more, as identified in the Investment Manager's Report, are related parties. The aggregate balances at the date of the Statement of Financial Position and transactions with these companies during the year are summarised below:

	Ordinary Shares	"C" shares	"D" shares	Total
	<i>As at 29 February 2016</i>			
<b>Balances</b>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Investments - shares	11,339	9,689	1,812	22,840
Investments - loan stock	4,306	3,353	547	8,206
Accrued interest income	288	207	51	546
Accrued dividends	184	217	53	454
<b>Transactions</b>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Loan stock interest income	453	400	51	904
Dividend income	743	871	110	1,724

	Ordinary Shares	"C" shares	"D" shares	Total
	<i>As at 28 February 2015</i>			
<b>Balances</b>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Investments - shares	10,635	9,767	712	21,114
Investments - loan stock	3,977	3,108	-	7,085
Accrued interest income	189	180	-	369
<b>Transactions</b>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Loan stock interest income	385	410	-	795
Dividend income	488	283	-	771

**19. Controlling party**

In the opinion of the Directors there is no immediate or ultimate controlling party.

**20. Management of capital**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders.

The requirements of the VCT regulations and the fact that the Company has a policy of not having any borrowings, means that there is limited scope to manage the Company's capital structure. However, to the extent to which it is possible, the Company can maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, purchasing its own shares or issuing new shares.

The Board considers the Company's net assets to be its capital.

The Company does not have any externally imposed capital requirements.

There has been no change in the objectives, policies or processes for managing capital from the previous year.

## Notice of Annual General Meeting

Notice is hereby given that the AGM of Ventus VCT plc will be held at 12 noon on Thursday, 21 July 2016 at the offices of Howard Kennedy LLP, No. 1 London Bridge, London, SE1 9BG, for the purpose of considering and, if thought fit, passing the following resolutions (of which Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolutions 8 to 11 will be proposed as a Special Resolution):

### Ordinary Business

1. To receive the Company's audited Annual Report and Financial Statements for the year ended 29 February 2016.
2. To declare a final dividend of 12.00p per ordinary share, 4.50p per "C" share and 2.00p per "D" share in respect of the year ended 29 February 2016.
3. To approve the Directors Remuneration Report for the year ended 29 February 2016.
4. To re-elect Mr Richard Abbott as a Director of the Company.
5. To re-elect Mr David Pinckney as a Director of the Company.
6. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company.
7. To authorise the Directors to determine the remuneration of the Auditor.

### Special Business

8. That the Company be and is hereby generally and unconditionally authorised to make market purchases within the meaning of Section 693(4) of the Companies Act 2016 of ordinary shares of 25p each, "C" shares of 25p each and "D" shares of 25p each in the capital of the Company provided that:
  - (i) The maximum aggregate number of shares hereby authorised to be purchased is 2,444,501 ordinary shares, 1,698,233 "C" shares and 298,415 "D" shares, representing 14.99% of the current issued share capital of each class;
  - (ii) The minimum price which may be paid for a share is 25p per share;
  - (iii) The maximum price, exclusive of any expenses, which may be paid for a share is an amount equal to the higher of; (a) 105% of the average of the middle market prices shown in the quotations for a share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
  - (iv) The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the AGM of the Company to be held in 2017 and the date which is 18 months after the date on which this resolution is passed; and
  - (v) The Company may make a contract or contracts to purchase its own shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.
9. That, in substitution for existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal value of £6,250,000 during the period commencing on the passing of this resolution and expiring on the earlier of the AGM of the Company to be held in 2017 and the date which is 15 months after the date on which this resolution is passed (unless revoked, varied or extended by the Company in general meeting), but so that this authority shall allow

the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted after such expiry.

10. That, the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to resolution 9, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this resolution shall expire on the earlier of the AGM of the Company to be held in 2017 and the date which is 15 months after the date on which this resolution is passed (unless renewed, varied or revoked by the Company in general meeting).
11. That, the Articles of Association of the Company be amended to increase the limit on the aggregate remuneration of the non-executive directors from £100,000 to £125,000 per annum by replacing the figure of “£100,000” appearing in Regulation 78 with “£125,000”.

By order of the Board  
**The City Partnership (UK) Limited**  
Secretary  
6 June 2016