ELDERSTREET VCT plc

Report & Accounts
for the year ended
31 December 2015

SHAREHOLDER INFORMATION

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 Investments Limited's website (www.elderstreet.com) and on Downing LLP's website (www.downing.co.uk).

Latest share price at 26 April 2016:	57.8p per share

Financial calendar

28 June 2016	Annual General Meeting
30 June 2016	Payment of final dividend
August 2016	Announcement of half yearly results

Dividends

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). 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.

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.

The Company generally buys back shares several times each year. Details of the next planned share buyback can be obtained by contacting 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.

Share scam warning

We have become 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 LLP's website. If you have any concerns, please contact Downing LLP on 020 7416 7780.

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, share price and dividend history) may be obtained from Downing LLP's website at www.downing.co.uk. Financial information is also available on Elderstreet Investments Limited's website at www.elderstreet.com.

If you have any queries regarding your shareholding in Elderstreet VCT plc, please contact the Registrar on the above number or visit Capita's website at www.capitaassetservices.com and click on "Share Portal".

ELDERSTREET
VCT plc

CONTENTS

COMPANY INFORMATION

Directors
David Brock (Chairman)
Hugh Aldous
Barry Dean
Michael Jackson
Nicholas Lewis
all of
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Registrar
Capita Asset Services
The Registry
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Beckenham
Kent BR3 4TU
Tel: 0871 664 0324
(calls cost 10p per minute plus network extras
lines open Mon-Fri from 8.30am to 5.30pm)
www.capitaassetservices.com

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Bank of Scotland plc
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London BX2 1LB

ELDERSTREET
VCT plc

FINANCIAL SUMMARY

	2015 pence	2014 pence
Net asset value per share ("NAV")	70.6	70.8
Cumulative dividends paid since launch	91.0	81.0
Total return (NAV plus cumulative dividends paid per share)	161.6	151.8
Dividends in respect of financial year ended 31 December 2015		
Interim dividend paid per share	2.5	2.0
Special dividend paid per share	5.0	15.0
Final dividend per share (payable on 30 June 2016)	2.5	2.5
	10.0	19.5

A full dividend history for the Company can be found at www.downing.co.uk.

Performance summary for investors (based on an original investment of £1.00)

Share issue date	Initial income tax relief available on investment %	Equivalent dividends received since issue pence	Equivalent NAV at 31 Dec 2015 pence	Gain (ignoring income tax relief) %	Gain (after initial income tax relief) %	Gain (after initial and ESB* income tax relief) %
Elderstreet Millennium Venture Capital Trust plc (1996)	20%	84.2	26.9	11.1	38.8	46.4
Feb-Aug 1998	20%	91.0	70.6	61.6	102.0	121.7
Mar-Jun 2005 (C Share issue)	40%	62.1	47.2	9.3	82.2	99.9
Apr 2006	40%	89.3	102.4	91.7	219.5	257.8
Apr 2008	30%	59.2	76.7	35.9	94.2	N/A
Jun 2008	30%	55.8	77.2	33.0	90.0	N/A
Apr 2009	30%	64.3	94.5	58.7	126.7	N/A
May 2009	30%	62.9	94.5	57.4	124.8	N/A
Apr-May 2010	30%	56.0	87.8	43.7	105.3	N/A
Mar 2011	30%	50.6	87.0	37.6	96.5	N/A
Apr-May 2011	30%	52.6	90.5	43.0	104.3	N/A
Apr-May 2012	30%	52.3	99.8	52.1	117.3	N/A
Nov 2012	30%	53.5	114.5	68.0	140.0	N/A
Apr 2013	30%	48.9	104.5	53.4	119.2	N/A
Dec 2014	30%	14.7	103.6	18.2	68.9	N/A
Mar-Apr 2015	30%	13.9	98.0	11.9	59.9	N/A

* In November 2012, the Company offered an Enhanced Share Buyback ("ESB") which allowed Shareholders who had already held their shares for more than five years to sell their shares and reinvest the proceeds, receiving additional income tax relief at the rate of 30% on the new issue.

In the table above, initial income tax relief has been deducted from cost for the purpose of calculating gains after income tax relief. In respect of ESB the initial income tax relief has been treated as additional income.

Original 'C' Shareholders

Shareholders investing under the 'C' Share offer were issued 0.6691 Ordinary Shares for every one 'C' Share held. Dividends of 30.0p per 'C' Share were paid prior to the merger, equivalent to 44.8p per Ordinary Share.

Elderstreet Millennium Shareholders

Shareholders in Elderstreet Millennium Venture Capital Trust ("EMVCT") were issued 0.381 Ordinary Shares in Elderstreet VCT plc for every one share held. Dividends of 61.5p per EMVCT share were paid prior to the merger, equivalent to 161.5p per Ordinary Share in Elderstreet VCT plc.

INVESTMENT OBJECTIVES

The Company's principal investment objectives are to:

- invest in a diversified portfolio of companies, focussing on smaller unquoted companies;
- pay annual dividends of between 4 and 5 pence per Ordinary Share per annum (subject to liquidity); and
- maintain its VCT status.

The detailed investment policy adopted to achieve the investment objectives is set out in the Strategic Report on pages 16 to 17.

DIRECTORS

David Brock (Chairman) was, until July 1997, a main board director of MFI Furniture Group plc and managing director of MFI International Limited, having been involved at a senior level in both MFI's management buyout and its subsequent flotation. He started his career at Marks and Spencer plc. He is currently chairman of Episys Group Limited and Kitwave Limited, and is a non-executive director of Hargreave Hale Aim VCT 1 plc and Puma VCT 8 plc.

Hugh Aldous is chairman of SPL Guernsey ICC Ltd. He is a director of Innospec Inc. (NASDAQ) and Polar Capital Holdings plc. He was previously a partner of Grant Thornton UK LLP. He was a DTI Inspector and a member of the Competition Commission.

Barry Dean is a chartered accountant and has over 30 years' experience in the private equity industry including 14 years as managing director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a non-executive director of Downing ONE VCT plc and ProVen VCT plc.

Michael Jackson founded Elderstreet Investments Limited in 1990 and is its executive chairman. Michael studied law at Cambridge University, and qualified as a chartered accountant with Coopers & Lybrand before spending five years in marketing for various US multinational technology companies. For the past 23 years, he has specialised in raising finance and investing in the smaller companies quoted and unquoted sector. From 1983 until 2006 he was a director of FTSE 100 company, The Sage Group plc, becoming chairman in 1997. He was also chairman of PartyGaming plc, another FTSE 100 company, and additionally is chairman of Netcall plc. He is also on the board of a number of Elderstreet portfolio companies, including as a director of AngloINFO Limited, Baldwin and Francis Holdings Limited, Fords Packaging Top Co Limited, SnackTime plc and Chairman of Access Intelligence plc.

Nicholas Lewis is a partner of Downing LLP - a business he founded as Downing Corporate Finance Limited in 1986. Downing LLP specialises in managing, promoting and administrating tax-based investments and has raised approximately £1 billion since 1991. Prior to founding Downing, he was with NatWest Ventures Limited and, before that, with Apax Partners & Co Limited. He is a director of several other venture capital trusts.

All the Directors are non-executive and, with the exception of Michael Jackson and Barry Dean, are independent of the Investment Manager.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's Annual Report for the year ended 31 December 2015. The period saw another strong performance with a further major successful realisation being achieved as well as good progress being made by many portfolio companies.

Net asset value and results

At 31 December 2015, the Company's NAV stood at 70.6p, an increase of 9.8p (13.8%) over the year after adding back dividends of 10.0p per share which were paid during the year.

The total return to Shareholders who invested at the launch of the Company in 1998 (NAV plus cumulative dividends) is now 161.6p compared to the original cost (net of income tax relief) of 80.0p per share. A summary of the position for Shareholders who invested in the Company's various other fundraisings is included on page 2 of this report.

The return on ordinary activities after taxation for the year was £3.4 million (2014: £3.7 million), comprising a revenue return of £262,000 (2014: £147,000) and a capital return of £3.1 million (2014: £3.5 million).

Venture capital investments

The most significant portfolio event of the year was the sale of the investment in SMART Education Limited. The VCT had been an early backer of the recruitment consultancy business in 2005. The Investment Manager worked closely with the business throughout its development, with the VCT providing additional financial support at a number of key points along the way. At the point of disposal the investment had a net cost remaining (after earlier redemptions of loan stock) of £160,000 and was sold for £4.1 million, comprising £2.6 million in cash and deferred proceeds valued at £1.5 million due to be paid in December 2016. Over the full life of the investment, a total of £1.8 million was invested in the company and total proceeds (including earlier loan stock redemptions) were £5.7 million, which the Board considers to be a very successful outcome.

During the year, the Company also benefitted from further deferred proceeds of £449,000 from Wessex Advanced Switching Products Limited, the investment was sold in 2014. There were a small number of other disposals which brought total net realised gains for the year to £754,000.

In terms of new investment activity, the Company invested a total of £2.7 million in six investments, all of which were in existing portfolio companies.

At the year end, the Company held a portfolio of 21 venture capital investments valued at £18.6 million, with the vast majority of value held in the top ten investments.

In reviewing the investment valuations at the year end, the Board made a number of unquoted valuation adjustments. The main movements are summarised as follows; Lyalvale Express was increased by £735,000 following the purchase of further shares from an exiting shareholder, Lyalvale Property Limited was uplifted by £614,000 in view of progress made in respect of development opportunities on land owned by the company and AngloINFO was increased by £389,000 with prospects for the business now improving.

A number of the Company's investments are quoted on AIM and experienced significant movements over the year. The investment in Access Intelligence increased by £1.0 million with several of the company's divisions making progress, Fulcrum Utility Services also increased by £833,000 fuelled by good trading results, while Proxama fell by £246,000.

Overall the portfolio had net unrealised gains for the year of £3.2 million.

Further commentary on the portfolio, together with a schedule of additions, disposals and details of the largest investments, can be found within the Investment Manager's Report and Review of Investments on pages 6 to 14.

Fixed interest investments

The Company also continues to hold a small portfolio of fixed interest investments which is managed by Smith & Williamson Investment Management Limited. The portfolio, valued at £1.5 million at the year end, generated investment income of £17,000 during the year and unrealised capital losses of £3,000 were recognised.

Dividends

A final dividend of 2.5p per share is proposed to be paid on 30 June 2016 to Shareholders on the register at 20 May 2016.

This will bring total dividends in respect of the year to 10.0p (2014: 19.5p), equivalent to a tax-free yield over 17.3% p.a. equivalent to a yield for a 40% tax payer of 28.9% p.a. based on the share price at the date of this report.

Fundraising activities

In December 2015, the Company launched a new Top-Up Offer for Subscription and a further Top-Up Offer for Subscription seeking to raise up to a total of £1.8 million. The offers were very well received by investors and were fully subscribed within 30 days of the launch. Shares were allotted to new investors in March 2016.

CHAIRMAN'S STATEMENT (continued)

Share buybacks

The Company operates a policy of buying in shares that become available in the market at a discount of approximately 7.5% to the latest published NAV.

During the year the Company purchased a total of 180,000 shares at an average price of 63.0p 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.

VCT Rule changes

Shareholders may be aware that a number of potentially significant changes to the VCTs rules were made in November 2015. The new rules have introduced a limit on the age for most new investee companies of seven years; a lifetime cap of £15 million on the total amount of VCT and similar funding a company can receive; and a ban on VCT funds being used by an investee company to acquire another trade or business. The new rules have been brought in to bring the VCT scheme into line with the European Union's Risk Capital Guidelines.

At first inspection, it appeared that the impact of the main new regulations might be relatively limited on the Company in view of the types of investments typically made. However, it has subsequently become clear that the new rules have some surprising implications in restricting the support that the Company may be able to provide to existing portfolio companies. So far the Manager has been able to restructure two transactions so as to avoid any significant negative impact on the Company. However, it is concerning that the new regulations appear to create potential threats to businesses that the Company has supported under the historic VCT regulations for many years. The Board remains satisfied that the impact of the new rules on the Company will not be significant for new investments, but the Board and Manager will continue to closely monitor developments.

Annual General Meeting ("AGM")

The next AGM of the Company will be held on 28 June 2016 at 10-11 Charterhouse Square, London EC1M 6EE at 11:00 a.m.

Notice of the meeting is at the end of this document. Three items of Special Business are proposed; one ordinary resolution and two special resolutions in relation to the allotment of shares and share buybacks.

Outlook

The Board is pleased that the Investment Manager's style of management of working very closely with a relatively small number of portfolio companies has once again produced good returns for Shareholders and believes that this approach can continue to be rewarding.

The investment portfolio now comprises ten main investments. Generally, prospects appear positive although, as is to be expected, a number of investments will face challenges. As noted above, the new VCT regulations may provide some additional challenges. However, the Board is hopeful that HMRC will soon publish guidance on the new regulations which will provide greater clarity and perhaps address some consequences which appear to be at odds with the overall objectives of the VCT scheme.

I look forward to updating Shareholders on all developments in my statement in the Half Year Report to 30 June 2016.

David Brock
Chairman

26 April 2016

INVESTMENT MANAGER'S REPORT

Over the year the Company recorded an increase in the total return of 9.8p (net asset value including cumulative dividends), from 151.8p to 161.6p including paying dividends of 10p per share. NAV per share decreased from 70.8p to 70.6p.

During the year we invested £2.7 million as we continued to support the existing portfolio companies, and completed one successful exit. Six follow-ons were made into Concorde Solutions Limited, AngloINFO Limited, Access Intelligence plc, Lyalvale Express Limited, Lyalvale Property Limited and Fords Packaging Topco Limited, and one full exit was completed in respect of SMART Education Limited. Overall the core portfolio has performed satisfactorily.

The major news of the year was the exit from SMART Education Limited ("SMART") in December 2015. SMART is a teacher supply agency. The investment was made in 2005 as a start-up, backing a proven management team who we had previously invested in and who had successfully sold a previous business. During the course of its investment, we completed seven follow-on rounds as the company grew turnover from zero to over £15 million. The Company received an initial cash consideration of £2.6 million with a further minimum payment of £1.5 million due in December 2016. The exit will return a projected IRR of over 20%.

A further investment of £0.5 million was made into Access Intelligence plc ("Access") in June as part of a £3 million funding round to acquire a complementary company for AIMediaComms. A divestment of a 100% subsidiary WillowStarcom was made in April 2015, and following the year end Access also divested its subsidiary Due North Ltd for £4.5 million to Proactis Holdings plc. Access is listed on AIM and the share price has risen 58% year on year.

In the last quarter two follow on investments were made into Lyalvale Express Limited and Lyalvale Property Limited. These were a result of an existing shareholder offering their shares for sale as part of a larger secondary sale of their investment fund. The VCT exercised its pre-emption rights and the holdings have been increased to 44% and 28% respectively. The valuations of both holdings rose as these shares were acquired at a discount to the VCT carrying value. Following this transaction, Lyalvale Express Limited purchased some of its own shares for cancellation, such that the net new investment by the Company was £1 million.

Fords Packaging Topco Limited continues to invest in its R&D and innovate new products. This innovation has resulted in a tripling of the sales pipeline and interest from other non-food sectors. While the sales cycle is long we hope to see the results of the past two years of investment coming through in late 2016. Fords is debt free and pays a regular dividend.

AngloINFO Limited has been the subject of much change and investment over the past eighteen months and the new management have grown sales by 17% year on year. The new mobile compliant digital platform went live in the first quarter of 2016 and the target for 2016 is to get the company to breakeven.

Baldwin and Francis Limited has endured a tough year as the mining and energy sector has gone through a marked downturn globally. Turnover is projected to increase 10% year on year and the company continues to make sales in the oil sector despite the drop in the oil price. A renewed sales focus on the UK rail sector and professional technical services has been initiated and we are hopeful a number of meaningful contracts will land in calendar 2016. The services business grew by 70% in the year. We have every confidence in the new management team who have set the company up with good prospects for future growth.

On the AIM market our investment in Fulcrum Utility Services Limited rose over 300% as the company reported six monthly pre-tax profits of £1.6 million versus a loss of £0.2 million in the previous year. Conversely our investment in Proxama plc, which was acquired as a result of selling a previous VCT investment Aconite Technology to them, fell 35%.

Generally, it is worth noting that in eight out of the top ten companies by value at 31 December 2015 the Manager has at least one board seat or observer rights and is very actively involved with these businesses.

We are delighted to report that the new fundraising round of £1.8 million for this season reached full subscription in 30 days from launch. Your Manager is confident they can find suitable new investments to invest this capital.

Post the year end we have completed a new investment of £0.5 million into Ridee Limited (trading as Jinn - www.jinnapp.com) a fast growing digital company, in a £5 million funding round alongside a syndicate of other venture capitalists, family offices and high net investors.

INVESTMENT MANAGER'S REPORT (continued)

2015 has also been an interesting year with the introduction of the new HMRC investment rules for VCTs. The rule changes have had a number of unintentional consequences for existing portfolio companies. For example the VCT owned convertible loans in Snacktime plc, which although invested some years before the current rule changes, HMRC deemed a conversion of these loans could be a breach of the VCT qualifying status. This issue was solved after taking advice from two specialist VCT tax advisers. At this moment in time we do not see the challenges of the new rules as having a material effect on the portfolio or the ability to invest in new companies.

In summary, we are pleased with the SMART exit and the overall outlook of the core portfolio companies. We remain cautiously optimistic.

Elderstreet Investments Limited

26 April 2016

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments were held at 31 December 2015. All companies are registered in England and Wales, with the exception of Fulcrum Utility Services Limited which is registered in the Cayman Islands.

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Ten largest venture capital investments (by value)				
Lyalvale Express Limited	1,915	3,332	735	14.3%
Fords Packaging Topco Limited	2,883	3,239	3	13.9%
Access Intelligence plc *	2,333	3,118	1,010	13.4%
Baldwin & Francis Limited	1,534	2,252	(246)	9.7%
AngloINFO Limited	1,634	1,225	389	5.3%
Fulcrum Utility Services Limited *	500	1,146	833	4.9%
Concorde Solutions Limited	900	917	17	3.9%
Lyalvale Property Limited	300	914	614	3.9%
Macranet Limited	863	862	-	3.7%
Proxama plc*	860	399	(246)	1.7%
	13,722	17,404	3,109	74.7%
Other venture capital investments				
Interquest Group plc *	226	344	(78)	1.5%
Cashfac plc	260	328	-	1.4%
Servoca plc *	333	324	120	1.4%
Sift Limited	250	112	74	0.5%
SnackTime plc *	1,326	90	(72)	0.4%
SparesFinder Limited	103	34	-	0.1%
The Kellan Group plc *	657	11	2	-
Infoserve Group plc	127	-	-	-
The National Solicitors Network Limited	501	-	-	-
The QSS Group Limited	268	-	-	-
RB Sport & Leisure Holdings plc	188	-	-	-
	4,239	1,243	46	5.3%
Fixed income securities				
United Kingdom 1.25% Gilt 22/07/2018	892	917	(1)	3.9%
United Kingdom 1.00% Gilt 07/09/2017	614	615	(2)	2.6%
S&W Investment Funds Cash Fund	10	10	-	0.1%
	1,516	1,542	(3)	6.6%
	19,477	20,189	3,152	86.6%
Cash at bank and in hand		3,113		13.4%
Total investments		23,302		100.0%

All venture capital investments are unquoted unless otherwise stated

* Quoted on AIM

REVIEW OF INVESTMENTS (continued)

Investment movements for the year ended 31 December 2015

ADDITIONS

	£'000
Venture capital investments	
Lyalvale Express Limited	1,500
Access Intelligence plc *	500
Lyalvale Property Limited	300
AngloINFO Limited	230
Concorde Solutions Limited	150
Fords Packaging Topco Limited	1
	2,681

* Quoted on AIM

DISPOSALS

	Cost £'000	Value at 01/01/15* £'000	Proceeds £'000	Profit vs cost £'000	Realised profit/ (loss) £'000
Venture capital investments					
Smart Education Limited	160	3,670	4,153	3,993	483
Lyalvale Express Limited	500	500	509	9	9
SnackTime plc	450	450	212	(238)	(238)
Mears Group plc	188	298	350	162	52
Proxama plc	30	21	20	(10)	(1)
	1,328	4,939	5,244	3,916	305
Wessex Advanced Switching Products Limited	-	-	449	449	449
	1,328	4,939	5,693	4,365	754

* Adjusted for purchases in the year where applicable

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest investments are as follows:

Lyalvale Express Limited
www.lyalvaleexpress.com

Cost at 31/12/15:		£1,915,000	Valuation at 31/12/15:	£3,332,000
Cost at 31/12/14:		£915,000	Valuation at 31/12/14:	£1,598,000
Investment comprises:				
Equity shares:		£1,915,000	Valuation method:	Earnings multiple
Audited accounts:	30/03/15	30/03/14	Dividend income:	£135,000
Turnover:	£8.2m	£7.6m		
Profit before tax:	£1.3m	£1.1m	Proportion of capital held:	44.2%
Net assets:	£8.6m	£8.3m	Diluted equity:	44.2%

Lyalvale is the leading producer of shotgun ammunition in the UK. It has developed a range of more than 30 different models of cartridge suitable for both game and clay shooting.

Fords Packaging Topco Limited
www.ford-packsys.com

Cost at 31/12/15:		£2,883,000	Valuation at 31/12/15:	£3,239,00 0
Cost at 31/12/14:		£2,882,000	Valuation at 31/12/14:	£3,235,00 0
Investment comprises:				
Equity shares:		£2,425,000	Valuation method:	Earnings multiple
8% loan note:		£458,000		
Audited accounts:	30/06/15	30/06/14	Dividend income:	£195,000
Turnover:	£6.0m	£6.9m	Loan note income:	£37,000
Profit before tax:	£0.7m	£0.7m	Proportion of capital held:	48.7%
Net assets	£2.5m	£2.2m	Diluted equity:	48.7%

Based in Bedford, Fords is a leading supplier of capping presses and also manufactures Rotary Sealers. It is widely known for its expertise in sealing and closure technology for food and drink applications where high standards of hygiene are required.

Access Intelligence plc
www.accessintelligence.com

Cost at 31/12/15:		£2,333,000	Valuation at 31/12/15:	£3,118,000
Cost at 31/12/14:		£1,833,000	Valuation at 31/12/14:	£1,608,000
Investment comprises:				
Equity shares:		£1,333,000	Valuation method:	Bid price
8% conv. loan note:		£700,000		
10% loan note:		£300,000		
Equity share options:		£Nil		
Audited accounts:	30/11/14	30/11/13	Dividend income:	£Nil
Turnover:	£8.5m	£8.4m	Loan note income:	£72,000
Loss before tax:	(£1.0m)	(£2.6m)	Proportion of capital held:	13.9%
Net assets:	£5.6m	£6.7m	Diluted equity:	17.6%

Access Intelligence is a group of software companies delivering a range of business critical support services to private and public sector organisations through a software-as-a-service platform.

REVIEW OF INVESTMENTS (continued)

Baldwin & Francis Limited
www.baldwinandfrancis.com

Cost at 31/12/15:		£1,534,000	Valuation at 31/12/15:	£2,252,000
Cost at 31/12/14:		£1,534,000	Valuation at 31/12/14:	£2,498,000
Investment comprises:				
Equity shares:		£171,000	Valuation method:	Earnings multiple
Loan notes:		£1,363,000		
Audited accounts:	27/03/15	27/03/14	Dividend income:	£Nil
Turnover:	£10.1m	£11.3m	Loan note income:	£128,000
Profit/(loss) before tax:	(£0.1m)	£0.1m	Proportion of capital held:	48.9%
Net assets:	£0.6m	£0.8m	Diluted equity:	48.9%

Baldwin & Francis manufactures flameproof switchgear for the mining, oil and rail industries, a significant percentage of which is currently exported. It has subsidiary or joint venture operations in China and Canada and has a long export record to other countries including the Russian Federation, India, Turkey and the Middle East.

AngloINFO Limited
www.angloinfo.com

Cost at 31/12/15:		£1,634,000	Valuation at 31/12/15:	£1,225,000
Cost at 31/12/14:		£1,405,000	Valuation at 31/12/14:	£605,000
Investment comprises:				
Equity shares:		£746,000	Valuation method:	Price of recent investment
Conv. loan notes:		£888,000		
Abbreviated unaudited accounts:	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	Unpublished information		Loan note income:	£Nil
Profit before tax:	Unpublished information		Proportion of capital held:	46.5%
Net liabilities:	(€1.9m)	(€1.0m)	Diluted equity:	48.6%

AngloINFO is an online company providing local business directories, classified advertising and information services in the English language, operating in many countries around the world.

Fulcrum Utility Services Limited
www.fulcrumutilityserviceslimited.co.uk

Cost at 31/12/15:		£500,000	Valuation at 31/12/15:	£1,146,000
Cost at 31/12/14:		£500,000	Valuation at 31/12/14:	£312,000
Investment comprises:				
Equity shares:		£500,000	Valuation method:	Bid price
Abbreviated audited accounts:	31/03/15	31/03/14	Dividend income:	£17,000
Turnover:	£33.7m	£38.3m		
Profit/(loss) before tax:	£0.6m	(£4.5m)	Proportion of capital held:	2.66%
Net assets/(liabilities):	£1.1m	(£1.8m)	Diluted equity:	2.66%

Fulcrum is a leading independent utilities organisation that provides gas and multi-utility infrastructure design, technical engineering, project management and consultancy across all sectors nationally.

REVIEW OF INVESTMENTS (continued)

Concorde Solutions Limited
www.concordesoftware.com

Cost at 31/12/15:		£900,000	Valuation at 31/12/15:	£917,000
Cost at 31/12/14:		£750,000	Valuation at 31/12/14:	£750,000
Investment comprises:				
Equity shares:		£750,000	Valuation method:	Price of recent investment
Loan stock		£150,000		
Abbreviated unaudited accounts:	30/11/14	30/11/13	Dividend income:	£Nil
Turnover:	Unpublished information		Loan note income	£11,000
Profit before tax:	Unpublished information		Proportion of capital held:	15.8%
Net assets/(liabilities):	£2.1m	(£0.1m)	Diluted equity:	13.9%

Concorde Software Asset Management provide solutions for enterprises to manage their software estate to ensure they remain compliant with their software licences. Concorde's clients include Jaguar Land Rover, Rexam, Aviva, the FCA and Serco.

Lyalvale Property Limited

Cost at 31/12/15:		£300,000	Valuation at 31/12/15:	£914,000
Cost at 31/12/14:		n/a	Valuation at 31/12/14:	n/a
Investment comprises:				
Equity shares:		£300,000	Valuation method:	Price of recent Investment
Abbreviated unaudited accounts:	31/03/15	31/03/14	Dividend income:	£Nil
Turnover:	Unpublished information			
Loss before tax:	Unpublished information		Proportion of capital held:	28.4%
Net liabilities:	(£0.3m)	(£0.2m)	Diluted equity:	28.4%

The principal activity is that of property development. The Company owns a significant acreage of brownfield land within commuting distance of Birmingham.

Macranet Limited
www.sentimentmetrics.com

Cost at 31/12/15:		£863,000	Valuation at 31/12/15:	£862,000
Cost at 31/12/14:		£863,000	Valuation at 31/12/14:	£863,000
Investment comprises:				
Equity shares:		£87,000	Valuation method:	Cost as reviewed for impairment
10% loan note:		£776,000		
Abbreviated unaudited accounts:	31/07/14	31/07/13	Dividend income:	£Nil
Turnover:	Unpublished information		Loan note income:	£39,000
Profit before tax:	Unpublished information		Proportion of capital held:	3.3%
Net assets/(liabilities):	£0.2m	(£0.1m)	Diluted equity:	22.8%

Trading as Sentiment Metrics is media middleware analytics software vendor. Sentiment's powerful Cloud-based platform monitors global social media so clients can pick up on prospects or customers conversations in real time or via their archive of 25 billion stored conversations. Elderstreet invested alongside AIM quoted Netcall plc who are integrating the product into their multi-channel call centre software offering.

REVIEW OF INVESTMENTS (continued)

Proxama plc
www.proxama.com

Cost at 31/12/15:		£860,000	Valuation at 31/12/15:	£399,000
Cost at 31/12/14:		£890,000	Valuation at 31/12/14:	£666,000
Investment comprises:				
Equity shares:		£860,000	Valuation method:	Bid price
Audited accounts	31/12/14	31/12/13	Dividend income:	£Nil
Turnover:	£0.7m	£0.8m		
Loss before tax:	(£5.9m)	(£5.4m)	Proportion of capital held:	3.0%
Net assets:	£8.5m	£7.4m	Diluted equity:	3.0%

Proxama is a near field communication ("NFC") mobile commerce company. The Company's technology platforms enable consumers to use secure mobile wallets, receive offers, connect with brands and make payments through their NFC mobile phone. The Company offers card issuers, banks and Mobile Network Operators a range of NFC mobile wallet products and services. The Company's customisable mobile wallet technology allows financial institutions to launch highly secure mobile contactless payments, without the need for high capital outlay.

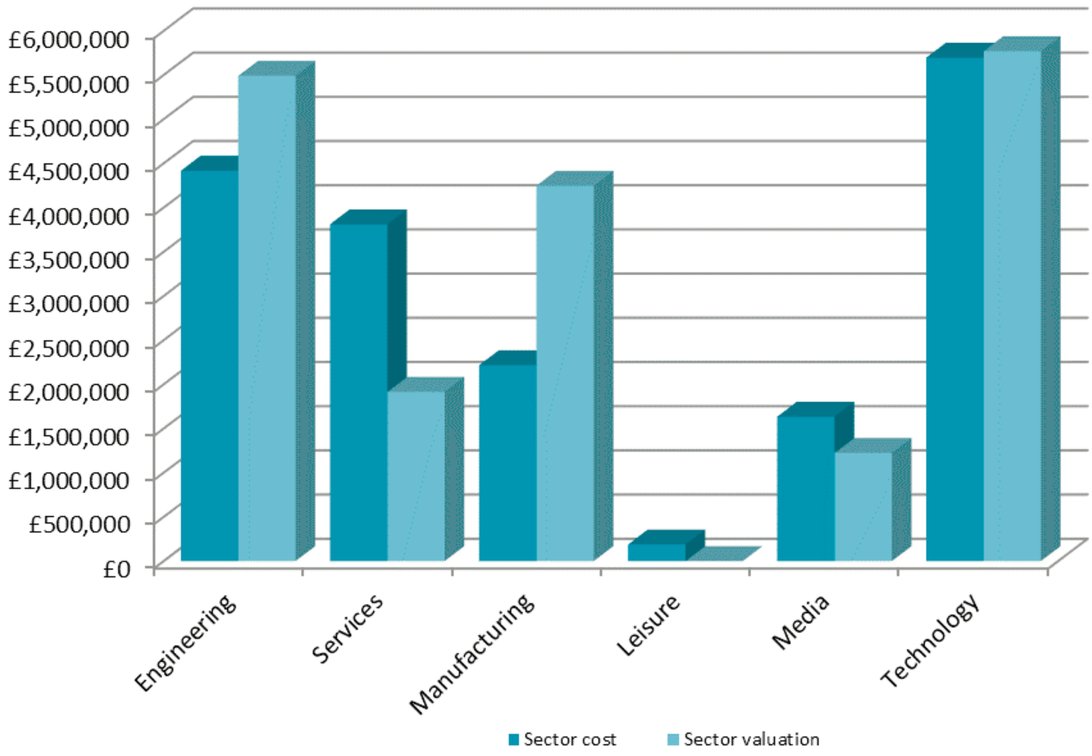
Note:
Except where disclosed, the proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

Loan notes disclosed in the above tables are valued at current expected redemption value, which is normally at par.

REVIEW OF INVESTMENTS (continued)

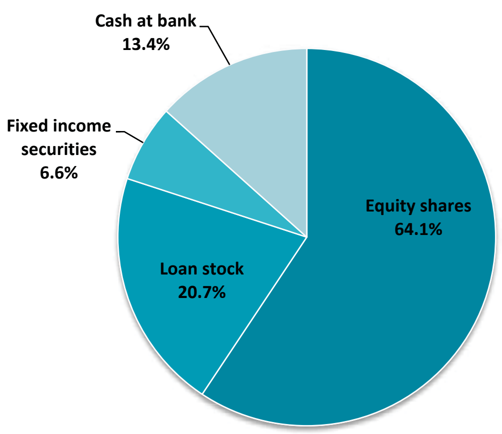
Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 December 2015) is as follows:



Analysis of investments by nature of instrument

The following chart summarises the Company's investment portfolio by the nature of instrument held (by value at 31 December 2015):



Portfolio balance

At 31 December 2015, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of investment (by value, according to HMRC regulations)	Actual	Target
VCT qualifying investments	72.6%	Minimum 70%
Non-qualifying investments (including cash at bank)	27.4%	Maximum 30%
Total	100.0%	100%

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 December 2015. The Board have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2014.

Principal objectives and strategy

The Company is a Venture Capital Trust whose principal investment objectives are to:

- invest in a diversified portfolio of companies, focussing on smaller unquoted companies;
- pay annual dividends of between 4 and 5 pence per Ordinary share (subject to liquidity); and
- maintain its VCT status.

As a Venture Capital Trust, Investors are required to hold their shares for a minimum period of five years in order to retain their income tax relief.

Business review and developments

At the year end, the investment portfolio had risen in value by £0.9 million (2014: £381,000). Realised profit on investment disposals was £754,000 (2014: £4.5 million).

Total running costs for the year exceeded revenue income by £552,000 (2014: £1.2 million). This includes performance fees of £454,000 (2014: £991,000).

The ongoing charges ratio was 3.2%.

The total return for the year was £3.4 million (2014: £3.7 million). Net assets at the year-end were £24.5 million (2014: £23.8 million). Dividends paid during the year totalled £3.4 million (2014: £5.8 million), including a special dividend of £1.7 million (2014: £4.6 million).

The Company's business and developments during the year are reviewed further in the Chairman's Statement, the Investment Manager's Report and the Review of Investments.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its investment policy (as shown on pages 16 to 17). The Board believes the Company's key performance indicators, for comparison against similar VCTs, are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see page 2). In addition, the Board considers the Company's performance in relation to other VCTs.

Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, investment price, credit and liquidity risks, are summarised within note 17 of the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks.

A breach of the VCT regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Conduct Authority and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly reports from the Managers, which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Viability statement

In accordance with C.2.1 and C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board has conducted this review for a period of three years from the balance sheet date as developments are considered to be reasonably foreseeable over this period.

The three year review considers the principal risks facing the Company which are summarised within note 17 as well as the Company's cash flows, dividend cover and VCT monitoring compliance over the period. The three year review makes assumptions about the normal level of capital recycling likely to occur, expenses, dividends and share buybacks.

The Directors believe that the Company is well placed to manage its business risks successfully. Based on the results, the Board believes that, taking into account the Company's current position, and subject to the principal risks faced by the business, the Company will be able to continue in operation and meet its liabilities as they fall due for a period of at least three years from the balance sheet date.

STRATEGIC REPORT (continued)

Business Model

The Company operates as a Venture Capital Trust to ensure that its Shareholders can benefit from tax reliefs available.

The Business of the Company is to act as an investment company, investing in a portfolio which meets the conditions set within its Investment Policy, as shown below.

Investment policy

The Company will continue to invest predominantly in a diversified portfolio of companies, with a particular emphasis on smaller unquoted companies, through investments which will usually have the following characteristics:

- Established companies which are seeking development capital or funding for management buy-outs. (Investments in early stage businesses should represent only a small proportion of the portfolio at any time), including investing into the existing portfolio.
- A strong, balanced and well-motivated management team.
- Investments which, where appropriate, include loan notes and preference shares to enhance the security of the portfolio and to provide income.
- Investments where Elderstreet Investments Limited can typically act as lead investor and have an active involvement in the business through a board position.

The Company has a general portfolio mix by sector and its average deal size is approximately £1.0 million, although it will syndicate deals of up to £2.0 million. Within qualifying investments, 30% of investments will usually be into early stage companies with high growth potential and 70% will be MBO and development capital investments – mature companies yielding dividends. The target deal size is between £0.5 million and £1.5 million across a broad range of industries. The Company will aim to have material influence, including board representation, in relation to all of its portfolio companies.

Risk Diversification

The Company's portfolio will be diversified by investing in a portfolio of VCT Qualifying Investments covering a number of sectors. Funds not invested in VCT Qualifying Investments will generally be invested in fixed income securities. The maximum that the Company will hold in a single investment (by value at the time of investment) is 15% of funds invested.

VCT Qualifying Investments

It is the Directors' intention that Qualifying Investments made by the Company will be in companies supplying products and services to a range of markets. In particular, the Directors have specific experience and expertise in certain markets, such as information technology, manufacturing and retailing, and, where appropriate, the Company will invest in these sectors.

It is intended that most of the Company's qualifying investments will be established businesses requiring development finance or funding for management buy-outs. Investments in early stage businesses should represent only a small proportion of the portfolio at any time; such investments could be made, for example, in a company whose management team the Company has previously backed or a start-up company which can demonstrate substantial and verifiable first year sales prospects.

The Manager will seek to ensure that the businesses in which the Company invests will have: strong management teams; opportunities for growth; products or services able to sustain a competitive advantage; and reasonable prospects of achieving a stock market flotation or trade sale within three to five years.

In relation to investments to be made by the Company from its Share Pool:

1. In order to enhance the security of the portfolio and to provide income, the Company's investments from this share pool may include, where appropriate, loan notes and preference shares;
2. The Company's policy is, where appropriate, to have a representative of the Manager, or an experienced individual well known to it, appointed to the board of each portfolio company as a non-executive director in order to play an active role in seeking to develop the full potential of the company concerned; and
3. The Manager will endeavour to add value to the portfolio companies in a number of ways, including strategic planning, assisting with the development of the management team, advising on acquisitions or mergers and helping to structure the company for a stock market flotation or trade sale.

Investments in AIM traded companies

Companies whose shares are traded on AIM will be considered for investment. Such investments will normally only be made where most of the same criteria for unquoted investments are met.

STRATEGIC REPORT (continued)

Investment policy (continued)

Non-Qualifying Investments

The approach adopted by the manager (or managers) of the non-qualifying investments will be to invest in short-dated fixed interest securities of high credit quality (to provide protection for the capital invested) principally consisting of financial instruments and fixed income securities issued by the UK Government, major companies and institutions. The manager (or managers) of the non-qualifying investments will also have the ability to invest such funds in cash, bonds, property, equities, commodities and hedge funds within a balanced portfolio, with a focus on higher yields while maintaining liquidity and downside protection.

Venture Capital Trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);

2. In respect of funds raised before 5 April 2011, at least 30% of the Company's qualifying investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital). For funds raised after 5 April 2011 this is increased to 70%;

3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);

4. No investment constitutes more than 15% of the Company's portfolio (by value at time of investment);

5. The Company's income for each financial year is derived wholly or mainly from shares and securities;

6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and

7. Prior to 5 April 2012, the maximum unit size of £1 million in each VCT qualifying investment (per tax year). Post 5 April 2012 the maximum investment by a VCT in any company is £5 million in the twelve months ending on the date of the VCT's investment.

Borrowings

It is not the Company's intention to have any borrowings; however the Company does have the ability to borrow not more than 10.0% of the aggregate of the nominal capital of the Company (being issued and paid up) plus the amounts standing to the credit of the reserves of the Company.

At 31 December 2015, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £2.4 million. There are no plans to utilise this ability at the current time.

Environmental, social and human rights policy

The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Managers take environmental, social and human rights factors into consideration when making investment decisions.

Global greenhouse gas emissions

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

Directors and senior management

The Company does not have any employees, including senior management, other than the Board of the five male non-executive directors. There are no female directors.

Whilst the Board have delegated the day to day operation of the Company to its advisers, details of which are contained within the Report of the Directors, they retain the responsibility of planning, directing and controlling the activities of the Company.

Future Prospects

The Company's future prospects are set out in the Chairman's Statement and Investment Manager's Report.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary of Elderstreet VCT plc
Company number: 03424984
Registered office:
Ergon House
Horseferry Road
London SW1P 2AL

26 April 2016

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

Share capital

Under the terms of the Company's Special Dividend Reinvestment Scheme, the Company allotted 388,198 shares at 66.6p to subscribing Shareholders, in respect of the special dividend paid on 30 June 2015.

On 12 March 2015 and 13 April 2015 the Company allotted 778,478 and 112,585 Ordinary Shares of 5p each ("Ordinary Shares") respectively, under the terms of a prospectus dated 9 October 2014, at an average price of 71.9p per share. Gross proceeds received thereon were £640,500 with issue costs in respect of the offer amounting to £9,000.

In May 2015, the Company purchased 180,000 Ordinary Shares for cancellation for an aggregate consideration of £114,000, at an average price of 63.0p per share. The purchase was undertaken at a price approximately equivalent to a 7.5% discount to the most recently published NAV at the time of purchase. These shares were subsequently cancelled.

The total number of Ordinary Shares in issue at 31 December 2015 was 34,660,694.

At the date of this report, the total number of Ordinary Shares in issue was 37,251,866. There are no other share classes in issue.

Results and dividends

	£'000	Pence per share
Return for the year	3,354	9.8
Dividends paid in the year		
29 May 2015	861	2.5
30 June 2015	1,714	5.0
11 December 2015	866	2.5
	3,441	10.0

Your Company will pay a final dividend of 2.5p per Ordinary Share on 30 June 2016 to Shareholders on the register at 20 May 2016, subject to Shareholder approval at the AGM.

Directors

The Directors of the Company during the year were as follows:

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

In view of trends in corporate governance practice all Directors retire at each AGM, with those wishing to do so putting themselves forward for re-election. Accordingly, at the forthcoming AGM all Directors will retire and all of them, being eligible, are offering themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 3 together with the performance of the Company over the years, in order to support the resolutions to re-appoint each of the Directors.

Each of the Directors has entered into an agreement for services which are terminable on three months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires and their powers are bound by the Company's Articles of Association. Appointments of new Directors to the Board are considered by all existing Directors as, and when, required.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its Directors, and has also agreed to indemnify Directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current Directors.

Investment management fees

Elderstreet Investments Limited is the Investment Manager for the Company and receives a fee of 2.0% of net assets per annum. The agreement, originally entered into on 30 January 1998 for a fixed period of five years, is terminable by one year's prior written notice by either side.

The Board is pleased with the performance of the Company and is satisfied with Elderstreet Investments Limited's strategy, approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of Elderstreet Investments Limited as Investment Manager remains in the best interest of Shareholders.

REPORT OF THE DIRECTORS (continued)

Performance incentive fees

Performance incentive fees are payable to the Investment Manager when the Company has paid and/or proposed dividends totalling at least 3.5p per share in respect of any one financial year and when the NAV, before the dividends, is above 70.6p per share. If the test is met, the fee is calculated at a rate of 20% of the dividend per share in excess of 3.5p and is based on the shares in issue at the year end. The performance incentive fee will also have a catch-up if the dividend element of the test is not met. The test has been met for the year under review and £454,000 is payable in respect of the year ended 31 December 2015.

Annual running costs cap

The Company's annual running costs (which exclude any performance fees payable) are capped at 3.5% of the net assets. Any excess will be paid by the Managers. The expense ratio for the year, based on net assets at the year end, was 3.2% (2014: 3.3%).

Administration management fees

Downing LLP provides administration services to the Company for a fee of £50,000 per annum. The agreement is terminable by one year's prior written notice by either side.

Fixed interest investment management

Smith & Williamson Investment Management Limited provides investment management services to the Company in respect of fixed income securities for a fee of 0.30% per annum (plus VAT where applicable) of the amount invested in fixed income securities.

VCT Status

The Company has appointed Philip Hare & Associates LLP to advise it on compliance with VCT requirements, reporting directly to the Board. Philip Hare & Associates LLP work closely with the Managers of the Company, undertaking reviews of the VCT compliance status of new investment opportunities; providing regular compliance updates on the Company's existing portfolio of investments and providing advice on VCT compliance issues as and when they arise.

A summary of the VCT regulations is included in the Company's Investment Policy as shown on page 17.

Compliance with the main VCT regulations as at 31 December 2015 and for the year then ended is summarised as follows:

1. 70% of its investments is held in qualifying companies;	91.7%
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares" for funds raised before 5 April 2011, and 70% thereafter;	Complied
3. At least 10% of each investment in a qualifying company is held in "eligible shares";	Complied
4. No investment constitutes more than 15% of the Company's portfolio (by value at the time of investment);	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	97.5%
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and	Complied
7. Prior to 5 April 2012, the maximum unit size of £1 million in each VCT qualifying investment (per tax year). Post 5 April 2012 the maximum investment by a VCT in any company is £5 million in the twelve months ending on the date of the VCT's investment.	Complied

Substantial interests

As at 31 December 2015, and the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued Ordinary Share capital.

Auditor

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

REPORT OF THE DIRECTORS (continued)

Annual General Meeting

The Annual General Meeting will be held at 10-11 Charterhouse Square, London EC1M 6EH at 11:00 a.m. on 28 June 2016. The AGM Notice is at the end of this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Report of the Directors, the Strategic Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with 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 (FRS102). 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 of 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to 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.

In addition, each of the Directors considers that the Annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 3, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report, comprising the Chairman's Statement, the Strategic Report, the Investment Manager's Report, the Review of Investments and the Report of the Directors, includes a fair review of the development and performance of the business and the position of the Company, together with the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.elderstreet.com (maintained by the Investment Manager) and on www.downing.co.uk (maintained by the Administration Manager). Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate Governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code (www.frc.org.uk), is shown on page 27.

Other matters

Information in respect of financial instruments and future developments which were previously disclosed within the Report of the Directors have been disclosed within the Strategic Report on pages 15 to 17.

REPORT OF THE DIRECTORS (continued)

Statement as to disclosure of information to Auditor

The Directors in office at the date of this report have confirmed, as far as they are aware, that 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.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary of Elderstreet VCT plc
Company number: 03424984
Registered office:
Ergon House
Horseferry Road
London SW1P 2AL

26 April 2016

DIRECTORS' REMUNERATION REPORT

Annual statement from the Chairman of the Remuneration Committee: David Brock

The committee, comprising Hugh Aldous, Barry Dean, Michael Jackson, Nicholas Lewis and myself, has reviewed the fee structure, which has been in place since the VCT commenced trading, and agreed that the remuneration levels should remain unchanged for the forthcoming year.

Remuneration policy report

Below is the Company's remuneration policy which is effective for the three years commencing on 1 January 2015.

The Company's policy on Directors' remuneration is to seek to remunerate board members at a level appropriate for the time commitment required and degree of responsibility involved for a Venture Capital Trust of this size, where all investment decisions are made by the Board and where the non-executive Directors are more closely involved with the investee companies than other similar VCTs.

Non-executive Directors are not entitled to any performance related pay or incentive.

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £1,000,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in general meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.

- The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or of Committees of the Board or general meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

A remuneration payment or payment for loss of office can only be made to a current or former director that is within the scope of the approved policy (subject to the Articles), unless approved by a separate shareholder resolution.

The Board receives feedback from Shareholders from time to time via direct correspondence, telephone calls and at the AGM. The Remuneration Committee will take account of any comments in respect of the remuneration policy when it undertakes its regular review of the Company's policy.

Agreement for services

Each of the Directors has signed an agreement for services with the Company which specifies a notice period of three months. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Annual report on remuneration (audited)

The following disclosure is required to be audited under the requirements of section 497. The audit opinion thereon is contained within the Auditor's Report on pages 28 to 31.

Directors' remuneration for the year under review was as follows:

	2015	**2014**
	£	**£**
David Brock	22,500	15,000
Hugh Aldous	17,500	10,000
Barry Dean	17,500	10,000
Michael Jackson	15,000	10,000
Nicholas Lewis	15,000	10,000
	87,500	55,000

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

Statement of implementation of remuneration policy in the current financial year

The remuneration levels for the forthcoming year are expected to be unchanged, and at the following levels:

	£
David Brock	22,500
Hugh Aldous	17,500
Barry Dean	17,500
Michael Jackson	15,000
Nicholas Lewis	15,000
	87,500

DIRECTORS' REMUNERATION REPORT (continued)

The committee consider these levels to be comparable to other similar VCTs and appropriate for the time commitment required and degree of responsibility involved in being a non-executive director of the Company.

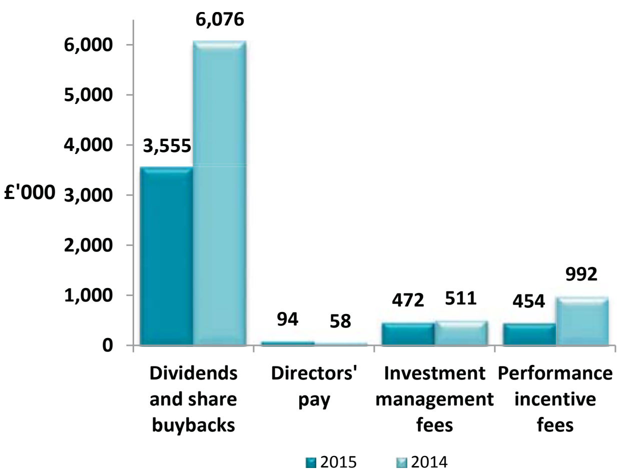
Directors share interests

The beneficial interests of the Directors in the issued Ordinary Shares in the Company at each year end and the date of this report were as follows:

	2015	2014
David Brock	104,281	96,999
Hugh Aldous	20,710	20,000
Barry Dean	20,421	20,421
Michael Jackson	801,790	767,058
Nicholas Lewis	48,498	48,498

Relative importance of spend on pay

The difference in actual spend between 31 December 2015 and 31 December 2014 on remuneration for all directors in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the tabular graph below:



Performance graph

The graph at the foot of the page charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and total return of the Company's Share Price ("Share Price Total Return") over the past five years, compared to Numis Smaller Companies Index (Total Return, excluding investment companies), each of which has been rebased to 100 pence.

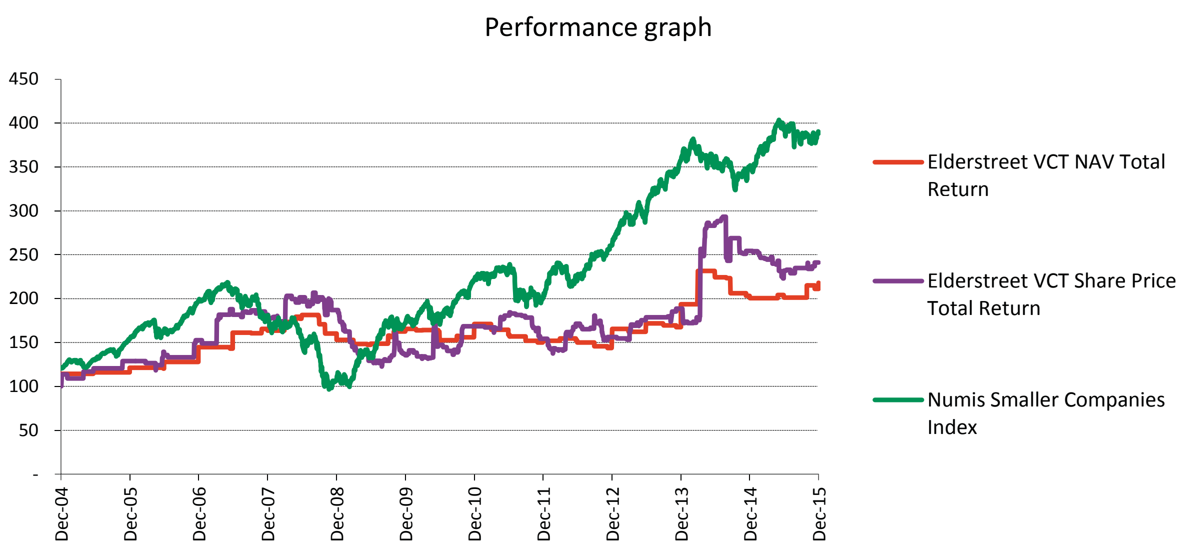
The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company's long term value than the Company's share price, due to the long term nature of an investment in Venture Capital Trust shares. The Numis Smaller Companies Index is considered to be the most appropriate broad equity market against which Investors can measure the relative performance of the Company.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

26 April 2016



CORPORATE GOVERNANCE STATEMENT

The Directors support the relevant principles of the UK Corporate Governance Code maintained by the Financial Reporting Council being the principles of good governance and the code of best practice.

The Board

The Company has a Board comprising of five non-executive Directors. The Chairman is David Brock and the Senior Independent Director is Hugh Aldous. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 3.

In accordance with Company Policy all of the Directors are offering themselves for re-election at the next AGM.

Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes, but is not limited to: considering recommendations from the Investment Manager; making decisions concerning the acquisition or disposal of investments outside of the scope of the discretionary management agreement; and reviewing, annually, the terms of engagement of all third party advisers (including the Investment Manager and Administration Manager).

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

Share capital

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The Board will seek authority at the forthcoming AGM to issue new shares up to an aggregate nominal amount of £1,250,000.

The capital structure of the Company is disclosed on page 18.

Committees to the Board

As the Company has a small Board of non-executive Directors, all Directors sit on the Nomination Committee and Remuneration Committee. David Brock is the Chairman of both Committees. David Brock and Hugh Aldous sit on the Audit Committee. Hugh Aldous is Chairman of the Audit Committee. Committee meetings are held in conjunction with the Board meetings. All Committees have defined terms of reference and duties, which are available from www.downing.co.uk.

Formal Board and Committee meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board meetings attended (4 held)	Audit Committee meetings attended (1 held)	Remuneration Committee meetings attended (1 held)
David Brock	4	1	1
Hugh Aldous	4	1	1
Barry Dean	4	N/A	1
Michael Jackson	3	N/A	1
Nicholas Lewis	4	N/A	1

The Nomination Committee did not meet during the year.

Audit Committee

The Audit Committee is responsible for:

- monitoring the Company's financial reporting;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors.

Financial Reporting

The Committee is responsible for reviewing, and agreeing the half-yearly and annual accounts (including those figures presented within) before they are presented to the Board for final approval.

In particular, the Committee reviews, challenges (where appropriate) and agrees the basis for the carrying value of the unquoted investments, as prepared by the Investment Manager, for presentation within the half-yearly and annual accounts.

The Committee also takes into careful consideration, comments on matters regarding valuation, revenue recognition and disclosures arising from the Report to the Audit Committee as part of the finalisation process for the Annual Accounts.

CORPORATE GOVERNANCE STATEMENT (continued)

Audit Committee (continued)

Internal audit and control

The Committee has considered the need for an internal audit function and has concluded that this would not be appropriate for a company of this size and structure. The Committee seeks to satisfy themselves that there is a proper system and allocation of the responsibilities for the day-to-day monitoring of financial controls by receiving representations and information either upon request or voluntarily from the Manager. This is covered more fully under Risk Management and Internal Control.

Whistleblowing procedures

As the Company has no staff, other than directors, there are no procedures in place in respect of C.3.5 of the UK Corporate Governance Code, relating to whistleblowing. The Audit Committee understands that the Investment Manager and Administration Manager have whistleblowing procedures in place.

External auditor

The Committee reviews and agrees the audit strategy paper, presented by the Auditor in advance of the audit, which sets out the key risk areas to be covered during the audit and confirms their status of independence. The Committee confirms that the two main areas of risk for the year under review are the carrying value of investments and revenue recognition. The committee's consideration of these risks is set out in the Financial Reporting section on the previous page.

The Committee, after taking into consideration comments from the Investment Manager, Elderstreet Investments Limited, and the Administration Manager, Downing LLP, regarding the effectiveness of the audit process; immediately before the conclusion of the annual audit, will recommend to the Board either re-appointment or removal of the auditors.

Following assurances received from the Managers at the completion of the audit for the year to 31 December 2015, and taking discussions held with the engagement Partner at BDO LLP into consideration, the Committee has recommended they be re-appointed at the forthcoming AGM.

Non audit services

BDO LLP also provides certain corporation tax compliance services and may perform ad-hoc work at the request of the Board. The Committee recognises the requirement for the Company's tax returns to be prepared annually, therefore does not require the annual appointment to be referred to the Committee. The Committee will approve the provision of the ad-hoc work and maximum expected fee before being undertaken, to ensure that auditor objectivity and independence is safeguarded. With the exception of the provision of tax compliance services the Auditor did not provide any other non-audit services during the year.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance.

Diversity policy

When considering a new appointment to the Board, the Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position, (irrespective of gender) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

Remuneration Committee

The Remuneration Committee meets, as required, to discuss the existing levels of remuneration for the non-executive Directors and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels.

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by the Administration Manager at www.downing.co.uk.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested. As disclosed in the Report of the Directors, there were no Shareholders with a substantial interest in the Company at the year-end or at the date of this report.

CORPORATE GOVERNANCE STATEMENT (continued)

Relations with Shareholders (continued)

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. Downing LLP collates 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 UK Corporate Governance 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, and are published immediately following the AGM. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting

The Directors' responsibilities statement for preparing the accounts is set out in the Report of the Directors on page 20, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 28.

Risk management and internal control

The Board has adopted an Internal Control Manual ("Manual"), for which they are responsible, which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the Financial Reporting Process) to the following advisers:

Investment Management	Elderstreet Investments Limited
Administration Management	Downing LLP
Listed Fixed Income Securities Management	Smith & Williamson Investment Management Limited

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 4 to 5, the Investment Manager's Report on pages 6 to 7 and the Strategic Report on page 15. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 34; the Statement of Cash Flows on page 35 and the Strategic Report on page 17. In addition, note 17 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources at the year end and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they believe that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE STATEMENT (continued)

Compliance statement

The Listing Rules require the Board to report on compliance with the fifty-five UK Corporate Governance Code provisions throughout the accounting period. The preamble to the Combined Code does, however, acknowledge that some provisions may have less relevance for investment companies. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 December 2015 with the provisions set out in the UK Corporate Governance Code:

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also, the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)

b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its Committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise. (A.4.1, A.4.2, B.6.1, B.6.3, B.7.2)

c) The Company does not have a majority of independent Directors as defined by the UK Corporate Governance Code as the majority of Directors have held office for more than nine years. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code. (B.1.2) (Consequently, the composition of the Audit Committee does not comply with C.3.1.)

d) The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts. (B.2.3) The Directors do have agreements for services in place. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company.

By order of the Board

G Whitehouse

Grant Whitehouse
Secretary
Ergon House
Horseferry Road
London SW1P 2AL

26 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDERSTREET VCT PLC

Our opinion on the financial statements

In our opinion the Elderstreet VCT plc financial statements for the year ended 31 December 2015, which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 covers the:

- Income Statement;
- Statement of Changes in Equity;
- Balance Sheet;
- 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 FRC's Ethical Standards for Auditors.

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

Our approach

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 Administration 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. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDERSTREET VCT PLC (continued)

Risk area	Audit response
Valuation of investments: Valuation of investments is a key 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.	The valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The investments are held in a diverse range of entities and are valued using various valuation models as appropriate in each circumstance. For a sample of investments held, our audit procedures included: • considering the appropriateness of the valuation methodology ensuring that it is in accordance with the International Private Equity and Venture Capital Valuation Guidelines; • reviewing and challenging the assumptions inherent in the valuation models by comparison to appropriate benchmark data; • Carefully examining the Investment Manager's assessment of maintainable earnings with reference to the investee's historic performance and current prospects; • assessing the appropriateness of discount rates and marketability discounts where applied in the model with reference to market data for comparable assets; and • assessing the impact of estimation uncertainty concerning these assumptions and the completeness of associated disclosures in the financial statements. Where such investments were held in loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans. Quoted investments and fixed income securities are valued using published bid prices and a sample of these were verified to market data. Consideration was given to the possible impact on realisable values arising from low trading volumes or any other restrictions on sale. Where appropriate we developed our own point estimate using alternative assumptions that could reasonably be applied. We considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.
Revenue recognition: Revenue consists of loan stock interest, dividends receivable from investee companies and interest earned on cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.	• 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 considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest; • We also reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement; and • We also tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies.

The Audit Committee's consideration of these key issues is set out on pages 24 to 25.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDERSTREET VCT PLC (continued)

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. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels 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 three 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.	• The value of net assets • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	305,000
Specific materiality – classes of transactions and balances which impact on net realised returns	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.	• Level of gross expenditure	75,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000, as well as any 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
- the information given in the Corporate Governance Statement set out on pages 24 to 27 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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 to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELDERSTREET VCT PLC (continued)

Statement regarding the directors' assessment of principal risks, going concern and longer term viability of the Company (continued)

- 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern; and
- the Directors' statements, set out on page 15 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.

BDO LLP

Stuart Collins *(senior statutory auditor)*
For and on behalf of BDO LLP
Statutory auditor
London, UK
26 April 2016

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

INCOME STATEMENT
for the year ended 31 December 2015

	Note	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
Income	**2**	688	-	688	544	-	544
Gains on investments	**9**	-	3,906	3,906	-	4,891	4,891
		688	3,906	4,594	544	4,891	5,435
Investment management fees	**3**	(118)	(354)	(472)	(128)	(383)	(511)
Performance incentive fees	**3**	-	(454)	(454)	-	(991)	(991)
Other expenses	**4**	(308)	(6)	(314)	(269)	-	(269)
Return on ordinary activities before tax		262	3,092	3,354	147	3,517	3,664
Tax on total comprehensive income and ordinary activities	**6**	-	-	-	-	-	-
Return attributable to equity shareholders	**8**	262	3,092	3,354	147	3,517	3,664
Basic and diluted return per share	**8**	0.8p	9.0p	9.8p	0.5p	11.4p	11.9p

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS102"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 by the Association of Investment Companies ("AIC SORP").

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between the return as stated above and at historical cost.

The accompanying notes form an integral part of these financial statements.

ELDERSTREET VCT plc

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Called up share capital £'000	Capital Redemption reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve - unrealised £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
For the year ended 31 December 2015									
At 1 January 2015	1,678	465	2,908	1,882	2,991	4,908	8,713	224	23,769
Issue of new shares	45	-	596	-	-	-	-	-	641
Issue of new shares under Dividend Reinvestment Scheme	19	-	239	-	-	-	-	-	258
Share issue costs	-	-	-	-	(9)	-	-	-	(9)
Purchase of own shares	(9)	9	-	-	(114)	-	-	-	(114)
Expenses charged to capital	-	-	-	-	-	-	(814)	-	(814)
Gains on investments	-	-	-	-	-	3,152	754	-	3,906
Realisation of revaluations from prior years	-	-	-	-	-	(3,627)	3,627	-	-
Transfer between reserves	-	-	-	(54)	(239)	-	293	-	-
Revenue return	-	-	-	-	-	-	-	262	262
Dividends paid	-	-	-	-	-	-	(3,441)	-	(3,441)
At 31 December 2015	1,733	474	3,743	1,828	2,629	4,433	9,132	486	24,458
For the year ended 31 December 2014									
At 1 January 2014	1,537	446	856	1,882	6,950	8,683	3,118	505	23,977
Issue of new shares	112	-	1,415	-	-	-	-	-	1,527
Issue of new shares under Dividend Reinvestment Scheme	48	-	637	-	-	-	-	-	685
Share issue costs	-	-	-	-	(8)	-	-	-	(8)
Purchase of own shares	(19)	19	-	-	(319)	-	-	-	(319)
Expenses charged to capital	-	-	-	-	-	-	(1,374)	-	(1,374)
Gains on investments	-	-	-	-	-	381	4,510	-	4,891
Realisation of revaluations from prior years	-	-	-	-	-	(4,156)	4,156	-	-
Transfer between reserves	-	-	-	-	(3,632)	-	3,632	-	-
Revenue return	-	-	-	-	-	-	-	147	147
Dividends paid	-	-	-	-	-	-	(5,329)	(428)	(5,757)
At 31 December 2014	1,678	465	2,908	1,882	2,991	4,908	8,713	224	23,769

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
at 31 December 2015

	Note	£'000	2015 £'000	£'000	2014 £'000
Fixed assets					
Investments	9		20,189		19,295
Current assets					
Debtors	10	1,757		3,704	
Cash at bank and in hand		3,113		1,562	
		4,870		5,266	
Creditors: amounts falling due within one year	11	(601)		(792)	
Net current assets			4,269		4,474
Net assets			24,458		23,769
Capital and reserves					
Called up share capital	12		1,733		1,678
Capital redemption reserve	13		474		465
Share premium	13		3,743		2,908
Merger reserve	13		1,828		1,882
Special reserve	13		2,629		2,991
Capital reserve – unrealised	13		4,433		4,908
Capital reserve – realised	13		9,132		8,713
Revenue reserve	13		486		224
Total equity shareholders' funds	14		24,458		23,769
Basic and diluted net asset value per share	14		70.6p		70.8p

The financial statements on pages 32 to 49 were approved and authorised for issue by the Board of Directors on 26 April 2016 and were signed on its behalf by:

David Brock
Chairman
Company number: 03424984

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Net cash outflow from operating activities	**15**	(757)	(431)
Cash flow from investing activities			
Purchase of investments		(2,677)	(3,880)
Proceeds from disposal of investments		7,509	8,362
Net cash inflow from investing activities		4,832	4,482
Equity dividends paid		(3,183)	(5,105)
Net cash inflow/(outflow) before financing		892	(1,054)
Cash flows from financing			
Proceeds from share issue		773	1,379
Purchase of own shares		(114)	(319)
Net cash inflow from financing		659	1,060
Increase in cash	**16**	1,551	6

The accompanying notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2015

1. Accounting policies

Basis of accounting
The Company has prepared its financial statements in accordance with the Financial Reporting Standard 102 ("FRS102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" revised November 2014 ("SORP").

This is the first period in which the financial statements have been prepared under FRS102, however, it has not been necessary to restate comparatives as the treatment previously applied aligns with the requirements of FRS102. As a result, there are no reconciling differences between the previous financial reporting framework and the current financial reporting framework and the comparative figures represent the position under both current and previous financial reporting frameworks.

The Company implements new Financial Reporting Standards issued by the Financial Reporting Council when required.

Presentation of Income Statement
In order to better reflect the activities of a venture capital trust, and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Fixed asset investments
Investments are designated as "fair value through profit or loss" assets, upon acquisition, due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented investment policy.

Key sources of estimation uncertainty
Of the Company's assets measured at fair value, it is possible to determine their fair values within a reasonable range of estimates. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") together with FRS102 sections 11 and 12.

Listed fixed income investments and investments quoted on AIM and the Main Market are measured using bid prices in accordance with the IPEV.

For unquoted instruments, fair value is established using the IPEV. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Where an investee company has gone into receivership, liquidation, or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised. Permanent impairments in the value of investments are deemed to be realised losses and held within the Capital Reserve – Realised.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

1. Accounting policies (continued)

Key sources of estimation uncertainty (continued)
Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

It is not the Company's policy to exercise significant influence over investee companies. Therefore the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP and FRS102 sections 14 and 15 that do not require portfolio investments to be accounted for using the equity method of accounting.

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

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection.

Expenses
All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are deducted as a capital item.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted the policy of allocating investment manager's fees, 75% to capital and 25% to revenue as permitted by the SORP. The allocation is in line with the Board's expectation of long term returns from the Company's investments in the form of capital gains and income respectively.
- Performance incentive fees arising are treated as a capital item.

Taxation
The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arise.

Deferred taxation is not discounted and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors and other creditors
Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

Issue costs
Issue costs in relation to the shares issued are deducted from the share premium account.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

2. Income

	2015 £'000	2014 £'000
Income from investments		
Loan note interest	278	439
Dividend income	376	53
Interest on fixed income securities	17	18
	671	510
Other income		
Deposit interest	17	34
	688	544

3. Investment management fees

	2015 £'000	2014 £'000
Investment management fees	472	511
Performance incentive fees	454	991
	926	1,502

Performance incentive fees are payable to the Investment Manager when the Company has paid and/or proposed dividends totalling at least 3.5p per share in respect of any one financial year and when the NAV, before the dividends, is above 70.6p per share. If the test is met, the fee is calculated at a rate of 20% of the dividend per share in excess of 3.5p and is based on the shares in issue at the year end. The performance incentive fee will also have a catch-up if the dividend element of the test is not met. The test has been met for the year under review and as such £454,000 is payable in respect of the performance incentive fees (2014: £991,000).

4. Other expenses

	2015 £'000	2014 £'000
Administration services	50	50
Directors' remuneration	87	55
Social security costs	7	3
Auditor's remuneration for statutory audit	27	23
Auditor's remuneration for non-audit services (corporation tax services)	3	3
Trail commission	21	12
Provision for doubtful income	20	-
Other running costs	99	123
	314	269

The annual running costs of the Company are also subject to a cap at 3.5% of the Company's net assets. The Manager's fees are, therefore, restricted accordingly if the cap is breached.

5. Directors' remuneration

Details of remuneration of the Directors (excluding employers' NI) can be found in the Directors' Remuneration Report on page 22.

The Company had no employees other than the Directors during the year. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Directors.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

6. Taxation on ordinary activities

	2015 £'000	2014 £'000
(a) Tax charge for the year		
Current year		
UK corporation tax at 20.0% (2014: 20.0%)	-	-
Charged to capital expenses	-	-
	-	-
(b) Factors affecting tax charge for the year		
Return on ordinary activities before tax	3,354	3,664
Tax charge calculated on return on ordinary activities before tax at the applicable rate of 20% (2014: 20.0%)	671	732
Gains on investments	(781)	(978)
UK dividend income	(75)	(11)
Expenses disallowed for taxation purposes	1	3
Excess management fees carried forward	184	254
Tax charge	-	-

(c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £4.0 million (2014: £3.1 million). The associated deferred tax asset at a rate of 18%, of £724,000 (2014: £621,000 at 20%), has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against taxable profits in the foreseeable future.

Due to the Company's status as a Venture Capital Trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7. Dividends

		2015			2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2015 Interim	2.5p	-	866	866	-	-	-
2015 Special	5.0p	-	1,714	1,714	-	-	-
2014 2nd Interim	2.5p	-	861	861	-	-	-
2014 Interim	2.0p	-	-	-	125	501	626
2014 Special	15.0p	-	-	-	-	4,556	4,556
2013 Final	2.0p	-	-	-	303	304	607
		-	3,441	3,441	428	5,361	5,789
Release of historic unclaimed dividends		-	-	-	-	(32)	(32)
		-	-	-	428	5,329	5,757
Forthcoming dividends							
2015 Final	2.5p	347	520	867	-	-	-
2014 2nd Interim	2.5p	-	-	-	-	839	839
2015 Special	5.0p	-	-	-	-	1,678	1,678
		347	520	867	-	2,517	2,517

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

8. Basic and diluted return per share

	2015	2014
Return per share based on:		
Net revenue return for the financial year (£'000)	262	147
Net capital gains for the financial year (£'000)	3,092	3,517
Total return for the financial year (£'000)	3,354	3,664
Weighted average number of shares in issue	34,356,056	30,865,652

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed, therefore, represents both basic and diluted return per share.

9. Investments

	Fixed income securities £'000	Quoted investments £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 January 2015	1,516	6,401	10,207	18,124
Unrealised gains/(losses) at 1 January 2015	29	(2,270)	3,412	1,171
Opening fair value at 1 January 2015	1,545	4,131	13,619	19,295
Movement in year				
Purchased at cost	-	500	2,181	2,681
Disposal proceeds	-	(582)	(5,111)	(5,693)
Realised (losses)/gains in the income statement	-	(187)	941	754
Unrealised (losses)/gains in the income statement	(3)	1,570	1,585	3,152
Closing fair value at 31 December 2015	1,542	5,432	13,215	20,189
Retained investments at 31 December 2015				
Closing cost at 31 December 2015	1,516	6,234	11,727	19,477
Unrealised gains/(losses)	26	(802)	1,488	712
Closing fair value	1,542	5,432	13,215	20,189

Costs of acquisition of investments acquired during the year were nil (2014: minimal) and transaction costs incurred in respect of investments disposals during the year were £2,000 (2014: £1,000). A schedule disclosing the additions and disposals during the year is shown on page 9.

The valuation basis for a few unquoted investments has changed since the previous year's accounts to better reflect the current status of the investments. These investments have changed between being valued on a price of recent investment/cost as reviewed for impairment basis and earnings multiple basis.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

9. Investments (continued)

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.
ii) Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Level a £'000	Level b £'000	Level c(ii) £'000	2015 £'000	Level a £'000	Level b £'000	Level c(ii) £'000	2014 £'000
Fixed interest securities	1,542	-	-	1,542	1,545	-	-	1,545
Shares quoted on the Main market	-	-	-	-	300	-	-	300
AIM quoted shares	4,199	-	233	4,432	2,681	-	-	2,681
Loan notes	-	-	4,820	4,820	-	-	4,383	4,383
Unquoted shares	-	-	9,395	9,395	-	-	10,386	10,386
	5,741	-	14,448	20,189	4,526	-	14,769	19,295

Reconciliation of fair value for Level c(ii) financial instruments held at the year end:

	AIM quoted shares £'000	Unquoted shares £'000	Loan notes £'000	Total £'000
Balance at 31 December 2014	-	10,386	4,383	14,769
Movements in the income statement:				
Unrealised gains in the income statement	233	1,078	507	1,818
Realised gains in the income statement	-	492	(238)	254
	233	1,570	269	2,072
Purchased at cost	-	2,031	450	2,481
Disposal proceeds	-	(4,592)	(282)	(4,874)
Balance at 31 December 2015	233	9,395	4,820	14,448

Changing one or more of the inputs to reasonable possible alternative valuation assumptions could result in a significant change in the fair value of the Level c (ii) investments. There is an element of judgement in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments.

The Board and the Investment Manager believe that the valuations as at 31 December 2015 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 17.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

10. Debtors

	2015 £'000	2014 £'000
Deferred consideration	1,680	3,500
Other debtors	-	151
Prepayments and accrued income	77	53
	1,757	3,704

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Other creditors	94	100
Other taxes and social security	9	5
Accruals and deferred income	498	687
	601	792

12. Share capital

	2015 £'000	2014 £'000
Authorised:		
50,036,500 (2014: 50,036,500) Ordinary Shares of 5p each	2,502	2,502
Issued, allotted, called up and fully paid:		
34,660,694 (2014: 33,561,433) Ordinary Shares of 5p each	1,733	1,678

Under the terms of the Company's Dividend Reinvestment option, the Company allotted 388,198 shares at 5p to subscribing Shareholders, in respect of the special dividend paid on 30 June 2015.

On 12 March 2015 the Company allotted 778,478 Ordinary Shares of 5p each ("Ordinary Shares") and on 13 April 2015 the Company allotted 112,585 Ordinary Shares, under the terms of a prospectus dated 9 October 2014, at an average price of 71.9p per share. Gross proceeds received thereon were £640,500 with issue costs in respect of the offer amounting to £9,000.

On 18 May 2015, the Company purchased 180,000 Ordinary Shares for cancellation for an aggregate consideration of £114,000, at an average price of 63.0p per share. The purchase was undertaken at a price approximately equivalent to a 7.5% discount to the most recently published NAV at the time of purchase. These shares were subsequently cancelled.

Management of capital
The Company's capital is managed in accordance with its investment policy, as shown in the Strategic Report on pages 16 to 17, in pursuit of its principal investment objectives as stated on page 3. The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 24.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

12. Share capital (continued)

Management of capital (continued)

By its nature, at least 70% of the Company's capital, (as measured under the tax legislation) is, must be, and remain invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

13. Reserves

	2015 £'000	2014 £'000
Capital redemption reserve	474	465
Merger reserve	3,743	1,882
Share premium	1,828	2,908
Special reserve	2,629	2,991
Capital reserve – unrealised	4,433	4,908
Capital reserve – realised	9,132	8,713
Revenue reserve	486	224
	22,725	22,091

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 also allows the Company to write back realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	2015 £'000	2014 £'000
Special reserve	2,629	2,991
Capital reserve – realised	9,132	8,713
Revenue reserve	486	224
Merger reserve – distributable element	423	477
Unrealised losses (excluding unrealised unquoted gains)	414	(1,488)
	13,084	10,917

14. Basic and diluted net asset value per share

	Shares in issue		2015 Net asset value		2014 Net asset value	
	2015	2014	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	34,660,694	33,561,433	70.6	24,458	70.8	23,769

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset value per share. The net asset value per share disclosed therefore represents both basic and diluted net asset value per share.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

15. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2015 £'000	2014 £'000
Return on ordinary activities before tax	3,354	3,664
Gains on investments	(3,906)	(4,891)
(Increase)/Decrease in debtors	(20)	215
(Decrease)/increase in creditors	(185)	581
Net cash outflow from operating activities and returns on investments	(757)	(431)

16. Reconciliation of net cash flow to movement in net funds

	2015 £'000	2014 £'000
Beginning of year	1,562	1,556
Net cash inflow for the year	1,551	6
End of year	3,113	1,562

17. Financial instruments and derivatives

The Company's financial instruments comprise investments held at fair value through profit and loss, being equity and loan stock investments in quoted companies and unquoted companies; loans and receivables, being cash deposits and short term debtors; and financial liabilities, being creditors arising from its operations. The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Investment risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

17. Financial instruments and derivatives (continued)

Investment risks

As a VCT, the Company is exposed to investment risks in the form of potential losses that may arise on the investments it holds in accordance with its investment policy. The management of these investment risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key investment risks to which the Company is exposed are:

- Investment price risk; and
- Interest rate risk.

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review in order to ascertain the appropriate risk allocation.

Investment price risk

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through investment price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted equity investments (FTSE and AIM quoted but excluding fixed interest investments) is summarised below. A 50% movement in the share price in each of the quoted investments held by the Company would have an effect as follows:

Sensitivity			**2015** 50% movement			**2014** 50% movement
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share pence**
Quoted stocks	4,432	2,216	6.4	2,980	1,490	4.4

Unquoted investments

As many of the Company's unquoted investments are valued using earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity and preference shares held in the unquoted portfolio. Due to the nature of the security held, the relatively low residual term and no significant changes in risk premium, the loan notes in the investee companies would not be immediately impacted. Accordingly, the impact of the 10% movement in valuation on the unquoted shares' portfolio would have the following effect on the Company:

Sensitivity			**2015** 10% movement			**2014** 10% movement
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share pence**
Unquoted shares	9,395	940	2.7	10,386	1,039	3.1

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

17. Financial instruments and derivatives (continued)
Investment price risk (continued)

Fixed interest investments
The Company also has exposure to variations in the price of its non-qualifying investments. As the investments are government gilts, such securities are typically subject to lower price fluctuations. A 2.5% movement in the valuation of these assets held by the Company would have the following impact:

			2015			**2014**
Sensitivity			2.5% movement			2.5% movement
	Risk exposure £'000	**Impact on net assets £'000**	**Impact on NAV per share pence**	**Risk exposure £'000**	**Impact on net assets £'000**	**Impact on NAV per share pence**
Gilts	1,542	39	0.1	1,545	39	0.1

In each case, the impact of such changes on the return for the year would be the same as that on net assets and NAV per share.

Interest rate risk
The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan notes and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown on the following page.

Interest rate risk profile of financial assets and financial liabilities
There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank and Cash Trust investments.
- "No interest rate" assets do not attract interest and comprise equity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Weighted average interest rate	**Weighted average period until maturity**	**2015 £'000**	**2014 £'000**
Fixed rate	5.8%	1,049 days	6,352	5,848
Floating rate	1.0%		3,123	1,572
No interest rate		1 day*	14,983	16,349
			24,458	23,769

* In respect of non interest bearing stock only

The Company monitors the level of income received from fixed, floating and non-interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

The Bank of England base rate stood at 0.5% per annum throughout the year. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and total return of the Company.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

17. Financial instruments and derivatives (continued)

Credit risk
Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan notes in investee companies, investments in fixed income securities, cash deposits and debtors.

The Company's financial assets that are exposed to credit risk are summarised as follows:

	2015 £'000	2014 £'000
Fair value through profit or loss assets		
Investments in fixed interest securities	1,542	1,545
Investments in loan notes	4,820	4,383
Loans and receivables		
Cash and cash equivalents	3,113	1,562
Deferred consideration	1,680	3,500
Interest and other receivables	73	45
	11,228	11,035

The Manager manages credit risk in respect of loan notes with a similar approach as described under investment risks above. In addition the credit risk is partially mitigated by registering floating charges over the assets of certain investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held at Royal Bank of Scotland plc, with a balance also maintained at Bank of Scotland plc, both of which are A-rated financial institutions and ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

There have been no changes in fair value during the year that can be directly attributable to changes in credit risk.

As at 31 December 2015 of the investments in loan notes below, £1,467,000 relates to the principal of loan notes where, although the principal remains within term, the investee company is not fully servicing the interest obligations under the loan note and is in arrears. Notwithstanding the arrears of interest, the Directors do not consider that the loan note itself has been impaired or the maturity of the principal has altered.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

17. Financial instruments and derivatives (continued)

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company normally has a relatively low level of creditors (2015: £428,000, 2014: £759,000) and has no borrowings. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

The carrying value of loan note investments held at fair value through the profit and loss account at 31 December 2015, as analysed by expected maturity date, is as follows:

As at 31 December 2015	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**Passed maturity date £'000**	**Total £'000**
Fully performing loan notes	650	1,334	459	910	-	3,353
Past due loan stock	-	601	-	866	-	1,467
	650	1,935	459	1,776	-	4,820

As at 31 December 2014	**Not later than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 3 years £'000**	**Between 3 and 5 years £'000**	**Passed maturity date £'000**	**Total £'000**
Fully performing loan notes	500	220	1,635	1,978	50	4,383

Financial liabilities

The Company has no financial liabilities or guarantees, other than the creditors disclosed within the balance sheet (2014: none).

Currency exposure

As at 31 December 2015, the Company had no foreign investments (2014: none).

Borrowing facilities

The Company has no committed borrowing facilities as at 31 December 2015 (2014: none)

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2015

18. Contingencies, guarantees and financial commitments

At the year-end the Company had a potential contingent asset in respect of the sale of Wessex Advanced Switching Products Limited which is only payable and recognisable when certain conditions have been met (2014: £1,320,000). As at the balance sheet date the maximum amount receivable by the Company was £880,000.

The Company had no commitments, contingencies or guarantees at the year end.

19. Related party transactions

Michael Jackson is a Director of Elderstreet Investments Limited which provides investment management services to the Company. During the year, £472,000 (2014: £511,000) was due in respect of these services. Performance incentive fees totalling £454,000 (2014: £991,000) were due to Elderstreet Investments Limited in respect of the year under review. £454,000 (2014: £642,372) was outstanding at the year-end.

Nicholas Lewis is a partner of Downing LLP which provides administration services to the Company. During the year, £50,000 (2014: £50,000) was due to Downing LLP in respect of these services.

As a result of the recent VCT rule changes, the Company was unable to convert its existing loans in SnackTime plc, which were invested some years before the rule changes. Under the new rules, the conversion of these loans would constitute a breach which would jeopardise the Company's VCT status. This issue was resolved after taking advice from two specialist VCT tax advisers, and a resulting related party transaction, whereby the VCT sold its loans to the Investment Manager, who then converted these loans into equity, resulted in SnackTime being able to take further investment from third parties. Under the term of the transaction, the Company will received a total of £50,000 in cash from the Investment Manager and also sums equal to 75% of any disposal proceeds that the Investment Manager receives on the shares arising from the conversion.

20. Controlling party

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

NOTICE OF THE ANNUAL GENERAL MEETING
of Elderstreet VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Elderstreet VCT plc will be held at 10-11 Charterhouse Square, London EC1M 6EH at 11:00 a.m. on 28 June 2016 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as **Ordinary Resolutions**:

1. To receive and adopt the Report of the Directors' and Accounts of the Company for the year ended 31 December 2015, together with the Report of the Auditor thereon.

2. To approve the Directors' Remuneration Report in respect of the year ended 31 December 2015.

3. To approve the payment of a final dividend of 2.5p per share.

4. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.

5. To re-elect as Director, Hugh Aldous, who retires and, being eligible, offers himself for re-election.

6. To re-elect as Director, David Brock, who retires and, being eligible, offers himself for re-election.

7. To re-elect as Director, Barry Dean, who retires and, being eligible, offers himself for re-election.

8. To re-elect as Director, Michael Jackson, who retires and, being eligible, offers himself for re-election.

9. To re-elect as Director, Nicholas Lewis, who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

10. That, 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 or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,500,000 during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next Annual General Meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a 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 or rights to be granted to subscribe for or to convert any security into shares in the Company after such expiry and all previous authorities given by the Directors in accordance with Section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect.

ELDERSTREET
VCT plc

NOTICE OF THE ANNUAL GENERAL MEETING
of Elderstreet VCT plc (continued)

Special Resolutions

11. That, conditional upon the passing of Resolution 10 set out in this Notice, in substitution for any existing power under Section 570 of the Act, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered, during the period commencing on the passing of this special resolution and expiring at the conclusion of the Company's next Annual General Meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act, pursuant to resolution 10 above, as if Section 561 of the Act did not apply to any such allotment but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

12. 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 2006) of Ordinary Shares of 5p each in the capital of the Company ("Ordinary Shares") provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 5,000,654 Ordinary Shares, representing approximately 14.9% of the present issued capital of the Company;

    (ii) the minimum price which may be paid for an Ordinary Share is 5p, exclusive of all expenses;

    (iii) the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

    (iv) the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract;

    and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

By order of the Board

GWhitehouse

Grant Whitehouse
Secretary
Registered office:
Ergon House
Horseferry Road
London SW1P 2AL

26 April 2016

Note:
Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.downing.co.uk.

Notes:

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) on the next page. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:

- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors’ Letters of Appointment and the Register of Directors’ interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

Notes (continued):

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 11:00 a.m. on 23 June 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:00 a.m. on 23 June 2016 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9:00 a.m. on 26 April 2016, the Company's issued share capital comprised 37,251,866 Ordinary Shares and the total number of voting rights in the Company was 37,251,866. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out on page 1.

(l) Members may not use any electronic address provided either in this notice of the Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

ELDERSTREET
VCT plc

ELDERSTREET VCT PLC
FORM OF PROXY

For use at the Annual General Meeting of the above-named Company to be held on 28 June 2016 at 10-11 Charterhouse Square, London EC1M 6EH at 11:00 a.m.

I/We*.. (in BLOCK CAPITALS please)

of ....

being the holder(s)* of Ordinary Shares of 5p in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or ....

of ....

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 10-11 Charterhouse Square, London EC1M 6EH on 28 June 2016 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt the Directors' Report and Accounts	☐	☐	☐
2. To approve the Directors' Remuneration Report	☐	☐	☐
3. To approve the payment of a final dividend of 2.5p per share	☐	☐	☐
4. To re-appoint BDO LLP as the Auditor and authorise the Directors to determine their remuneration	☐	☐	☐
5. To re-elect Hugh Aldous as a Director	☐	☐	☐
6. To re-elect David Brock as a Director	☐	☐	☐
7. To re-elect Barry Dean as a Director	☐	☐	☐
8. To re-elect Michael Jackson as a Director	☐	☐	☐
9. To re-elect Nicholas Lewis as a Director	☐	☐	☐
SPECIAL BUSINESS			
10. To authorise the Company to allot shares	☐	☐	☐
11. To authorise the Company to disapply pre-emption rights	☐	☐	☐
12. To authorise the Company to make market purchases of its shares	☐	☐	☐

Dated this .... day of 2016

Signature(s) ..../..

* Delete as appropriate

PLEASE RETURN TO DOWNING LLP IN THE PREPAID ENVELOPE PROVIDED

Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.