



Ventus VCT plc
Report and Financial Statements

For the year ended 28 February 2006

Ventus VCT plc

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For the period ended 28 February 2006

Registered No: 5205442

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Directors and advisers

Directors

D Pinckney (Chairman)
A Moore
P Thomas
C Wood

Secretary and registered office

Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditors

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Bankers

HSBC Bank Plc
27-32 Poultry
London
EC2P 2BX

Investment Manager

Climate Change Capital Limited
49 Grosvenor Street
London
W1K 3HP

Registrars

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

Broker

Brewin Dolphin Securities Limited
34 Lisbon Street
Leeds
LS1 4LX

Taxation advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Chairman's statement

I am pleased to present the Annual Report and Financial Statements for Ventus VCT plc (the "Company") for the year ended 28 February 2006. These accounts cover the first full year of investment activity for the Company.

As I outlined in the last Interim Report, the Company raised funds between October 2004 and May 2005 totalling £15.0 million. Net proceeds after issue costs were £14.2 million. The shares of the Company were first listed on the London Stock Exchange on 15 March 2005 and the share offer closed on 31 May 2005.

Net Asset Value and Results

Revenue attributable to shareholders for the period was £253,042 or 1.80 pence per share. The capital loss attributable to shareholders for the period was £219,264 or 1.56 pence per share, resulting in a total return to shareholders for the period of £33,778 or 0.24 pence per share. The main source of revenue was interest earned on UK Government Treasury Bills and cash deposits. Running costs of the Company (before irrecoverable VAT) were capped at 3.6% of Net Asset Value ("NAV") in accordance with the Investment Management Agreement.

The Company declared a dividend for the first half year of 0.75 pence per share and proposes to declare a further dividend of 0.75 pence for the second half of the period, resulting in a total annual dividend of 1.5 pence per share.

At 28 February 2006, the Company's NAV stood at £14.1 million or 94.1 pence per share.

Investments

The Company's Investment Manager is Climate Change Capital Limited. Throughout the year, Climate Change Capital has been actively engaged in identifying and negotiating potential investment opportunities.

As at 28 February 2006, the Company had made qualifying investments totalling £858,997 in three companies. In the second half of the year the Company invested a further £140,000 in Geotrupes Energy Limited taking its total investment in that company to £350,881 in preference and ordinary shares. As disclosed in the last Interim Report, the Company has also made a first stage investment of £138,636 in Craig Wind Farm Limited, a company developing a 10 megawatt wind farm in Scotland and a similar first stage investment of £369,480 in Fenpower Limited, a company developing a 6 megawatt wind farm in Cambridgeshire.

Since the date of the accounts, the Company has entered into agreements for further investments in both of the above wind farm companies. These will result in total investments of £1.8 million and £1.27 million being committed to Craig Wind Farm Limited and Fenpower Limited respectively over the course of 2006 and 2007.

Furthermore, the Company and Fenpower Limited have signed an agreement in respect of the financing of a 4 megawatt extension to the existing 6 megawatt project, subject to planning approval, which is expected to be determined in July 2006. If the planning application is successful this is expected to lead to a further investment in the region of £500,000 in Fenpower Limited.

In addition, the Company continues to have an exclusivity agreement in respect of a company developing a 4 megawatt wind farm in Scotland which would result in a further qualifying investment in the region of £1 million.

Venture Capital Trust ("VCT") Qualifying Status

The Company has appointed PricewaterhouseCoopers to review its compliance with VCT regulations. PricewaterhouseCoopers has confirmed that the Company has been in compliance with the required conditions throughout the year.

Yours sincerely,

David Pinckney
Chairman

9 June 2006

Investment Manager's report

Climate Change Capital Limited (the "Manager") is pleased to present its first full review of investment activities since the inception of the Company.

Summary of Investments

As at the date of this report, the Company has agreed terms and/or entered into exclusivity agreements with four investee companies representing investments of £4.9 million. This represents 50% of the amount required to be invested in qualifying investments by March 2008 in order for the Company to comply with HM Revenue & Customs VCT regulations and 40% of the total investment target.

The following table shows the investments made as at 28 February 2006, the investments made as at the date of this report and the amount committed or under an exclusivity agreement as at 31 May 2006. All investments to date have been structured so as to be treated as qualifying holdings for the purposes of VCT regulations.

<i>Company Name</i>	<i>Details</i>	<i>Investment as at 28 February 2006 £000</i>	<i>Investment as at 31 May 2006 £000</i>	<i>Committed and Under Exclusivity £000</i>
Fenpower Limited	6 megawatt wind farm	369	999	1,267
Fenpower Limited	4 megawatt extension to existing wind farm (subject to planning)	–	–	500
Craig Wind Farm Limited	10 megawatt wind farm	139	1,000	1,800
Geotrupes Energy Limited	Wholesale energy supplier	351	351	351
A7 Energy (Greendykeside) Limited	4 megawatt wind farm (under exclusivity)	–	–	1,000
Total		859	2,350	4,918

Fenpower Limited

The Company has entered into contracts to invest a total of £1.27 million in Fenpower Limited ("Fenpower"), a company developing a 6 megawatt wind farm in Cambridgeshire. As at the date of this report, the Company has invested £999,167 in Fenpower. The remaining funds will be invested over the course of 2006 and 2007 as construction costs are incurred by Fenpower.

In November 2005, the Company made an investment of £369,480 in Fenpower. This initial investment was used to fund the deposit payable under the turbine purchase contract. The project reached full contractual completion in April 2006 at which time the Company acquired one-third of the issued share capital of Fenpower. The investment has received approval from HM Revenue & Customs as a qualifying investment.

Construction works at the Fenpower site have already commenced and the three wind turbine generators are scheduled to be erected in February 2007. Fenpower has entered into a long term contract to sell the output from the project to Geotrupes Energy Limited ("Geotrupes"). Geotrupes in turn will sell the output under a back-to-back agreement with British Gas Trading Limited.

The Company and Fenpower have also entered into an agreement in respect of the financing of a 4 megawatt extension to the existing 6 megawatt project. The extension is subject to planning approval which is expected to be determined in July 2006. If the planning application is successful, this will lead to a further investment by the Company of approximately £500,000 in Fenpower before the end of 2006.

Investment Manager's report *(continued)*

Craig Wind Farm Limited

As at the date of this report, the Company has invested £1 million in Craig Wind Farm Limited ("CWFL"), a company developing a 10 megawatt wind farm in Dumfriesshire, Scotland. This is the first stage of a total investment of £1.8 million. The remaining investment will be made as construction costs are incurred over the course of 2006 and 2007.

During the year ended 28 February 2006, the Company made an investment of £138,636 in CWFL which was used to meet the first stage payment to Scottish Power to secure the grid connection, which is an integral element to the successful delivery of the scheme. The project holds full planning consent, and construction activity is expected to commence in late summer 2006, with the four wind turbine generators being erected in May 2007. CWFL has entered into a long term contract to sell the output from the project to Geotrupes. As with Fenpower, Geotrupes in turn will sell the output under a back-to-back agreement with British Gas Trading Limited.

The agreement with CWFL will result in the Company owning 50% of the share capital of CWFL. The investment has been structured so as to constitute a qualifying holding in accordance with HM Revenue & Customs VCT regulations.

Geotrupes Energy Limited

The Company has invested a total of £350,881 in Geotrupes Energy Limited ("Geotrupes") a company which enters into contracts with renewable energy developers to purchase their generated output ("offtake contracts"). The Company owns 15% of the issued ordinary share capital of Geotrupes and £315,000 of cumulative redeemable preference shares.

Geotrupes has so far entered into contracts to purchase an aggregate of 20 megawatts of installed capacity across three wind farm developments. Geotrupes also recently announced its intention to raise new funds via an initial public offering on the London Stock Exchange Alternative Investment Market. The intention of Geotrupes is that the new funds raised would be used to diversify the company's strategy to include early stage renewable energy project development.

A7 Energy (Greendykeside) Limited

The Company has entered into an exclusivity agreement in respect of A7 Energy (Greendykeside) Limited ("Greendykeside"), a company developing a 4 megawatt wind farm in Scotland. Upon completion this would result in a qualifying investment of approximately £1 million. Greendykeside holds full planning consent and a grid connection offer. The developer is currently undertaking the tender process for the turbine supply and civil works contracts. It is expected that the final terms of the investment will be completed in summer 2006.

Investment Pipeline

The Manager is actively pursuing a significant number of other potential investment opportunities in more than 20 individual companies developing in excess of 100 megawatts of generating capacity. This includes companies managing existing operational sites as well as companies developing sites with planning permission that are not yet constructed. On the basis of the current rate of investment and an assessment of the potential investments in the pipeline, the Manager is satisfied that sufficient projects are available to invest the required minimum for VCT compliance within the next 18 months.

Investment Manager's report *(continued)*

Market Outlook

The level of activity in the UK onshore wind market continues to increase and, as at the date of this report, the British Wind Energy Association ("BWEA") database showed the following information about all UK onshore wind projects which are under construction, have planning consent or have been submitted for planning consent:

	<i>Under Construction</i>	<i>Consented but not yet under construction</i>	<i>Awaiting planning consent</i>	<i>Total</i>
Number of Projects	21	72	167	260
Total megawatts	389	1,655	6,701	8,745

Renewable energy generation continues to sit high on the political and social agenda, and it is the Manager's expectation that further proposals to support the development of renewable energy projects will be announced as a result of the current Government review of UK energy policy.

A recent report submitted by the BWEA to the Government's energy review committee shows that significant contributions are possible from renewable energy, identifying that 21% of UK electricity supplies can be generated from the renewable energy sources of wind, wave and tidal by 2020. The BWEA expects that onshore wind will deliver nearly 5% of all UK electricity supplies by 2010.

Investment Management Team

Since the inception of the Company's operations, the Manager has significantly increased the size of the investment team.

Steve Read joined Climate Change Capital in November 2005 and is responsible for the structuring and management of investments made by the Company. He has over 14 years' experience in the banking arena and prior to joining Climate Change Capital was a Director with Barclays' Structured Project Finance Team with specific responsibility for the financing of renewable energy projects. In this role Steve arranged and managed the financing of over 500 megawatts of renewable energy projects across a range of generating technologies and legal jurisdictions.

Karen Cousins joined Climate Change Capital in January 2006 and has recently joined the investment team. She has experience in corporate finance, UK energy policy and climate change economics and holds a Master of Science degree from Oxford University.

The other members of the investment management team are:

Mark Woodall – Chief Executive Officer of Climate Change Capital and a member of the Investment Committee. Mark has 20 years' business experience working with technology, energy and environmental companies and was formerly the Executive Director and founder of Impax Capital Corporation, a specialist investment banking firm focused on environmental utilities. He has been directly involved in over £250 million of renewable energy transactions.

Charles Conner – Director of Climate Change Capital and a member of the Investment Committee. Charles has 13 years' experience as an investment banker, including five years with Salomon Brothers and three years with Dumas West & Co in London as Managing Director. He has substantial experience in the financing of various sectors of the energy industry, including exploration and development, pipelines, oilfield equipment, distributed generation and renewable energy.

Investment Manager's report *(continued)*

Steve Macken – Technical Investment Manager. Steve has 11 years' experience in managing and developing wind energy projects, including eight years with National Wind Power (now npower Renewables) and three years with Scottish Power.

Paul Thomas – Chairman of the Investment Committee. Paul is the Managing Director and Chief Investment Officer of Pi Capital Limited, the London based independent venture capital firm. He has over 20 years' of private equity experience, including 19 years with ECI Partners LLP, the London based mid-market buy-out house, where he was Managing Director until retiring in 2003.

Outlook

As the existing investments themselves have only recently been made, it is too early to draw any conclusions as to performance. However, the Manager is pleased with the progress that has been made in investing the funds and is confident about the prospects of making further investments in the near future.

Climate Change Capital Limited

9 June 2006

Directors' report

The Directors present their annual report and the audited financial statements for the Company's financial year ended 28 February 2006.

Principal activities and status

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and has received provisional approval as a Venture Capital Trust from HM Revenue & Customs. The Directors consider that the Company has conducted its affairs in a manner to enable it to comply with Section 842AA of the Income and Corporation Taxes Act 1988.

The Company has no employees other than the Directors.

The Company's business during the year is reviewed in the Chairman's Statement and the Investment Manager's Report.

Results and dividends

For the year ended 28 February 2006

	<i>£000</i>	<i>Pence per share</i>
Revenue return attributable to equity shareholders	253	1.80p
Dividends paid during the year	<u>(113)</u>	<u>(0.75p)</u>
Transferred to revenue reserve	140	
Capital loss attributable to equity shareholders	<u>(219)</u>	<u>(1.56p)</u>
Total loss attributable to equity shareholders	<u>(79)</u>	<u>(0.56p)</u>

Issue of ordinary shares and redemption of preference shares

The following allotments of ordinary shares of 25p took place during the year:

14 March 2005	5,618,370
4 April 2005	6,750,985
5 April 2005	424,665
7 June 2005	2,206,159

After issue costs, £14,186,853 was raised from these share issues. The shares of the Company were admitted to the Official List of the London Stock Exchange on 15 March 2005.

The 200,000 redeemable preference shares of 25p each were redeemed at par on 27 April 2005.

Prior period adjustment

Following the introduction of FRS25 'Financial Instruments: Disclosures' for accounting periods commencing on or after 1 January 2005, the preference shares issued in the period ended 28 February 2005 and redeemed in the year ended 28 February 2006 have been reclassified as creditors rather than non-equity shareholders funds. Further details are set out in note 1 of the accounts.

Directors' report *(continued)*

Directors and their interests

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

	<i>28 February 2006</i>	<i>28 February 2005</i>
	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
D Pinckney (Chairman)	10,300	–
A Moore	10,300	–
P Thomas	10,300	–
C Wood	10,300	–

All the Directors are non-executives and all are independent except Paul Thomas, who is Chairman of the Investment Committee of the Investment Manager.

In accordance with the Company's Articles of Association and the 2003 FRC Combined Code, Alan Moore will retire by rotation at the Annual General Meeting and being eligible will offer himself for re-election. As Mr Moore has acted in the interests of the Company throughout the period of his appointment, the Board recommends he be re-elected at the Annual General Meeting. Biographical information on the Directors is shown on page 15.

Investment management, administration and performance fees

During the year, in accordance with the terms of the investment management agreement, Climate Change Advisory Limited transferred the investment management agreement to Climate Change Capital Limited (CCC). Both companies are subsidiaries of Climate Change Holdings Limited. CCC is the manager of the Company and provides management and other administrative services. The principal terms of the investment management agreement are set out in note 3 of the accounts.

VCT monitoring status

The Company retains PricewaterhouseCoopers to advise on its compliance with the taxation requirements relating to VCTs.

Financial instruments

The Company's financial instruments comprise investments in unquoted companies, government securities and cash. Further details are set out in note 17 of the accounts.

Directors' and officers' liability insurance

The Company has, as permitted by S310(3) of the Companies Act 1985, maintained insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Creditor payment policy

The Company's payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice.

There were no amounts owing to trade creditors at 28 February 2006 (2005: £Nil).

Directors' report *(continued)*

Annual General Meeting

The Annual General Meeting (AGM) will be held at 49 Grosvenor Street, London W1K 3HP, at 12 pm on Wednesday, 12 July 2006. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Special business of the Annual General Meeting

Two items of Special Business are proposed in the Notice of the Annual General Meeting on pages 31 and 32. The first will be proposed as an ordinary resolution, while the second will be proposed as a special resolution.

The Directors are seeking general authority within the limits stated below.

First, for the purposes of Section 80 of the Companies Act 1985, to allot relevant securities up to an aggregate nominal amount of £1,250,015 (5,000,060 shares at 25p each), being one-third of the issued ordinary share capital of the Company as at the date of this Report.

Second, to disapply the pre-emption provisions of Section 89 of the Companies Act 1985 in respect of equity securities of an aggregate nominal amount up to £187,502 (750,008 shares at 25p each), equal to just under 5% of the Company's issued ordinary share capital as at the date of this Report, in addition to any equity securities which may be allotted in connection with rights issues.

Substantial interests

As at 28 February 2006 and the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued ordinary share capital.

Auditors

Baker Tilly have expressed their willingness to continue in office as auditors, and a resolution proposing their reappointment will be submitted at the AGM.

By order of the board
Capita IRG Trustees Ltd
Secretary

9 June 2006

Directors' remuneration report

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve the report will be proposed at the Annual General Meeting to be held on Wednesday, 12 July 2006.

Under the requirements of Schedule 7A, the Company's auditors, Baker Tilly, are required to give their opinion on certain information included in this report, as indicated below. Their report is set out on page 17.

Remuneration policy

The Board comprises four Directors, all of whom are non-executive. The Board does not have a separate remuneration committee, as the Company has no employees or executive directors.

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

The total remuneration of non-executive Directors has not exceeded the £100,000 per annum limit set in the Articles of Association of the Company.

The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first Annual General Meeting after their appointment and at least every three years thereafter. A Director's appointment will continue unless terminated by the Company by giving three months' written notice and in certain other circumstances.

Directors' fees (audited information)

The following fees were paid to individual Directors in respect of the year ended 28 February 2006 (no fees having been paid in the period ended 28 February 2005):

	£
D Pinckney (Chairman)	19,300
A Moore	14,475
P Thomas	14,475
C Wood	14,475
	<u>62,725</u>

Directors' fees for the financial year ending 28 February 2007 are detailed below:

	£
D Pinckney (Chairman)	20,000
A Moore	15,000
P Thomas	15,000
C Wood	15,000
	<u>65,000</u>

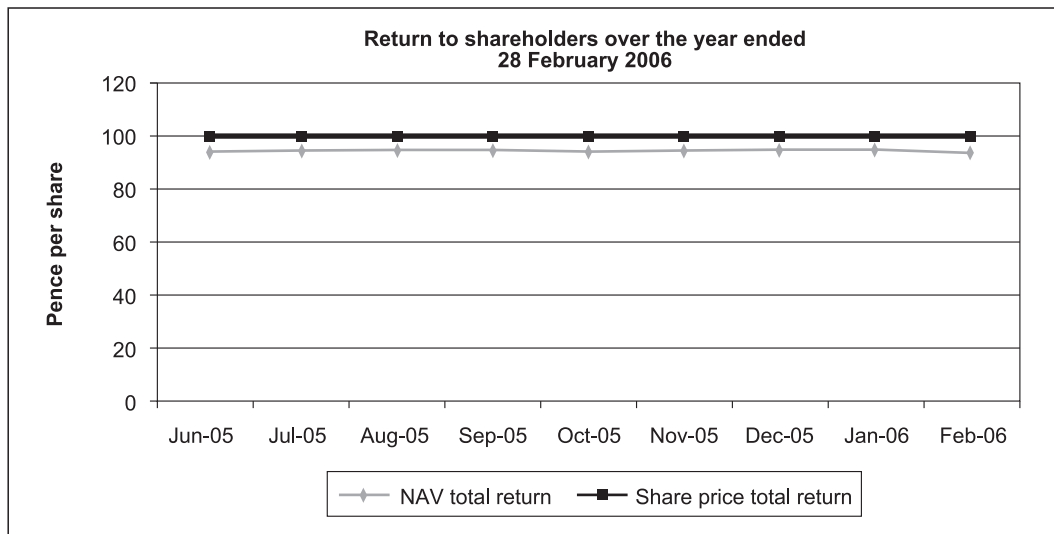
Directors' remuneration report *(continued)*

Company performance

Total shareholder return is represented by the graph below showing NAV per share and price per share over the year.

As the Company's funds have not yet been fully invested, no comparative performance has been presented.

The graph shows that, since the most recent allotment of shares on 7 June 2005, there have been no significant changes in the Company's NAV per share or price per share and therefore there have been no significant changes in shareholder value.



By order of the Board
Capita IRG Trustees Ltd
Secretary

9 June 2006

Corporate governance statement

The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining the highest standards of corporate governance.

The Board has adopted the 2003 FRC Combined Code ("the Code") in respect of the year ended 28 February 2006. It has considered the principles detailed in the Code and believes that, insofar as they are relevant to the size and structure of the Company's business, the Company has complied or explained non-compliance with the provisions of the Code throughout the financial year ended 28 February 2006, as detailed below.

Board of Directors

The Company has a Board of four non-executive Directors, all of whom are considered to be independent with the exception of Paul Thomas who is also the Chairman of the Investment Committee of the Investment Manager. Biographical information on the Directors is shown on page 15.

The Board meets at least quarterly and is in regular contact with the Investment Manager between these meetings. The Board held fifteen meetings during the year. Three of these meetings related solely to the allotment of shares at which not all Directors were required to be present. The Directors' attendance was as follows:

	<i>Number of meetings attended</i>
D Pinckney (Chairman)	15
A Moore	14
P Thomas	11
C Wood	10

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The Board has agreed a schedule of matters which the Directors will advise on and monitor that include the general investment strategy of the Company, the performance of the Company and specific investment proposals prepared by the Company's Investment Manager. The terms and conditions of appointment of non-executive Directors are available upon written application to the Company Secretary.

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

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

At each Annual General Meeting of the Company one third of the Directors shall retire from office. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. Although the Company's Articles of Association do not preclude a Director from continuing in office after having attained the age of 70, the Directors consider that, in accordance with the Code, any Director over the age of 70 wishing to continue in office should be required to submit themselves for re-appointment annually. Furthermore no Director shall be required to retire by rotation earlier than the third annual general meeting after the meeting at which he was elected.

Upon joining the Board, new Directors receive a full, formal and tailored induction. As the Company has no major shareholders, it is considered unnecessary to provide shareholders with the opportunity to meet new non-executive Directors at a specific meeting other than the Annual General Meeting.

Corporate governance statement *(continued)*

Due to the size and structure of the Board together with 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.

Audit Committee

The Audit Committee comprises David Pinckney (Chairman), Colin Wood and Paul Thomas. The Committee meets twice a year to review the interim and annual financial statements before submission to the Board. In the year ended 28 February 2006, the committee met once to review the interim financial statements and met after the year-end to review the annual financial statements. All members of the Audit Committee attended both meetings.

The roles and responsibilities of the Audit Committee are set out in written terms of reference. These are available upon written application to the Company Secretary. The Audit Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors. They are also responsible for reviewing the scope, results and cost effectiveness of the audit and the independence and objectivity of the external auditors. In addition, the Audit Committee analyses the Board's key procedures adopted to provide effective internal control and reviews the effectiveness of such procedures, makes recommendations to the Board and considers whether the Board should express an opinion on the effectiveness of the procedures.

The Company's external auditors also provided corporation tax services. The Board is satisfied that the fees charged and work undertaken did not affect the auditors' objectivity.

Nomination and Remuneration Committees

To date no nomination or remuneration committee has been established. The establishment of the nomination committee is not anticipated as there are no current proposals to appoint any new Directors. Matters relating to remuneration for the non-executive Directors are considered by the Board.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has delegated, contractually to third parties, the management of the investment portfolio, the custodial services (which include safeguarding the Company's assets), the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the year under review and up to the date of approval of the accounts. This process is regularly reviewed by the Board. The Board has considered the need for an internal audit function but has decided that the structure of the Company does not justify it.

A review of the internal controls was undertaken in the period ended 28 February 2005. In the opinion of the Directors a review of the internal controls in the year ended 28 February 2006 was not required. A review will be undertaken in the next financial year.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, as the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Relations with shareholders

The Company communicates with shareholders and solicits their views where it is appropriate to do so. All shareholders are welcome at the Annual General Meeting which provides a forum for shareholders to ask

Corporate governance statement *(continued)*

questions of the Directors and to discuss with them issues affecting the Company. The Board as a whole approves the Chairman's statements which form part of the Annual and Interim Reports to shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects. Notice of the Annual General Meeting accompanies this Annual Report, which is sent to shareholders a minimum of 20 working days before the meeting.

A separate resolution is proposed at the Annual General Meeting ("AGM") on each substantially separate issue. The Registrars collate 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 Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

Compliance statement

The Directors acknowledge that the Company did not comply with the following provisions of the Combined Code in the year ended 28 February 2006:

Provision

- A.2.1 Due to the structure of the Company, the Directors did not feel it necessary to appoint a Chief Executive Director.
- A.3.3 Due to the size and structure of the Company and the Board, the Directors did not feel it necessary to appoint a senior independent Director.
- A.4.1 No nomination committee has been established as no new appointments are anticipated.
- A.5.1 As the Company has no major shareholders, it is considered unnecessary to provide shareholders with the opportunity to meet new non-executive Directors at a specific meeting other than the Annual General Meeting.
- A.6.1 Due to the size and structure of the Board together with 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.
- A.7.2 The non-executive Directors have not been appointed for specified terms. Subject to re-election, a Director's appointment will continue unless terminated by the Company by giving three months' written notice and in certain other circumstances.
- C.2.1 The system of internal controls is reviewed bi-annually and not annually as required by the Combined Code. A full review was undertaken in the period ended 28 February 2005 and the controls will be reviewed in the financial year ending 28 February 2007.
- C.3.1 Paul Thomas is the only member of the Audit Committee not to be an independent non-executive Director as he is also the Chairman of the Investment Management Committee of the Investment Manager. The Board feels he has sufficient experience to be able to exercise proper judgment within the meaning of the Combined Code.
- C.3.4 As the only employees of the Company are the Directors, no arrangements have been made for staff to raise concerns about possible improprieties in matters of financial reporting or otherwise.

Directors' information

The Board of the Company comprises four Directors, three of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Board has wide experience of investment in both smaller growing companies and larger quoted companies. In addition, Alan Moore has specific investment experience in the UK wind industry.

David Pinckney, FCA, MA – Chairman (aged 65)

David Pinckney was, until December 2003, the Vice Chairman of AXA Investment Managers SA, the investment management arm of the AXA Group with over US\$500 billion under management. He was a member of the Executive and Audit Committees. From 1987 to 1997, he was Group Finance Director and Joint Managing Director of The Thornton Group (a subsidiary of Dresdner Bank), which specialised in equity investment management, in particular in the Asia/Pacific region. From 1984 to 1986, he was Managing Director of Wrightson Wood Financial Services Limited, a company specialising in international corporate finance and venture capital. From 1963 to 1983, he was with Peat, Marwick Mitchell (now KPMG), where in his last six years he was Senior Audit Partner for France and French-speaking Africa. He was Non-executive Chairman of the AIM-quoted Park Row Group PLC from 2002 to 2003, when the Group was successfully sold. He is a Director of Close Brothers Development VCT PLC, Chairman of Syndicate Asset Management plc, Chairman of The Access Fund General Partner Limited and Chairman of Rutley European Property Limited. He is a Chartered Accountant and an “Expert Comptable” (a French Accountant).

Alan Moore (aged 57)

Alan Moore has more than 35 years' experience in the UK electricity industry, beginning his career with the Central Electricity Generating Board. From 1998 to May 2004, he was the Managing Director of National Wind Power (now npower Renewables), one of the largest developers and owners of wind generation assets in the UK. He is on the Board of the British Wind Energy Association, Co-Chairman of the DTI's Renewables Advisory Board and Chairman of Cowrie Limited, a fund which invests in offshore environmental research projects.

Paul Thomas (aged 49)

Paul Thomas is the Managing Director and Chief Investment Officer of Pi Capital Limited, the London based independent venture capital firm that invests up to £5 million in growing, unquoted UK businesses. He has over 20 years' of private equity experience, including 19 years with ECI Partners LLP, the London based mid-market buy-out house, where he was Managing Director until retiring in 2003. During his time with ECI, the firm made over 100 equity investments in transactions ranging in size from £500,000 to £25 million, deploying capital of more than £200 million. Previously, he was with Price Waterhouse for 6 years, latterly in corporate finance. He is a physics graduate and a Chartered Accountant.

Paul Thomas is also Chairman of the Investment Committee of the Manager.

Colin Wood (aged 59)

Colin Wood spent 27 years as a civil servant in the Scottish Office before retiring from a senior position in the Scottish Executive in 2001. From 1993 to 1998, he was Senior Economic Advisor and Head of the Economics and Statistics Unit at the Scottish Office Industry Department, where he was responsible for providing economic advice on a range of issues including energy markets and the environment. He is the Chairman of the Century Building Society in Edinburgh.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report are prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Independent auditors' report to the members of Ventus VCT plc

We have audited the financial statements on pages 19 to 30, which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cashflow Statement, and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' remuneration report under the heading "Directors' fees (audited information)".

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities in respect of the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Manager's Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also

Independent auditors' report *(continued)* **to the members of Ventus VCT plc**

evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 28 February 2006 and the return for the year then ended.
- The financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

9 June 2006

Income statement

for the year ended 28 February 2006

	<i>Notes</i>	<i>Revenue</i> £000	<i>Capital</i> £000	<i>Total</i> £000
Income	2	582	–	582
		<u>582</u>	<u>–</u>	<u>582</u>
Expenditure				
Management fees	3	90	270	360
Other expenses	4	180	–	180
		<u>270</u>	<u>270</u>	<u>540</u>
Return on ordinary activities before taxation		312	(270)	42
Tax on ordinary activities	6	(59)	51	(8)
		<u>253</u>	<u>(219)</u>	<u>34</u>
Return attributable to equity shareholders				
Return per ordinary share	8	1.80p	(1.56)p	0.24p

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

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

The total column of this statement is the profit and loss account of the Company. The supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Trust Companies.

There were no recognised gains and losses for the year other than those shown above.

The Company did not trade during the period ended 28 February 2005.

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

Balance sheet*as at 28 February 2006*

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>Restated</i> <i>2005</i> <i>£000</i>
Fixed assets			
Investments	10	859	–
		<u>859</u>	<u>–</u>
Current assets			
Debtors	11	35	–
Short term investments in treasury bills	10	10,911	–
Cash in hand		<u>2,365</u>	<u>13</u>
		13,311	13
Creditors: amounts falling due within one year	12	<u>(62)</u>	<u>(13)</u>
Net current assets		<u>13,249</u>	<u>–</u>
Net assets		<u>14,108</u>	<u>–</u>
Share Capital and Reserves			
Called up share capital	13	3,750	–
Special reserve	15	10,437	–
Capital reserve – realised	15	(219)	–
Revenue reserve	15	<u>140</u>	<u>–</u>
Shareholders' funds		<u>14,108</u>	<u>–</u>
Net asset value per ordinary share		94.1p	

Approved by the Board and authorised for issue on 9 June 2006

D Pinckney
*Director*P Thomas
Director

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

Cash flow statement

for the year ended 28 February 2006

	2006 £000	2005 £000
Net cash inflow from operating activities and returns on investments	48	–
Capital expenditure		
Purchase of venture capital investments	(859)	–
Equity dividends paid	(113)	–
Management of liquid resources		
Purchase of treasury bills	(10,911)	–
Net cash outflow before financing	<u>(11,835)</u>	<u>–</u>
Financing		
Shares issued	15,000	13
Issue costs	(813)	–
Net cash inflow from financing	<u>14,187</u>	<u>13</u>
Increase in cash	<u>2,352</u>	<u>13</u>
Analysis of net funds		
As at 1 March 2005	13	–
Net cash inflow for the period	<u>2,352</u>	<u>13</u>
As at 28 February 2006	<u>2,365</u>	<u>13</u>
Net cash inflow from operating activities and returns on investments		
Return on ordinary activities before taxation	34	–
Increase in debtors	(35)	–
Increase in creditors	49	–
Net cash inflow from operating activities	<u>48</u>	<u>–</u>

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

Reconciliation of movements in shareholders' funds

for the year ended 28 February 2006

	2006 £000	2005 £000
Equity shareholders' funds as at 1 March 2005		
Return on ordinary activities after tax	34	–
Dividends paid in the year	(113)	–
Net proceeds of share issues	14,187	–
Equity shareholders' funds as at 28 February 2006	<u>14,108</u>	<u>–</u>

Notes to the financial statements

for the year ended 28 February 2006

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments, and in accordance with applicable accounting standards and with the Statement of Recommended Practice “Financial statements of investment trust companies” issued in January 2003 and revised in December 2005.

Income and expenses

Income on current asset investments is stated on an accruals basis. Interest receivable on cash and non-equity investments is accrued to the end of the year. No tax was withheld at source on income.

The Company has adopted the policy of allocating investment management fees associated with venture capital investments 75% to capital reserve (realised) and 25% to the revenue account. Expenses which are incidental to the acquisition of an investment are included in the cost of the investment. Expenses which are incidental to the disposal of an investment are deducted from the proceeds of the investment.

Investments

All investments are designated as “fair value through profit and loss” assets and are initially measured at cost. Thereafter the investments are measured at subsequent reporting dates at fair value.

Investments in unquoted companies are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines. Under these guidelines, the investments are valued at fair value at the reporting date, except in situations where fair values cannot be measured reliably. In such situations the investments are reported at the carrying value at the reporting date, unless there is evidence that the investment has since been impaired.

When an investee company has gone into receivership or liquidation, the investment, although physically not disposed of, is treated as being realised. It is not the Company’s policy to exercise either significant or controlling influence over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

The majority of monies held pending investment are invested in financial instruments with same day or two-day access and as such are treated as current investments. These are valued at middle market prices as at 28 February 2006. Under FRS 26 investments should be valued at bid market prices. There is no material difference between the valuation at bid prices and the valuation at middle market prices.

Deferred taxation

Deferred taxation 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 tax computations in periods different from those in which they are included in the accounts.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. The tax charge for the year is allocated between revenue return and capital return on the “marginal basis” as recommended in the Statement of Recommended Practice. Under this basis, the benefit of tax relief on allowable expenses is allocated to revenue return unless allowable expenses exceed taxable income in which case the benefit of the relief on the excess is credited to capital return.

Dividends payable

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

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

Redeemable preference shares

Financial Reporting Standard 25 'Financial Instruments: Disclosures' was introduced in the year for financial periods commencing on or after 1 January 2005. Under this standard, a preference share that provides for redemption on a specific date or at the option of the holder contains a financial liability because the issuer has an obligation to transfer financial assets to the holder of the share. The Articles of Association of the Company stated that the preference shares would be redeemed in full by 3 July 2005. Under this new accounting standard the redeemable preference shares issued in the period ended 28 February 2005 and redeemed in the year ended 28 February 2006 have been reclassified as creditors rather than non-equity shareholders funds.

2. Income

	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Income from investments		
Mezzanine debt interest income	18	–
	<u>18</u>	<u>–</u>
Other income		
Treasury bill interest	455	–
Bank deposit interest	109	–
	<u>582</u>	<u>–</u>

3. Investment management fees

	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Investment management fees	360	–
	<u>360</u>	<u>–</u>

During the year, the management agreement was transferred from Climate Change Advisory Limited to Climate Change Capital Limited.

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

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

The management agreement may be terminated on 12 months' notice, given at any time after four years from 26 October 2004.

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

4. Other expenses

	2006 £000	2005 £000
Directors' remuneration	63	–
Auditors' remuneration – for audit services	15	–
– for non-audit services	2	–
Legal and professional fees	14	–
Other expenses	86	–
	<u>180</u>	<u>–</u>

Non-audit services provided by the Company's auditors related to the provision of corporation tax advice.

5. Directors' remuneration

	2006 £000	2005 £000
Directors' emoluments		
D Pinckney	19	–
A Moore	14	–
P Thomas	15	–
C Wood	15	–
	<u>63</u>	<u>–</u>

6. Tax on ordinary activities

	2006 £000	2005 £000
(a) Tax charge for period		
UK corporation tax		
Charged to revenue reserve	59	–
Credited to capital reserve	(51)	–
Charge for the period	<u>8</u>	<u>–</u>
(b) Factors affecting the tax charge for the period		
Revenue on ordinary activities before taxation	<u>312</u>	<u>–</u>
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 19%	59	–
Effects of capital expenses	(51)	–
	<u>8</u>	<u>–</u>

7. Dividends

The Directors recommend a final revenue dividend of 0.75p per share to be paid on 7 August 2006 to all shareholders on the register as at the close of business on 14 July 2006. The dividends paid during the period were as follows:

	2006 £000	2005 £000
Interim dividend paid – 0.75p per ordinary share	<u>113</u>	<u>–</u>

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

8. Return per ordinary share

The basic revenue return per ordinary share is based on the net revenue from ordinary activities after taxation of £253,042 and the weighted average number of shares in issue during the year of 14,035,402.

The net capital loss per ordinary share is based on the net loss from ordinary activities after taxation of £219,264 and the weighted average number of shares in issue during the year of 14,035,402.

The total return per ordinary share is based on the net revenue after taxation of £33,778 and the weighted average number of shares in issue during the year of 14,035,402.

9. Prior period adjustment

Following the introduction of FRS25 and FRS26, the preference shares issued in the period ended 28 February 2005 and redeemed in the year ended 28 February 2006, have been reclassified as creditors rather than shareholders funds. Further details are set out in note 1 of the accounts.

10. Investments

	Venture capital investments		Current	Total
	<i>Unlisted Investments</i>	<i>Mezzanine loans</i>	<i>assets Gilts</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance b/fwd as at 1 March 2005	–	–	–	–
Additions	<u>351</u>	<u>508</u>	<u>10,911</u>	<u>11,770</u>
Balance c/fwd as at 28 February 2006	<u>351</u>	<u>508</u>	<u>10,911</u>	<u>11,770</u>

Venture capital investments		<i>£000</i>
Geotrupes Energy Limited	Ordinary and preference shares	<u>351</u>
Craig Farm Limited	Mezzanine loan	139
Fenpower Limited	Mezzanine loan	<u>369</u>
		<u>508</u>

The investment in Geotrupes Energy Limited represents an ordinary shareholding of 15% and a holding of £315,000 of redeemable cumulative preference shares.

11. Debtors

	<i>2006 £000</i>	<i>2005 £000</i>
Accrued interest income	18	–
Other debtors	<u>17</u>	<u>–</u>
	<u>35</u>	<u>–</u>

Included in accrued interest income is mezzanine loan interest totalling £17,647 which is due after more than one year.

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

12. Creditors: amounts falling due within one year

	2006 £000	2005 £000
Corporation tax	8	–
Other creditors	20	–
Preference share capital	–	13
Accruals and deferred income	34	–
	<u>62</u>	<u>13</u>

The redeemable preference shares were redeemed at par on 27 April 2005. Each redeemable preference share carried the rights to a fixed dividend of 0.01 pence per annum but conferred no right to vote except otherwise agreed by the holders of a majority of the ordinary shares. On a winding-up the preference shares conferred the right to be paid the nominal amount paid on such a share. The preference shares were redeemable at par at any time by the Company.

13. Share capital

	2006 £000	2005 £000
Authorised		
40,000,000 (2005: 39,800,000) ordinary shares of 25p each	<u>10,000</u>	<u>9,950</u>
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	£000	£000
15,000,183 (2005: 4) ordinary shares of 25p each	<u>3,750</u>	–
	<u>3,750</u>	–

The following allotments of ordinary shares of 25p took place during the year:

14 March 2005	5,618,370
4 April 2005	6,750,985
5 April 2005	424,665
7 June 2005	2,206,159

The shares were issued at £1 each per share and, after issue costs, £14,186,853 was raised from the issues. The shares of the Company were admitted to the Official List of the London Stock Exchange on 15 March 2005.

Upon redemption, the 50,000 preference shares of £1 each were redesignated as 200,000 ordinary shares of 25p each. This reduced authorised non-equity share capital to nil and increased authorised equity share capital to 40 million shares.

14. Net asset value per share

The calculation of net asset value per share as at 28 February 2006 is based on net assets of £14,108,131 divided by the 15,000,183 ordinary shares in issue at that date.

Notes to the financial statements *(continued)**for the year ended 28 February 2006***15. Reserves**

	<i>Share Premium</i>	<i>Special Reserve</i>	<i>Capital Reserve (realised)</i>	<i>Revenue Reserve</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance b/fwd as at 1 March 2005	–	–	–	–
Premium on issue of shares	11,250	–	–	–
Share issue expenses	(813)	–	–	–
Transfer to special reserve	(10,437)	10,437	–	–
Return on ordinary activities after tax	–	–	(219)	253
Dividends paid in the year	–	–	–	(113)
Balance c/fwd as at 28 February 2006	<u>–</u>	<u>10,437</u>	<u>(219)</u>	<u>140</u>

In line with the special resolution passed on 8 October 2004 at an EGM of the Company, the share premium account has been cancelled with effect from 1 September 2005, the date of registration of the court-approved order. The cancellation of the share premium account has provided the Company with a special reserve out of which it can fund buy-backs of ordinary shares as and when it is considered by the Board to be in the interests of the shareholders.

16. Post balance sheet events

Since the date of the accounts, the Company has invested a further £861,364 in Craig Wind Farm Limited and has invested a further £629,687 in Fenpower Limited. For further details, see the Investment Manager's report.

17. Financial instruments

The Company's financial instruments comprise investments in unquoted companies, government securities and cash. All are designated as "fair value through profit or loss". The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations.

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

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

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

17. Financial instruments *(continued)*

Interest rate risk profile of financial assets and financial liabilities

Financial assets

Fixed asset investments are carried in the accounts at fair value.

	<i>£000</i>	<i>Interest rate</i>	<i>Weighted average interest rate</i>	<i>Weighted average period to maturity</i>
Ordinary shares	36	N/A	N/A	N/A
Preference shares	315	6.5%	6.5%	N/A
Mezzanine loan stock	508	12.5%	12.5%	11.8 years
Treasury bills	10,911	4.4%	4.4%	15 days

- The interest rate described for the treasury bills is the predetermined yield.
- The mezzanine loan stock bears interest at a fixed rate of 12.5% per annum.
- The preference shares attract a cumulative preference dividend at the UK base lending rate plus 2%. As, to date, Geotrupes Energy Limited has earned no distributable profits, no preference dividend has been accrued in the Company's financial statements.
- Ordinary share capital investments have no interest rate attached to them.

Financial liabilities

The Company has no guarantees or financial liabilities other than short term creditors.

Currency exposure

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

Borrowing facilities

The Company has no committed borrowing facilities as at 28 February 2006.

Investment risk

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

Liquidity risk

Due to the nature of the Company's qualifying investments, it is not possible easily to liquidate investments in ordinary shares, preference shares and mezzanine loan stock. The Company's investments in treasury bills can be liquidated on two days' notice.

18. Contingencies, guarantees and financial commitments

The Company had no contingencies, financial commitments or guarantees as at 28 February 2006.

On 4 April 2006, the Company registered a charge over its shares in Fenpower Limited to Alliance and Leicester Commercial Bank plc as security for a senior loan facility of £4.8 million raised by Fenpower Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Fenpower Limited which totalled £307,687.

Notes to the financial statements *(continued)*

for the year ended 28 February 2006

19. Related party transactions

The Company retains Climate Change Capital Limited (CCC) as its Investment Manager. During the year, the investment management agreement was transferred from Climate Change Advisory Limited to Climate Change Capital Limited. Both companies are subsidiaries of Climate Change Holdings Limited. Details of the agreement with CCC are set out in note 3 of the accounts. During the year, £360,928 (2005: £Nil) was payable to CCC, inclusive of irrecoverable VAT. At the year end, a balance of £15,288 (2005: £Nil) was due from CCC.

20. Controlling party

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Ventus VCT plc will be held at 12 pm on Wednesday, 12 July 2006 at 49 Grosvenor Street, London W1K 3HP for the purpose of transacting the following business:

Ordinary Business

1. To receive and consider the audited Financial Statements and the Report of the Directors for the year ended 28 February 2006.
2. To declare a final dividend of 0.75 pence per share in respect of the year ended 28 February 2006.
3. To approve the Directors' Remuneration Report for the year ended 28 February 2006.
4. To re-elect Mr Alan Moore as a Director of the Company.
5. To re-appoint Baker Tilly as Auditors of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions, as to which resolution 6 shall be proposed as an ordinary resolution and resolution 7 shall be proposed as a special resolution:

Authority to repurchase Ordinary shares

6. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80(1) of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £1,250,015 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot relevant securities be and are hereby revoked.
7. THAT the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined by Section 94(2) of the Act) for cash; pursuant to the authority conferred by resolution 6 above as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

Notice of Annual General Meeting *(continued)*

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £187,502 and shall expire upon the expiry of the general authority conferred by resolution 6 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board
Capita IRG Trustees Limited
Company Secretary

9 June 2006

Registered Office:
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

NOTES

- (1) A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote on his or her behalf. In order to be valid an appointment of proxy must be delivered in hard copy form by post, by courier or by hand to the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and must be received by the Company not less than 48 hours before the time of the meeting.
- (2) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 6pm on 10 July 2006 shall be entitled to attend and vote at the aforesaid general meeting in respect of the number of shares registered in their names at that time. Changes in the entries in the relevant register of Securities after 6pm on 10 July 2006 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (3) A Form of Proxy is enclosed for use by shareholders. The appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.
- (4) Copies of the register of interests of the Directors in the share capital of the Company are available for inspection at the registered office of the Company during usual business hours (Saturday, Sundays and public holidays excepted) and will be available at the place of the AGM from 15 minutes prior to and during the AGM.
- (5) There are no service contracts between Directors and the Company.

Form of Proxy

I/We, (full name*)

of (address*)

being a member/members of the above-named Company, hereby appoint the Chairman of the Meeting or † as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the Company, to be held on 12 July 2006 at 12 pm.

My/our proxy is to vote on the resolutions to be proposed at the Annual General Meeting as follows:

	RESOLUTIONS	FOR‡	AGAINST‡	VOTE WITHHELD‡
	ORDINARY BUSINESS			
1.	To receive the Accounts for the year ended 28 February 2006 together with the reports of the Directors and auditors thereon.			
2.	To declare a final dividend of 0.75 pence per share in respect of the year ended 28 February 2006.			
3.	To approve the Directors' Remuneration Report for the year ended 28 February 2006.			
4.	To re-elect Mr Alan Moore as a Director.			
5.	To re-appoint Baker Tilly as auditors to the Company and to authorise the Directors to determine their remuneration.			
	SPECIAL BUSINESS			
6.	To authorise the Directors to allot shares pursuant to Section 80(1) of the Companies Act 1985.			
7.	To disapply statutory pre-emption rights pursuant to Section 95 of the Companies Act 1985.			

The proxy may vote as he/she thinks fit (or abstain) on any resolutions where no specific direction is given or any other business which may properly come before this meeting..

Signature..... Date..... 2006

NOTE: To be valid this Form of Proxy must be deposited at the Company's Registrar not less than 48 hours before the time for holding the meeting.

Notes:

- 1* Please complete in block capitals with your full name and address.
- 2† If you wish to appoint someone other than the Chairman of the meeting, please cross out these words and insert the full name(s) of the person(s) you wish to appoint. A proxy need not be a member of the Company.
- 3‡ Please indicate, by inserting a cross in the appropriate box, how you wish your votes to be cast on each Resolution. If you sign this Form of Proxy and return it without any specific directions, your proxy will vote or abstain at his discretion. This Form of Proxy will only be used in the event of a poll being directed or demanded.
- 4 This Form of Proxy must be deposited at the Company's Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, NOT LATER than 12 pm on 10 July 2006, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof. The completion and return of this Form of Proxy will not, however, preclude (a) holder(s) of ordinary shares from attending and voting at the meeting if they so wish.
- 5 Any alterations to this Form of Proxy should be initialled.
- 6 In the case of joint holders, the signature of one holder will be accepted, but the names of all joint holders should be given.
- 7 In the case of a corporation, this Form of Proxy should be either given under its common seal or signed on its behalf by an officer or attorney duly authorised.



SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB 122

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Capita Registrars
Proxies Department
34 Beckenham Road
Beckenham, Kent
BR3 4BR

FIRST FOLD

THIRD FOLD AND TUCK IN

Climate Change Capital[®]

Investment Manager
Climate Change Capital Limited
49 Grosvenor Street
London
W1K 3HP