



ELDERSTREET

VCT plc

Half-Yearly Report  
for the six months ended  
30 June 2017



## SHAREHOLDER INFORMATION

### Recent performance summary

	30 Jun 2017 Pence	31 Dec 2016 Pence	30 Jun 2016 pence
Net asset value per share	61.6	62.8	68.9
Cumulative distributions paid per share	97.5	96.0	93.5
Total return per share	<u>159.1</u>	<u>158.8</u>	<u>162.4</u>

### Recent/forthcoming dividends

	Amount per share	Date of payment	Ex-div date	Record date
2016 Final	1.5p	30 Jun 2017	18 May 2017	19 May 2017
2017 Interim	1.5p	29 September 2017	7 September 2017	8 September 2017

A full dividend history for the Company can be found at [www.downing.co.uk](http://www.downing.co.uk)

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose (forms can be downloaded from [www.capitaassetservices.com](http://www.capitaassetservices.com)). Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30 a.m. to 5:30 p.m. Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

### Share price

The Company's share price can be found on various financial websites with the TIDM/EPIC code **EDV**. A link to the share price is also available on Elderstreet Investment Limited's website ([www.elderstreet.com](http://www.elderstreet.com)) and on Downing LLP's website ([www.downing.co.uk](http://www.downing.co.uk)).

Latest share price 28 September 2017: 54.0p per share

### Share scam warning

We are aware that a significant number of shareholders of VCTs have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website. If you have any concerns, please contact Downing on 020 7416 7780.

Shareholder information is continued on the inside back cover

## CHAIRMAN'S STATEMENT

I am pleased to present the Half-Yearly Report for Elderstreet VCT plc for the six months ended 30 June 2017. During the period the Company undertook a successful new fundraising and has now started to benefit from the enhanced resources as part of the co-investment agreement between the Investment Manager and Draper Esprit.

### Net asset value, results and dividends

At 30 June 2017, the Company's net asset value ("NAV") per share stood at 61.6p, an increase of 0.3p or 0.5% since 31 December 2016, after adjusting for the total dividends of 1.5p per share paid during the period.

The return on activities after taxation for the period was £75,000 (2016: £316,000), comprising a revenue return of £271,000 (2016: £333,000) and a capital loss of £196,000 (2016: £17,000).

In view of a number of realisations that have taken place, the Board has decided to pay the interim dividend at an earlier date than usual this year. A dividend of 1.5p per share will therefore be paid on 29 September 2017 to Shareholders on the register at 8 September 2017. The Board expects the interim dividend to revert to being paid in December in future.

### Fundraising

The Company launched an offer for subscription in December 2016, which has to date raised £17.0 million. The offer has now been extended to 30 November 2017.

The offer has resulted in the Company now having a significant level of funds available for investment. A number of potential investments are now starting to flow through from the new arrangements with Draper Esprit and we believe this should allow these new funds to be employed in attractive opportunities in a reasonably short period of time.

In view of the positive response by investors to the fundraising and the indications that there is strong deal flow, the Company is planning to launch a further £20 million offer for subscription in the coming months. Full details will be available in due course.

### Venture capital investments

During the period, actual investment activity was at a relatively low level.

The Company made one full and one partial disposal and received further deferred consideration from a previous disposal. These transactions generated total proceeds of £4.3 million and gains over carrying value of £740,000.

The partial disposal was in respect of £450,000 of the loan notes issued to Fords Packaging Top Co Limited, which were redeemed at par value. The Company continues to hold a small loan note holding of £8,000, alongside the equity interest.

The full disposal was the realisation of the Company's investment in Concorde Solutions Limited. Total proceeds were £1.75 million, resulting in a gain in the period of £224,000.

Also, Wessex Advanced Switching Products Limited ("WASP"), a successful realisation from 2015, paid further deferred consideration of £525,000 to the Company. These will be the final proceeds from an investment that has produced an excellent outcome for Shareholders.

There were also two additions during the period which totalled £475,000. Macranet Limited was restructured such that loan notes of £776,000 were converted at par along with accrued interest of £175,000, as part of a funding round by new third party investors, into equity. There were also two follow on investments totalling £300,000 in AngloINFO Limited. This business is making some headway but the Manager is taking a cautious approach in funding the company.

## CHAIRMAN'S STATEMENT (continued)

### Venture capital investments (continued)

At the period end, the Company held a portfolio of 22 venture capital investments, valued at £16.9 million.

During the period the Manager has presented a number of new investment opportunities to the Board which have been approved and have subsequently completed or are expected to complete over the coming months. The Board has committed to four of these new deals, totalling £5 million, alongside Draper Esprit funds, and completion is subject to receiving HMRC approval. Two of these opportunities are in the healthtech sector, one in fintech and the other in the digital marketing space. We therefore expect to see increased new investment activity over the second half of the year.

At the period end the Board reviewed the valuation of the unquoted investments and made some adjustments. The largest adjustment was an uplift in the value of Fords Packaging Top Co Limited by £505,000. The business has continued to perform strongly and is starting to successfully explore new markets.

On the negative side, a reduction in value of £490,000 for Baldwin and Francis Limited was required. The business has faced some major challenges but a refinancing has been completed and there are some prospects that the business can now make some recovery. The other major adjustment has been a write down of £351,000 against the investment in Ridee Limited. The Company operates in the same space as Deliveroo and UberEATS and has found competition to be fierce.

In terms of the quoted investments, the holding in Access Intelligence plc fell by £513,000. The Manager is, however, satisfied that the business is continuing to make progress and the investment remains a long term hold.

In total the portfolio produced unrealised losses of £817,000 for the period. Despite the movement in this period, the Board remains generally satisfied with the investment portfolio.

### Fixed income securities

The Company disposed of its remaining fixed income investments during the period. New fixed interest investments cannot be made under the current VCT regulations and so the decision was taken to hold these funds as cash while awaiting qualifying investment opportunities.

The realisation of the fixed income portfolio generated proceeds of £1.5 million and resulted in total gains over cost of £26,000.

### Share buybacks

The Company has a policy of buying in shares that become available in the market at approximately a 7.5% discount to the latest published net asset value (subject to applicable regulations and liquidity considerations).

In line with this policy, during the period the Company purchased 194,000 shares for cancellation for an aggregate consideration of £112,000, equating to an average price of 57.4p per share.

Any Shareholders who are considering selling their shares will need to use a stockbroker. Such Shareholders should ask their stockbroker to register their interest in selling their shares with Shore Capital, who act as the Company's corporate broker.

### Year end and Company name

As the company starts to work more closely with Draper Esprit, it will be helpful to align the reporting periods of the Company with that of Draper Esprit. The Board has therefore decided to change the Company's year end from 31 December to 31 March. The next Annual Report will cover the 15 month period to 31 March 2018 and will be published in June or July 2018.

## CHAIRMAN'S STATEMENT (continued)

### Year end and Company name (continued)

The Board has also given consideration to whether it is now appropriate to make a change to the Company's name. In view of the fact that Draper Esprit is now providing a significant level of resources to the Company through Elderstreet, the Board is planning to rename the Company **Elderstreet Draper Esprit VCT plc**. The Board believes that this change will help avoid confusion in the marketplace, especially for new investors, and expects the change of name to coincide with the fundraising launch mentioned above.

### Outlook

As I indicated in my statement in the last Annual Report, this is a time of transition for your Company. Draper Esprit is now working closely with the Company's Manager, Elderstreet Investments, in sourcing new investments, focussed on the technology sector. As we have noted previously, this approach will, over time, increase the risk profile of the portfolio, however the rewards in this area can be great.

The UK Government is currently undertaking a "Patient Capital Review" which seeks to strengthen the UK as a place for growing innovative businesses. The VCT scheme is being reviewed as part of this exercise and it is possible that there are further changes to the VCT regulations as a result. The Board believes that VCTs have a valuable role to play in this area, which has been demonstrated by some of the Company's past successes. With the changes to VCT regulations that have already taken place over the last two years, the Board believes that the support that VCTs provide for growing businesses is now well focussed. We expect to see a number of new businesses join the portfolio over the remainder of the year and look forward to supporting them in their development, while providing the prospect of good returns for our Shareholders.

I look forward to updating Shareholders in the next Annual Report for the 15 month period to 31 March 2018.



**David Brock**  
Chairman  
28 September 2017

## SUMMARY OF INVESTMENT PORTFOLIO

as at 30 June 2017

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
<b>Top ten venture capital investments</b>				
Lyalvale Express Limited	1,915	3,903	-	10.5%
Fords Packaging Topco Limited	2,433	3,850	505	10.3%
Access Intelligence plc*	2,333	2,476	(513)	6.6%
Fulcrum Utility Services Limited*	500	2,271	124	6.1%
AngloINFO Limited	2,577	1,869	-	5.0%
Macranet Limited	1,037	876	(161)	2.4%
Baldwin & Francis Limited	1,534	422	(490)	1.1%
Cashfac PLC	260	394	66	1.1%
Servoca PLC*	333	300	72	0.8%
Interquest Group PLC*	226	172	16	0.5%
	<u>13,148</u>	<u>16,533</u>	<u>(381)</u>	<u>44.4%</u>
<b>Other venture capital investments</b>	5,081	368	(436)	0.9%
	<u>18,229</u>	<u>16,901</u>	<u>(817)</u>	<u>45.3%</u>
<b>Cash at bank and in hand</b>		<u>20,357</u>		<u>54.7%</u>
<b>Total investments</b>		<u>37,258</u>		<u>100.0%</u>

All venture capital investments are unquoted unless otherwise stated.

\* Quoted on AIM

## SUMMARY OF INVESTMENT MOVEMENTS

### for the six months ended 30 June 2017

#### Additions

£'000

#### Venture capital investments

AngloINFO Limited	300
Macranet Limited	175
	<u>475</u>

#### Disposals

	Cost £'000	Value at 1 January 2017 £'000	Proceeds £'000	Profit vs cost £'000	Realised (loss)/ gain £'000
<b>Fixed income securities</b>					
United Kingdom 1.25% Gilt 22/07/2018	892	925	919	28	(6)
United Kingdom 1.00% Gilt 07/09/2017	614	616	613	(2)	(3)
S&W Investment Funds Cash Fund	10	10	10	-	-
	<u>1,516</u>	<u>1,551</u>	<u>1,542</u>	<u>26</u>	<u>(9)</u>
<b>Venture capital investments</b>					
Concorde Solutions Limited	1,650	1,525	1,749	99	224
Fords Packaging Top Co Limited	450	450	450	-	-
	<u>2,100</u>	<u>1,975</u>	<u>2,199</u>	<u>99</u>	<u>224</u>
<b>Retention proceeds</b>					
Wessex Advanced Switching Products Limited	-	-	525	525	525
	<u>3,616</u>	<u>3,526</u>	<u>4,266</u>	<u>650</u>	<u>740</u>



## UNAUDITED BALANCE SHEET

as at 30 June 2017

		30 Jun 2017 £'000	30 Jun 2016 £'000	31 Dec 2016 £'000
	Note			
<b>Fixed assets</b>				
Investments		16,901	21,319	20,769
<b>Current assets</b>				
Debtors		358	1,853	342
Cash at bank and in hand		20,357	2,560	2,302
		<u>20,715</u>	<u>4,413</u>	<u>2,644</u>
<b>Creditors: amounts falling due within one year</b>		<u>(192)</u>	<u>(151)</u>	<u>(153)</u>
<b>Net current assets</b>		<u>20,523</u>	<u>4,262</u>	<u>2,491</u>
<b>Net assets</b>		<u>37,424</u>	<u>25,581</u>	<u>23,260</u>
<b>Capital and reserves</b>				
Called up share capital	7	3,035	1,855	1,852
Capital redemption reserve	9	495	481	485
Share premium	9	19,776	5,452	5,452
Merger Reserve	9	1,828	1,828	1,828
Special reserve	9	1,722	2,394	2,058
Capital reserve - unrealised	9	2,432	4,060	3,161
Capital reserve - realised	9	8,115	9,064	8,088
Revenue reserve	9	<u>21</u>	<u>447</u>	<u>336</u>
<b>Equity shareholders' funds</b>	6	<u>37,424</u>	<u>25,581</u>	<u>23,260</u>
<b>Basic and diluted net asset value per share</b>	6	<b>61.6p</b>	<b>68.9p</b>	<b>62.8p</b>

## UNAUDITED INCOME STATEMENT

for the six months ended 30 June 2017

	Six months ended 30 Jun 2017			Six months ended 30 Jun 2016			Year ended 31 Dec 2016	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		470	-	470	526	-	526	603
Gains/(losses) on investments:								
- realised		-	740	740	-	539	539	(1,312)
- unrealised		-	(817)	(817)	-	(373)	(373)	445
		<u>470</u>	<u>(77)</u>	<u>393</u>	<u>526</u>	<u>166</u>	<u>692</u>	<u>(264)</u>
Investment management fees		(58)	(175)	(233)	(61)	(183)	(244)	(500)
Other expenses		<u>(141)</u>	<u>56</u>	<u>(85)</u>	<u>(132)</u>	<u>-</u>	<u>(132)</u>	<u>(269)</u>
<b>Return on ordinary activities before tax</b>		271	(196)	75	333	(17)	316	(1,033)
Tax on total comprehensive income and ordinary activities		-	-	-	-	-	-	-
<b>Return attributable to equity shareholders</b>	<b>4</b>	<u>271</u>	<u>(196)</u>	<u>75</u>	<u>333</u>	<u>(17)</u>	<u>316</u>	<u>(1,033)</u>
<b>Basic and diluted return per share</b>	<b>4</b>	<b>0.7p</b>	<b>(0.5p)</b>	<b>0.2p</b>	<b>0.9p</b>	<b>0.0p</b>	<b>0.9p</b>	<b>3.0p</b>

All Revenue and Capital items in the above statement are derived from continuing operations. The total column within the Income Statement represents the profit and loss account of the Company.

## UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Called up share capital £'000	Capital redempti -on reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve- unrealised £'000	Capital reserve- realised £'000	Revenue reserve £'000	Total £'000
<b>At 1 January 2016</b>	1,733	474	3,743	1,828	2,629	4,433	9,132	486	24,458
Total comprehensive income	-	-	-	-	-	(1,312)	57	222	(1,033)
Transfer between reserves	-	-	-	-	(423)	40	383	-	-
<i>Transactions with owners</i>									
Issue of new shares	130	-	1,709	-	-	-	-	-	1,839
Share Issue costs	-	-	-	-	(9)	-	-	-	(9)
Purchase of own shares	(11)	11	-	-	(139)	-	-	-	(139)
Dividends paid	-	-	-	-	-	-	(1,484)	(372)	(1,856)
<b>At 31 December 2016</b>	<b>1,852</b>	<b>485</b>	<b>5,452</b>	<b>1,828</b>	<b>2,058</b>	<b>3,161</b>	<b>8,088</b>	<b>336</b>	<b>23,260</b>
Total comprehensive income	-	-	-	-	-	(817)	621	271	75
Transfer between reserves	-	-	-	-	(224)	88	136	-	-
<i>Transactions with owners</i>									
Issue of new shares	1,193	-	14,324	-	-	-	-	-	15,517
Share Issue costs	-	-	-	-	-	-	-	(404)	(404)
Purchase of own shares	(10)	10	-	-	(112)	-	-	-	(112)
Dividends paid	-	-	-	-	-	-	(730)	(182)	(912)
<b>At 30 June 2017</b>	<b>3,035</b>	<b>495</b>	<b>19,776</b>	<b>1,828</b>	<b>1,722</b>	<b>2,432</b>	<b>8,115</b>	<b>21</b>	<b>37,424</b>

## UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Six months ended 30 Jun 2017 £'000	Six months ended 30 Jun 2016 £'000	Year ended 31 Dec 2016 £'000
<b>Cash flow from operating activities</b>			
Return on ordinary activities before taxation	75	316	(1,033)
Losses/(gains) on investments	77	(166)	867
(Increase)/decrease in debtors	(15)	(101)	1,415
Increase/(decrease) in creditors	38	(459)	(448)
<b>Net cash inflow/(outflow) generated from operating activities</b>	<u>175</u>	<u>(410)</u>	<u>801</u>
<b>Cash flow from investing activities</b>			
Purchase of investments	(475)	(1,502)	(1,892)
Sale of investments	4,266	544	445
<b>Net cash (outflow)/inflow from investing activities</b>	<u>3,791</u>	<u>(958)</u>	<u>(1,447)</u>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	15,517	1,839	1,830
Share issue costs	(404)	-	-
Purchase of own shares	(112)	(93)	(139)
Equity dividends paid	(912)	(931)	(1,856)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>14,089</u>	<u>815</u>	<u>(165)</u>
<b>Increase/(decrease) in cash</b>	<u>18,055</u>	<u>(553)</u>	<u>(811)</u>
<b>Net movement in cash</b>			
Beginning of period	2,302	3,113	3,113
Net cash inflow/(outflow)	<u>18,055</u>	<u>(553)</u>	<u>(811)</u>
End of period	<u>20,357</u>	<u>2,560</u>	<u>2,302</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

### for the six months ended 30 June 2017

- The unaudited half yearly results cover the six months to 30 June 2017 and have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2016, which were prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.
- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures are in respect of the six months ended 30 June 2016 and the year ended 31 December 2016 respectively.

#### 4. Basic and diluted return per share

	Six months ended 30 Jun 2017	Six months ended 30 Jun 2016	Year ended 31 Dec 2016
<b>Return per share based on:</b>			
Net revenue gain for the period (£'000)	271	333	222
<b>Capital return per share based on:</b>			
Net capital loss for the period (£'000)	(196)	(17)	(1,255)
Weighted average number of shares	41,615,341	35,889,194	35,214,342

#### 5. Dividends

		Six months ended 30 Jun 2017			Year ended 31 Dec 2016
	Per share pence	Revenue £'000	Capital £'000	Total £'000	Total £'000
<b>Paid in the period</b>					
2016 Final	1.5p	304	608	912	-
2016 Interim	2.5p	-	-	-	926
2015 Final	2.5p	-	-	-	930
		304	608	912	1,856

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### for the six months ended 30 June 2017

#### 6. Basic and diluted net asset value per share

	Six months ended 30 Jun 2017	Six months ended 30 Jun 2016	Year ended 31 Dec 2016
Net asset value per share based on:			
Net assets (£'000)	<u>37,424</u>	<u>25,581</u>	<u>23,260</u>
Number of shares in issue at the period end	<u>60,716,778</u>	<u>37,106,366</u>	<u>37,034,366</u>
Net asset value per share	<u>61.6p</u>	<u>68.9p</u>	<u>62.8p</u>

#### 7. Called up share capital

	Six months ended 30 Jun 2017	Six months ended 30 Jun 2016	Year ended 31 Dec 2016
<b>Ordinary shares of 5p each</b>			
Number of shares in issue at the period end	<u>60,716,778</u>	<u>37,106,366</u>	<u>37,034,366</u>
Nominal value (£'000)	<u>3,035</u>	<u>1,855</u>	<u>1,852</u>

During the period the Company allotted 23,876,412 Ordinary Shares of 5p each ("Ordinary Shares") under an Offer for Subscription that launched in December 2016, at an average price of 63.3p per share. Gross proceeds received thereon were £15.5 million, with issue costs in respect of the offer amounting to £404,000.

During the period, the Company purchased 194,000 shares for cancellation for an aggregate consideration of £112,000, at an average price of 57.4p per share (approximately equal to a 7.5% discount to the most recently published NAV at the time of purchase) and representing 0.5% of the share capital in issue as at 1 January 2017.

#### 8. Investment commitments

Since the end of the tax year the VCT has committed to four new investments totalling £5 million as part of the co-investment agreement alongside Draper Esprit funds. Completion of these investments is contingent on receiving VCT clearance from HMRC. Two of these deals are in healthtech, one in fintech, and one in an affiliate marketing software business. Total funds committed in these four investment rounds was over £50 million.

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### for the six months ended 30 June 2017

#### 9. Reserves

The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends, and allows the Company to write back realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	Six months ended 30 Jun 2017 £'000	Six months ended 30 Jun 2016 £'000	Year ended 31 Dec 2016 £'000
Special reserve	1,722	2,394	2,058
Capital reserve - realised	8,115	9,064	8,088
Revenue reserve	21	447	336
Merger reserve – distributable element	423	423	423
Unrealised losses			
– excluding unrealised unquoted gains	(1,781)	57	(657)
	<u>8,500</u>	<u>12,385</u>	<u>10,248</u>

The Company has categorised its financial instruments using the fair value hierarchy as follows:

- Level a Reflects financial instruments quoted in an active market (fixed interest investments, and investments in shares quoted on either the Main or AIM Markets);
- Level b Reflects financial instruments that have prices that are observable either directly or indirectly; and
- Level c i) Reflects financial instruments that use valuation techniques that are based on observable market data; or  
ii) Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Six months ended 30 June 2017				Year ended 31 Dec 2016			
	Level a £'000	Level b £'000	Level c(ii) £'000	Total £'000	Level a £'000	Level b £'000	Level c(ii) £'000	Total £'000
Fixed interest securities	-	-	-	-	1,551	-	-	1,551
AIM quoted shares	4,248	-	87	4,335	4,516	-	204	4,720
Loan notes	-	-	3,272	3,272	-	-	4,839	4,839
Unquoted shares	-	-	9,294	9,294	-	-	9,659	9,659
	<u>4,248</u>	<u>-</u>	<u>12,653</u>	<u>16,901</u>	<u>6,067</u>	<u>-</u>	<u>14,702</u>	<u>20,769</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2017

### 10. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required in the Company's half-yearly results to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- investment risk associated with investing in small and immature businesses;
- liquidity risk arising from investing mainly in unquoted businesses; and
- failure to maintain approval as a VCT.

In all cases the Board is satisfied with the Company's approach to these risks. As a VCT, the Company is forced to have significant exposure to relatively immature businesses. This risk is mitigated to some extent by holding a well-diversified portfolio.

With a reasonably illiquid venture capital investment portfolio, the Board ensures that it maintains an appropriate proportion of its assets in cash and liquid instruments.

The Company's compliance with the VCT regulations is continually monitored by the Administration Manager, who regularly reports to the Board on the current position. The Company also retains Philip Hare and Associates LLP to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level.

The Company has considerable financial resources at the period end, and holds a diversified portfolio of investments. As a result, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.



## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2017

11. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the “Statement: Half-Yearly Financial Reports” issued by the UK Accounting Standards Board as well as in accordance with FRS104 Interim Financial Reporting and the half-yearly financial report includes a fair review of the information required by:
- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
12. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 December 2016 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor’s report on those financial statements was unqualified.
13. Copies of the unaudited half-yearly results will be sent to Shareholders shortly. Further copies can be obtained from the Company’s registered office or downloaded from [www.elderstreet.com](http://www.elderstreet.com) and [www.downing.co.uk](http://www.downing.co.uk).

## SHAREHOLDER INFORMATION (continued)

### Selling shares

The Company's shares are listed on the London Stock Exchange and can be bought or sold like any other listed shares using a stockbroker. If you wish to sell your shares, you should ask your stockbroker to contact Shore Capital, who act as the Company's Corporate Broker.

The Company will usually buy back shares several times each year. If you have any queries regarding the process, please contact the Administration Manager, Downing LLP on 020 7416 7780. Any Shareholder considering selling some or all of their shareholding should ensure that they are fully aware of any tax consequences, especially if they purchased shares within the last five years or took part in the Enhanced Share Buyback offer. If you are in any doubt please contact your financial adviser.

### Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Capita Asset Services, under the signature of the registered holder.

### Other information for Shareholders

Up-to-date Company information (including financial statements, company announcements and share price) may be obtained from Downing's website at [www.downing.co.uk](http://www.downing.co.uk). Financial information is also available on Elderstreet Investment Limited's website at [www.elderstreet.com](http://www.elderstreet.com) by clicking on "investor information".

If you have any queries regarding your shareholding in Elderstreet VCT plc, please contact the Registrar on 0871 664 0324 or visit Capita's website at [www.capitaassetservices.com](http://www.capitaassetservices.com) and click on "Products and Services" and then "Shareholders".



**Directors**

David Brock (Chairman)  
Hugh Aldous  
Barry Dean  
Michael Jackson  
Nicholas Lewis

**Company Secretary and Registered Office**

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**Administration Manager**

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**Registrar**

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Beckenham  
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[www.capitaassetservices.com](http://www.capitaassetservices.com)

Tel: 0871 664 0324

(calls cost 10p per minute plus network extras)