

TP10 VCT PLC

FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 7 AUGUST 2009 TO 28 FEBRUARY 2010

# TP10



TriplePoint

TP10 VCT PLC



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**REPORT OF THE DIRECTORS  
- FINANCIAL SUMMARY**

	£'000
Net assets	4,390
Net loss before tax	(32)
Loss per share	(5.94p)
Net asset value per share	94.25p

TP10 VCT plc (“the Company”) is a Venture Capital Trust (“VCT”). The Investment Manager is Triple Point Investment Management LLP. The Company was launched in November 2009 and raised £4.6 million, up to the date of these Financial Statements, through an offer for subscription which closed on 31 May 2010, by which time £29.8m had been raised.

The Directors’ Report on pages 7 to 11 and the Directors’ Remuneration Report on pages 12 to 13 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the Directors for these reports is owed solely to TP10 VCT plc.

The Directors submit to the members their Annual Report and Financial Statements for the Company for the period ended 28 February 2010. The Report of the Directors, includes the Financial Summary, Chairman’s Statement, Details of Advisers, Shareholder Information, Directors’ Report, Directors’ Remuneration Report and the Corporate Governance Statement.

**REPORT OF THE DIRECTORS - CHAIRMAN’S STATEMENT**

I am delighted to be writing to you as a shareholder in TP10 enclosing your Company’s first Financial Statements, those for the period ending 28 February 2010.

First of all, some explanation is required for the provision of audited Financial Statements covering a period whilst the Company’s offer for subscription for shares remained open. On 16 September 2009 the Company issued its Prospectus offering subscription for up to 50,000,000 ordinary shares of 1p each at an issue price of £1 per share. In order to provide the maximum period for the Company to secure its VCT status by ensuring that at least 70% of the fund’s investments will be committed to VCT qualifying holdings, the Board set its year end at 28 February. The Company was incorporated on 7 August 2009, and these first Financial Statements cover the period from incorporation to 28 February 2010. However, with the Company having first allotted shares on 29 January 2010, the current accounting period only includes a month’s substantive activity.

**INVESTMENT STRATEGY**

TP10’s strategy is to offer combined exposure to cash or cash based funds and venture capital investments focused on companies with contractual revenues from financially secure counterparties. Initially, investment exposure is intended to be predominantly to cash and cash based funds. By the end of its third year the Company’s intention is that at least 70% of the fund will be committed to VCT qualifying holdings with up to 30% remaining exposed to cash and cash based funds.

**RESULTS**

Up to 28 February 2010, the Company had received subscriptions for 4,658,202 shares with the share proceeds being £4.6 million.

The offer for subscription for shares closed on 31 May 2010 with subscriptions having been received for 30,178,014 shares, with the share proceeds of £29.8 million.

**REPORT OF THE DIRECTORS - CHAIRMAN'S STATEMENT** *(continued)*

The Company's net asset value per share at 28 February 2010 was 94.25p per share reflecting the accrual of fixed costs, in particular, Directors' fees and that shares issued before 31 January 2010 were issued at a discount so that the price received was 99p per share rather than the £1 issue price.

**RISKS**

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

- Investment risk associated with VCT qualifying investments;
- Failure to maintain approval as a qualifying VCT.

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

**OUTLOOK**

Market conditions for VCT qualifying investments remain favourable and Triple Point Investment Management LLP has a pipeline of opportunities which meet the investment criteria your Company seeks. I expect to be writing to you further about these investment opportunities in the next report to be published in October this year.

If you have any queries or comments, please do not hesitate to telephone Triple Point Investment Management LLP on 020 7201 8989 or email me at investor-relations@triplepoint.co.uk.

**ROBIN MORRISON**

**Chairman**

16 June 2010

## REPORT OF THE DIRECTORS - DETAILS OF DIRECTORS

**Robin Morrison**, aged 55, is the Chairman of the Board of the Company. He graduated with a first in Economics and Management Studies from Cambridge. He also held a short service commission with the Royal Corps of Transport. He was 28 years with Mars Incorporated, based in the UK, France and the Czech Republic. He held both Global and Pan-European Vice President roles with responsibility for divisional teams of up to 3,700 people and 8 manufacturing plants.

**Robert Reid**, aged 44, is the founder of an independent corporate finance and corporate development advisory business. After graduating from the European Business School he joined S.G. Warburg & Co. and has over 17 years corporate finance experience in both the corporate and advisory fields. His most recent roles include director of corporate finance at Avis Europe plc and director of corporate finance at Hurst Morrison Thomson, chartered accountants. Robert is a Director of TP70 2008 (II) VCT.

**Alexis Prenn**, aged 48, is an experienced entrepreneur, Alexis worked for many years at LSE listed conglomerate Magellan plc where he held a number of senior roles and was managing director of several group subsidiaries. He left to participate in a Schroders backed management buy-in to Fii Group plc, one of the UK's largest listed shoe businesses. In recent years, he has invested in and developed companies in the fields of security equipment, IT training and event management software and has been closely involved in the development of the Triple Point Group. He was also the lead investor behind the management buy-in to Sinclair Pharmaceuticals which floated in 2004.

## REPORT OF THE DIRECTORS - DETAILS OF ADVISERS

### **Secretary and Registered Office:**

Triple Point Investment Management LLP  
("TPIMLLP")  
4-5 Grosvenor Place  
London  
SW1X 7HJ

### **Registered Number**

06985211

### **Investment Manager and Administrator**

TPIMLLP  
4-5 Grosvenor Place  
London  
SW1X 7HJ  
Tel: 020 7201 8989

### **Independent Auditor**

Grant Thornton UK LLP  
1 Westminster Way  
Oxford  
OX2 0PZ

### **Solicitors**

Howard Kennedy  
19a Cavendish Square  
London  
W1A 2AW

### **Registrars**

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

### **VCT Taxation Advisers**

PriceWaterhouseCoopers  
1 Embankment Place  
London  
WC2N 6RN

### **Bankers**

Royal Bank of Scotland PLC  
54 Lime Street  
London  
EC3M 7NQ

## REPORT OF THE DIRECTORS - SHAREHOLDER INFORMATION

### THE COMPANY

TP10 VCT plc is a Venture Capital Trust. The investment manager is Triple Point Investment Management LLP (“TPIMLLP”). The Company was incorporated on 7 August 2009. A Prospectus offering for subscription up to 50,000,000 Ordinary Shares of £1 each was issued on 16 September 2009. The offer closed on 31 May 2010 with £29.8m having been raised.

The Company’s investment strategy is to offer combined exposure to cash or cash based funds and venture capital investments focused on companies with contractual revenues from financially secure counterparties. Initially, investment exposure is intended to be predominantly to cash and cash based funds. By the end of the third year the Company’s intention is that at least 70% of the fund will be committed to VCT qualifying holdings with up to 30% remaining exposed to cash and cash based funds.

### VENTURE CAPITAL TRUSTS

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

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

The Company has been provisionally approved as a VCT by Her Majesty’s Revenue and Customs. In order to maintain its approval the Company must comply with certain requirements on a continuing basis. Within three years from the effective date of provisional approval or later allotment at least 70% of the Company’s investments must comprise “qualifying holdings” of which at least 30% must be in eligible ordinary shares. A “qualifying holding” consists of up to £1 million invested in any one year in new shares or securities in an unquoted company (including companies listed on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed £8 million.

### FINANCIAL CALENDAR

The Company’s Financial calendar is as follows:

<b>15 July 2010</b>	Annual General Meeting
<b>October 2010</b>	Interim report for the 6 months ending 31 August 2010 dispatched
<b>June 2011</b>	Results for the year to 28 February 2011 announced; annual report and Financial Statements published

### SHARE PRICE

There have been no trades in the Company’s shares to date. We will be asking shareholders at the annual general meeting to give the Board power to purchase shares in the market for cancellation. The Company has introduced a share buy-back facility, committing to buy-back shares at no more than a 10% discount to the prevailing NAV. This should assist the marketability of the shares and help prevent the shares from trading at a wide discount to NAV.

Shareholders should note that if they sell their shares within five years of subscription they forfeit any tax relief obtained. If you are considering selling your shares please contact TPIMLLP on 020 7201 8989.

## INVESTMENT MANAGER'S REVIEW

### OUTLOOK

I am writing to you on behalf of Triple Point Investment Management LLP with your Company's first Investment Manager's Review immediately following closure of the Company's offer for subscription for shares.

### STRATEGY

TP10's strategy is to offer combined exposure to cash or cash based funds and venture capital investments focused on companies with contractual revenues from financially secure counterparties. Initially investment exposure is intended to be predominantly to cash and cash based funds. By the end of its third year the Company's intention is that at least 70% of the fund will be committed to VCT qualifying holdings with up to 30% remaining exposed to cash and cash based funds.

### TRIPLE POINT VCT QUALIFYING INVESTMENTS

Triple Point VCT qualifying investments are unlike other VCT qualifying investments or venture capital investments. Instead of focusing on companies with high growth potential (and correspondingly high risks), Triple Point invests in companies that have a solid, stable future with highly predictable revenues and cashflows. Typically Triple Point VCT qualifying investments provide services to the public sector and financially sound corporate customers. This strategy has earned Triple Point VCT qualifying investments a reputation for capital security and liquidity.

### INVESTMENT CRITERIA FOR THE TP10 PORTFOLIO

Investments will be sought with the following characteristics:

- High degree of capital security
- Solid and financially sound customer base
- Predictable revenue streams

Assets awaiting deployment will be invested in cash or cash-based, liquid investments.



**CLAIRE AINSWORTH**  
for Triple Point Investment  
Management LLP

16 June 2010

### ABOUT TRIPLE POINT INVESTMENT MANAGEMENT LLP

Triple Point is a specialist in tax-efficient investments. As well as managing several market-leading VCTs, it offers investors a range of investment products that qualify for government sponsored tax reliefs including the Enterprise Investment Scheme (EIS) and Business Property Relief (BPR).

The Triple Point investment model focuses on capital security, liquidity and tax-enhanced returns built around the group's capabilities in taxation, structured finance and investment.

For more information on Triple Point Investment Management LLP please call 020 7201 8989.

## REPORT OF THE DIRECTORS - DIRECTORS' REPORT

The Directors present their Report and the audited Financial Statements for the period from incorporation on 7 August 2009 to 28 February 2010. This report has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and forms part of the Report of the Directors to shareholders. The Company's independent auditor is required by law to report on whether the information given in the Directors' Report (including the business review) is consistent with the Financial Statements. The auditor's opinion is given on pages 19 to 20.

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

The Directors are required by s417 of the Companies Act 2006 to make a review of the business. The business review is set out below but also includes the Chairman's Statement on pages 1 to 2 and Investment Manager's Review on page 6.

The Directors have managed the affairs of the Company with the intention of maintaining its status as an approved Venture Capital Trust for the purposes of S274 of the Income and Corporation Taxes Act 2007. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. The Company was not at any time up to the date of this report a close company within the meaning of S414 of the Act.

There have been no significant post balance sheet events other than the issue of additional shares described in note 17.

### KEY PERFORMANCE INDICATORS

The Board has a number of performance measures to assess the Company's success in meeting its objectives. These include the net asset value, revenue and capital return and dividend per share and the level of VCT qualifying investments. Further details are provided within the Financial Summary and Chairman's Statement on page 1 and the Investment Manager's Review on page 6. The Board believes that the Company will in due course satisfy all the VCT qualifying conditions laid down by HM Revenue & Customs.

### INVESTMENT POLICY

TP10's investment exposure initially is intended to be predominantly to cash and cash based funds. By its third year, it is intended that the Company will undertake the venture capital investments critical to VCT qualification. Thereafter, at least 70% of the fund will be in venture capital investments and up to 30% in cash and cash based funds.

The Directors intend to return cash raised from exits promptly to shareholders, who will be given the opportunity to vote for the Company's discontinuation after six years.

TPIMLLP aims to achieve TP10's objectives (relatively low risk of capital loss, low correlation to traditional asset classes and a rapid exit after 5 years) in part by investing on the basis of certain conservative principles in both fund of hedge funds and venture capital investments:

Venture capital investments ("qualifying" investments under the tax rules applying to VCTs)

- TPIMLLP seeks investments where robust due diligence has been undertaken on target investments and where there is a high level of access to material financial and other information on an ongoing basis;
- TPIMLLP will seek to minimise the risk of losses when investing through careful analysis of the collateral available to investee companies;
- The team will seek to reduce the risk of losses by focusing on businesses typically with contractual revenues from financially sound counterparties or a stream of predictable transactions with multiple clients. Businesses with assets providing valuable security will also be considered.

**REPORT OF THE DIRECTORS - DIRECTORS' REPORT** *(continued)***DIRECTORS**

The Directors of TP10 VCT during the period were:

**Dunstana Davies**

(resigned 7 August 2009)

**Waterlow Nominees Ltd**

(resigned 7 August 2009)

**Ian L Banes**

(resigned 14 September 2009)

**Michael L Harris**

(resigned 14 September 2009)

**Robin Morrison**

(appointed 14 September 2009)

**Robert Reid**

(appointed 14 September 2009)

**Alexis Prenn**

(appointed 14 September 2009)

At 28 February 2010 Robin Morrison held 73,492 ordinary shares of 1p each. There have been no changes in the holdings of the directors between 28 February 2010 and the date of this report except that Alexis Prenn has acquired 5,125 ordinary shares of 1p each.

As the forthcoming Annual General Meeting will be the Company's first, each of the Directors will submit themselves for re-election.

The Board has considered provision A.7.2 of the Combined Code 2008 and believes that all the directors continue to be effective and to demonstrate commitment to his role, the Board and the Company. They therefore recommend them for re-election at the forthcoming Annual General Meeting.

**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

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

**POLICY ON PAYMENT OF PAYABLES**

The Company's payment policy for the forthcoming financial year 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 supplier payment practice. There were no overdue trade payables at 28 February 2010.

**MANAGEMENT**

TPIMLLP acts as investment manager to the Company. The principal terms of the Company's management agreement with TPIMLLP are set out in Note 5 to the Financial Statements.

As required by the Listing Rules, the Directors confirm that in their opinion the continuing appointment of TPIMLLP as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of other VCTs managed by TPIMLLP and the efficient and effective service provided by TPIMLLP to the Company.

**SUBSTANTIAL SHAREHOLDINGS**

So far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

**ANNUAL GENERAL MEETING**

Notice convening the 2010 annual general meeting of the Company and a form of proxy in respect of that meeting can each be found at the end of this document.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

## REPORT OF THE DIRECTORS - DIRECTORS' REPORT *(continued)*

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The Board carries out a regular review of the environment in which the Company operates. The main areas of risk identified by the Board are as follows:

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

**Credit risk:** At present substantially the only asset of the company is cash held with banks and this exposes the company to credit risk. As cash is invested this risk will diminish.

**Financial risk:** as most of the Company's investments involve a medium to long-term commitment and are relatively illiquid, the directors consider that it is inappropriate to finance the Company's activities through borrowing. Accordingly, they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to take advantage of new

unquoted investment opportunities as they arise. The Company has no exposure to foreign currency risk.

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

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

The performance of the Company's underlying investment portfolio is influenced by a combination of economic growth, interest rates, the number of trade and private equity buyers and the level of merger and acquisition activity. All of these factors have an impact on the Company's ability to

invest and on the Company's ability to exit from its underlying portfolios or on the levels of profitability achieved on exit.

Due to the nature of the Company's activities, environmental, social and employee issues do not apply to it directly and therefore no disclosures in respect of these matters have been included in the Financial Statements.

### SHARE CAPITAL, RIGHTS ATTACHING TO THE SHARES AND RESTRICTIONS ON VOTING AND TRANSFER

The Company's share capital is £500,000 divided into 50,000,000 shares of 1p each, of which 4,658,202 shares were in issue at 28 February 2010. As at that date none of the issued shares were held by the Company as treasury shares. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's articles of association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

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

**REPORT OF THE DIRECTORS - DIRECTORS' REPORT** *(continued)***SHARE CAPITAL, RIGHTS ATTACHING TO THE SHARES AND RESTRICTIONS ON VOTING AND TRANSFER** *(continued)*

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

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

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's articles of association with a notice pursuant to Section 793 of the Companies Act 2006 (notice by a Company requiring information about interests in its shares), the Company can until the default ceases

suspend the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

Shareholders, either alone or with other shareholders, have other rights as set out in the Company's articles of association and in Company law.

A member may choose whether his or her shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his or her shares, subject in the case of certificated shares to the rules set out in the Company's articles of association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The directors may refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings

taking place on an open and proper basis, or if in the opinion of the directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's articles of association, shareholders are subject to the compulsory acquisition provisions in Sections 974 to 991 of the Companies Act 2006.

**AMENDMENT OF ARTICLES OF ASSOCIATION**

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

**APPOINTMENT AND REPLACEMENT OF DIRECTORS**

A person may be appointed as a director of the Company by the shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the directors; no person, other than a director retiring by rotation or otherwise, shall be appointed or re-appointed a director at any general meeting unless he is recommended by the directors or, not less than 7 nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's articles of association.

## REPORT OF THE DIRECTORS - DIRECTORS' REPORT *(continued)*

### **APPOINTMENT AND REPLACEMENT OF DIRECTORS** *(continued)*

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

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

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

### **POWERS OF THE DIRECTORS**

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

### **AUDITOR**

Grant Thornton UK LLP was appointed prior to the company's first annual general meeting in accordance with s489(3) of the Companies Act 2006. A resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board.



### **ROBIN MORRISON**

**Chairman**

16 June 2010

## REPORT OF THE DIRECTORS - DIRECTORS' REMUNERATION REPORT

### INTRODUCTION

This report is submitted in accordance with schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, in respect of the period ended 28 February 2010. The information included in this report is not subject to audit except where specified. This report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board had applied the principles relating to Directors' remuneration.

### CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year.

### STATEMENT OF THE COMPANY'S POLICY ON DIRECTORS' REMUNERATION

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for a period of three years. Directors' appointments are reviewed formally every three years thereafter by the Board as a whole.

Each Director has a service contract. Each Director has a notice period of three months and a Director may resign by notice in writing to the Board at any time. None of the Directors is entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The information within this table is audited:

	Date of Contract	Unexpired term of contact at 28 February 2010	Annual rate of director's fees £	Emoluments in period £
Robin Morrison, Chairman	14 Sep 2009	N/A	15,000	6,863
Robert Reid	14 Sep 2009	N/A	12,500	5,719
Alexis Prens	14 Sep 2009	N/A	12,500	5,719
				<u>18,301</u>

## REPORT OF THE DIRECTORS - DIRECTORS' REMUNERATION REPORT *(continued)*

### STATEMENT OF THE COMPANY'S POLICY ON DIRECTORS' REMUNERATION *(continued)*

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. The policy is to review these rates from time to time, although such review will not necessarily result in any changes to the rates.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Directors personally. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. No other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

### REMUNERATION COMMITTEE

Since the Company consists solely of non-executive directors, a Remuneration Committee is not considered necessary.

### COMPANY PERFORMANCE

There have been no trades in the Company's shares to date. Therefore, no performance graph comparing the share price of the Company over the period ended 28 February 2010 with the total return from a notional investment in the FTSE All-Share index over the same period has been included. The directors do not believe that such information is of benefit to the users of the Financial Statements.

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

On behalf of the Board



**ROBIN MORRISON**  
Chairman  
16 June 2010

## REPORT OF THE DIRECTORS - CORPORATE GOVERNANCE

The Board of TP10 VCT plc has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in corporate governance and has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out at the end of this report in the Compliance Statement.

The Corporate Governance Report forms part of the Report of Directors.

### BOARD OF DIRECTORS

The Company has a board of three non-executive Directors, two of whom are considered to be independent (the exception being Alexis Prenn). Since all directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Company

does not have a Chief Executive Officer. The Directors have a range of business and Financial skills which are relevant to the Company; these are described on page 3 of this report. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements by the Investment Manager. The Board has direct access to Company Secretarial advice and compliance services provided by the Manager, which is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties.

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

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

by the Board rather than the Investment Manager. Other matters reserved for the Board include:

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

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

**REPORT OF THE DIRECTORS - CORPORATE GOVERNANCE** *(continued)*

**BOARD OF DIRECTORS** *(continued)*

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

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

The Company's articles of association require that one third of the directors should retire by rotation each year and seek re-election at the annual general meeting, and that directors newly appointed by the Board should seek re-appointment at the next annual general meeting. The Board complies with the requirement of the Combined Code that all directors are required to submit themselves for re-election at least every three years.

The Board regularly reviews the independence of its members and is satisfied that (with the exception of Alexis Prenn who is beneficially interested in TPIM LLP, the Company's investment manager) the Company's directors are independent in character and judgement and there are no relationships or circumstances which could affect their objectivity.

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

Directors present	2 Full Board Meetings	0 Audit Committee Meetings
Robin Morrison, Chairman	2	0
Robert Reid	2	0
Alexis Prenn	2	0

**AUDIT COMMITTEE**

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

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

- reviewing and making recommendations to the Board in relation to the Company's published Financial Statements and other formal announcements relating to the Company's financial performance;

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

## REPORT OF THE DIRECTORS - CORPORATE GOVERNANCE *(continued)*

### **AUDIT COMMITTEE** *(continued)*

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

The Board considers that the members of the Committee are independent and collectively have the skills and experience required to discharge their duties effectively, and that the Chairman of the Committee meets the requirements of the Combined Code as to relevant financial experience.

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

In respect of the period ended 28 February 2010, the audit committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing TPIM LLP's Statement of internal controls operated in relation to

the Company's business and assessing those controls in minimising the impact of key risks;

- reviewing periodic reports on the effectiveness of TPIM LLP's compliance procedures;
- reviewing the appropriateness of the Company's accounting policies; and

### **INTERNAL CONTROL**

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board regularly reviews financial results and investment performance with its investment managers.

Triple Point Investment Management LLP is engaged to provide administrative services including accounting services and retains physical custody of the documents of title relating to investments.

The Directors confirm that they have established a continuing process throughout the period and up to the date of this report

for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. As part of this process an annual review of the internal control systems is carried out. The Board does not consider it necessary to maintain a separate internal audit function.

Internal control systems include the production and review of monthly bank and management accounts. All outflows made from the VCT's accounts require the authority of two signatories from TIMLLP, the Manager. The VCT is subject to a full annual audit whereby the auditors are the same auditors as other VCTs managed by the Investment Manager. Further to this, the Audit Partner has open access to the Directors of the VCT and the Investment Manager is subject to regular review by the TPIMLLP Compliance Department.

### **RISK MANAGEMENT**

TPIMLLP carries out management of liquid funds in accordance with the policy guidelines laid down and regularly reviewed by the Board. The Board carries out a regular review of the risk environment in which the company operates. The particular risks they have identified are detailed in the Directors' Report on page 9.

## REPORT OF THE DIRECTORS - CORPORATE GOVERNANCE *(continued)*

### GOING CONCERN

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

### RELATIONS WITH SHAREHOLDERS

The Board recognise the value of maintaining regular communications with shareholders. In addition to the formal business of the annual general meeting, an opportunity is given to all shareholders to question the Board and the investment managers on matters relating to the company's operation and performance. Proxy voting figures for each resolution will be announced at the annual general meeting. The Board and the Investment Manager will also respond to any written queries made by shareholders during the course of the year and both can be contacted at 4-5 Grosvenor Place, London, SW1X 7HJ or on 020 7201 8989.

### COMPLIANCE STATEMENT

The Listing Rules require the Board to report on compliance with the 48 Combined Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Directors consider that the Company has complied throughout the period under review with the provisions set out in Section 1 of the Combined Code of Corporate Governance published by the UK Listing Authority in 2008:

1. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise (A5.1).
2. Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise (A1.3, A6.1).
3. The Company does not have a senior independent director. The Board does not consider such an appointment appropriate for a company such as TP10 VCT (A3.3).

4. The Company conducts a formal review as to whether there is a need for an internal audit function. The Directors do not consider that an internal audit would be an appropriate control for a venture capital trust (C3.5).

5. As all the Directors are non-executive, it is not considered appropriate to appoint a Nomination or Remuneration Committee (A4.1 and B2.1).

On behalf of the Board



**ROBIN MORRISON**

**Chairman**

16 June 2010

## REPORT OF THE DIRECTORS - DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the directors are required to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company at the end of the Financial period and of the return 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 judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 confirm that to the best of their knowledge the Financial Statements for the period ended 28 February 2010 comply with the requirements set out above and that suitable accounting policies,

consistently applied and supported by reasonable and prudent judgment, have been used in their preparation. They also confirm that the annual report includes a fair review of the business together with a description of the principal risks and uncertainties faced by the Company.

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

In so far as the Directors are aware:

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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Company's Financial Statements are published on the TPIMLLP website, [www.triplepoint.co.uk](http://www.triplepoint.co.uk). The maintenance and

integrity of this website is the responsibility of TPIMLLP and not of the Company. The work carried out by Grant Thornton UK LLP as independent auditor of the Company does not involve consideration of the maintenance and integrity of the website and accordingly they accept no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website. Visitors to the website should be aware that legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in their jurisdiction.

To the best of my knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, Financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties it faces.

On behalf of the Board



**ROBIN MORRISON**  
Chairman  
16 June 2010

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TP10 VCT PLC

We have audited the Financial Statements of TP10 VCT plc for the period ended 28 February 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 16 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 the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKP](http://www.frc.org.uk/apb/scope/UKP)

### OPINION ON FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 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 14 to 16 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TP10 VCT PLC** *(continued)***MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 17 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

**Tracey James,**  
**Senior Statutory Auditor**  
**for and on behalf of Grant Thornton UK LLP**  
**Statutory Auditor, Chartered**  
**Accountants**  
**OXFORD**  
16 June 2010

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period 7 August 2009 to 28 February 2010**

	Note	Revenue £'000	Capital £'000	Total £'000
Investment income	4	1	-	1
Investment return		1	-	1
Investment management fees	5	2	5	7
Financial and regulatory costs		-	-	-
General administration		-	-	-
Legal and professional fees	6	7	-	7
Directors' remuneration	7	19	-	19
Operating expenses		28	5	33
Loss before taxation		(27)	(5)	(32)
Taxation	8	-	-	-
Loss after taxation		(27)	(5)	(32)
Other comprehensive income		-	-	-
Total comprehensive income		(27)	(5)	(32)
Basic & diluted loss per share	9	(4.94p)	(1.00p)	(5.94p)

The total column of this Statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue and capital reserve columns are prepared under guidance published by the Association of Investment Companies.

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

This Statement of comprehensive income includes all recognised gains and losses.

The accompanying notes are an integral part of this Statement.

**BALANCE SHEET**  
**at 28 February 2010**

	<u>Note</u>	<u>£'000</u>
<b>Current assets</b>		
Receivables	10	201
Cash and cash equivalents	11	4,251
<b>TOTAL ASSETS</b>		<b>4,452</b>
<b>Current Liabilities</b>		
Payables	12	38
Accrued expenses		24
		<u>62</u>
<b>NET ASSETS</b>		<b><u>4,390</u></b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders</b>		
Share capital	13	47
Share premium		4,375
Capital reserve		(5)
Revenue reserve		(27)
Total equity		<u>4,390</u>
<b>Net asset value per share (pence)</b>	14	<b>94.25p</b>

The Balance Sheet was approved by the Directors and authorised for issue on 16 June 2010 and are signed on their behalf by:



**ROBIN MORRISON**  
**Chairman**  
 16 June 2010

Company registration number 6985211.

The accompanying notes are an integral part of this Statement.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the period 7 August 2009 to 28 February 2010**

	Issued Capital £'000	Share Premium £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
Issue of share capital	47	4,606	-	-	4,653
Cost of issue of shares	-	(231)	-	-	(231)
<b>Transactions with owners</b>	<b>47</b>	<b>4,375</b>	<b>-</b>	<b>-</b>	<b>4,422</b>
Loss before tax	-	-	(5)	(27)	(32)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>(27)</b>	<b>(32)</b>
<b>Balance at 28 February 2010</b>	<b>47</b>	<b>4,375</b>	<b>(5)</b>	<b>(27)</b>	<b>4,390</b>

The share premium represents the excess of issue price of shares over par value net of issue costs. The capital reserve represents the proportion of Investment Management fees regarded as capital. There have been no realised or unrealised gains or losses on investments credited / charged to Capital Reserve in the period. Neither the share premium nor capital reserve are distributable. The Revenue Reserve is distributable by way of dividend.

**STATEMENT OF CASH FLOWS**  
**For the period 7 August 2009 to 28 February 2010**

	£'000
<b>Cash flows from operating activities</b>	
Loss before taxation	(32)
Cash absorbed by operations	(32)
Increase in receivables	(201)
Increase in payables and accruals	62
<b>Net cash outflow from operating activities</b>	<b>(171)</b>
<b>Net cash flows from investing activities</b>	<b>-</b>
<b>Cash flows from financing activities</b>	
Issue of shares	4,422
<b>Net cash flows from financing activities</b>	<b>4,422</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,251</b>
<b>Reconciliation of net cash flow to movements in cash and cash equivalents</b>	
Net increase in cash and cash equivalents	4,251
Cash and cash equivalents at 28 February 2010	4,251

The accompanying notes are an integral part of these Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Financial Statements of the company for the period from incorporation on 7 August 2009 to 28 February 2010 were authorised for issue in accordance with a resolution of the directors on 16 June 2010.

The company applied for listing on the London Stock Exchange on 29 January 2010.

TP10 VCT plc is incorporated and domiciled in Great Britain. The address of TP10 VCT plc's registered office, which is also its principal place of business, is 4-5 Grosvenor Place, London, SW1X 7HJ.

TP10 VCT plc's Financial Statements are presented in Pounds Sterling (£) which is also the functional currency of the company, rounded to the nearest thousand.

The principal activity of the Company is investment.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

The Financial Statements of the Company for the period to 28 February 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union and therefore comply with the Articles of the EU IAS regulation and with the Statement of Recommended

Practice: "Financial Statements of Investment Companies" (SORP) issued by the Association of Investment Companies (AIC) in January 2009, in so far as this does not conflict with IFRS.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period, or in the period of revision and future periods if the revision effects both current and future periods.

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

#### Standards issued but not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the period ended 28 February 2010, and have not been applied in preparing these consolidated Financial Statements.

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

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

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES** *(continued)*

#### **Presentation of income statement**

In order to better reflect the activities of an investment trust company, and in accordance with the guidance issued by the Association of Investment Companies, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment Company under section 832 of the Companies Act 2006, net capital returns may not be distributed by way of dividend.

#### **Capital Management**

The Company's objectives when managing capital are:

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

The Company has no external debt; consequently all capital is represented by the value of share capital, distributable and other reserves. Total Shareholder equity at 28 February 2010 was £4.4 million.

#### **Income**

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

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

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

#### Expenses

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

#### Taxation

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate in accordance with IAS 12 "Income Taxes". The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

In accordance with IAS 12, deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely

than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted. The directors have considered the requirements of IAS 12 and do not believe that any provision should be made.

#### Financial instruments

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

#### Issued share capital

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

#### Cash and cash equivalents

Cash and cash equivalents represents cash available at less than 3 month's notice.

#### Receivables

Receivables are recognised at fair value on initial recognition and subsequently at amortised cost. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

#### Trade and other payables

Trade and other payables are recognised at fair value on initial recognition and subsequently at amortised cost.

#### Reserves

The revenue reserve (retained earnings) and capital reserve reflect the guidance published by the Association of Investment Companies. The share premium account represents the proceeds of share allotments in excess of the par values of shares issued and against which offer costs have been set. The capital reserve and share premium are non-distributable. The revenue reserve is distributable by way of dividend.

### 3. SEGMENTAL REPORTING

The company only has one class of business, being investment activity.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***4. INVESTMENT INCOME**

	Revenue £'000	Capital £'000	Total £'000
Interest receivable on bank balances and money market funds	1	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>

**5. INVESTMENT MANAGEMENT FEES**

Triple Point Investment Management LLP provides investment management and administration services to the Company under an Investment Management Agreement effective 29 January 2010 which runs for a period of 5 years and may be terminated at any time thereafter by not less than twelve months' notice given by either party and which provides for an administration and investment management fee of 2.50% per annum of net assets calculated and payable quarterly in arrears. Should such notice be given, the Investment Manager would perform its duties under the Investment Management Agreement and receive its management fee during the notice period.

**6. LEGAL AND PROFESSIONAL FEES**

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

	Revenue £'000	Capital £'000	Total £'000
Fees payable to the Company's auditor:			
for the audit of the Company and Group accounts	5	-	5
for other services related to taxation	1	-	1
	<b>6</b>	<b>-</b>	<b>6</b>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***7. DIRECTORS' REMUNERATION**

	Revenue £'000	Capital £'000	Total £'000
Robin Morrison, Chairman	7	-	7
Robert Reid	6	-	6
Alexis Prens	6	-	6
<b>Total</b>	<b>19</b>	<b>-</b>	<b>19</b>

**8. TAXATION**

	Revenue £'000	Capital £'000	Total £'000
Loss on ordinary activities before tax	(27)	(5)	(32)
UK Corporation tax at 28%	(8)	(1)	(9)
Tax value of unused tax losses	8	1	9
Total current tax charge	-	-	-

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

Excess management charges of £32,000 have been carried forward at 28 February 2010 and are available for offset against future taxable income subject to agreement with the HM Revenue & Customs.

**9. LOSS PER SHARE**

The loss per share is based on a loss from ordinary activities after tax of £32,000, and on the weighted average number of shares in issue during the period of 536,901. The table below shows the calculation of the weighted average number of shares in the above calculations.

Date of Issue	Shares Issued	No. of Days	Weighted Average
07-Aug-09	2	206	2
29-Jan-10	3,176,575	31	478,028
12-Feb-10	548,750	17	45,285
26-Feb-10	932,875	3	13,586
28-Feb-10	4,658,202	206	536,901

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***10. RECEIVABLES**

	<u>£'000</u>
Outstanding share subscriptions	175
Prepaid expenses	26
	<u>201</u>

**11. CASH AND CASH EQUIVALENTS**

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

**12. PAYABLES**

	<u>£'000</u>
Other payables	38
	<u>38</u>

**13. SHARE CAPITAL****Ordinary Shares of 1p**

Authorised	
Number of shares	50,000,000
Par Value £'000	500
Issued & Fully Paid	
Number of shares	4,658,202
Par Value £'000	47

On 15 September 2009 the Company issued 50,000 redeemable preference shares of £1 each at 25p paid. These shares were redeemed on 22 January 2010.

During the period the Company issued 3,168,675 ordinary shares at a price of 99p per share, 1,489,525 ordinary shares of 1p each at a price of £1 each and 2 ordinary shares at par.

**14. NET ASSET VALUE PER SHARE**

The calculation of net asset value per share is based on net assets of £4,390,000 divided by the 4,658,202 shares in issue.

**15. COMMITMENTS AND CONTINGENCIES**

The company has no outstanding commitments or contingent liabilities.

**16. RELATED PARTY TRANSACTIONS**

Alexis Prenn, a director of the Company, is an equity Member of Triple Point LLP (TPLLP). TPLLP in turn has a controlling interest in Triple Point Investment Management LLP (TPIMLLP). During the period, TPIMLLP received £7,000, which has been expensed, for providing management and administrative services to the Company and £115,000, which has been charged to share premium, in respect of capital raising.

**17. POST BALANCE SHEET EVENTS**

Subsequent to 28 February 2010 a further 25,519,812 shares have been issued at £1 per share under the terms of the Company's offer for subscription of up to 50,000,000 ordinary shares of 1p each. The offer for subscription for shares closed on 31 May 2010.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the first Annual General Meeting of TP10 VCT plc will be held at 4-5 Grosvenor Place, London, SW1X 7HJ at 12 noon on Thursday, 15 July 2010 for the following purposes:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Report of the Directors and Financial Statements for the period ended 28 February 2010.
2. To approve the Directors' Remuneration Report for the period ended 28 February 2010.
3. To re-elect Alexis Prens as a Director.
4. To re-elect Robin Morrison as a Director.
5. To re-elect Robert Reid as a Director.
6. To re-appoint Grant Thornton UK LLP as auditors and authorise the Directors to agree their remuneration.
7. "That the Directors be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of the authorised but as yet unissued share capital of the Company from time to time provided that this authority shall expire at the conclusion of the next Annual General Meeting of the

Company or 15 months following the date of the passing of this Resolution, whichever is the first to occur, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement notwithstanding that the authority conferred hereby has expired, and the expression "relevant securities" and reference to the allotment of relevant securities shall bear the same respective meanings as in Section 551 of the Act." (Ordinary Resolution)

8. "That the Directors be and they are hereby empowered pursuant to Section 571 of the Act to allot equity securities wholly for cash pursuant to the authority conferred on them as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with or pursuant to either, (i) an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or any legal or practical

problems under the laws of any territory, or the requirements of any regulatory body or stock exchange, and/or, (ii) an offer of up to an aggregate nominal value of 10% of the issued share capital of the Company at any one time as at the date of such allotment, and in either case such power shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months following the passing of this Resolution, whichever is the first to occur, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement notwithstanding that the power conferred hereby has expired, and the expression "equity securities" and references to the allotment of equity securities " (Special Resolution)

9. "That the Company be generally and unconditionally authorised, pursuant to Section 693(4) of the Act, to make market purchases (as defined in Section 163 of the Act) of up to 10% of the ordinary share capital on such terms and in such manner as the Directors of the Company may from time to time determine, provided that the amount paid for each share (exclusive of expenses) shall not be less than 1 penny per Ordinary Share; and the authority herein contained shall expire at the conclusion of the

**NOTICE OF ANNUAL GENERAL MEETING** *(continued)*

next Annual General Meeting of the Company or 15 months following the date of the passing of this Resolution, whichever is the first to occur, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuant of such contract as if the authority hereby conferred had not expired.”  
(Special Resolution)

10. To authorise the provision of information to shareholders by electronic means.

By Order of the Board

Robin Morrison  
Chairman

Registered Office:  
4-5 Grosvenor Place  
London, SW1X 7HJ  
16 June 2010

## NOTES

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



**FORM OF PROXY**

*Relating to the 2010 Annual General Meeting of TP10 VCT plc*

I/We \_\_\_\_\_

BLOCK CAPITALS PLEASE – Name in which shares registered

of \_\_\_\_\_

hereby appoint \_\_\_\_\_

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 12 noon on Thursday 15 July 2010, notice of which was sent to shareholders with the Directors' report and the accounts for the period ended 28 February 2010, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

RESOLUTION NUMBER	FOR	AGAINST	WITHHELD
1. To receive, consider and adopt the Financial Statements for the period from 7 August 2009 to 28 February 2010			
2. To approve the Directors' Remuneration Report			
3. To re-elect Alexis Prenn as a Director			
4. To re-elect Robin Morrison as a Director			
5. To re-elect Robert Reid as a Director			
6. To re-appoint Grant Thornton UK LLP as auditors and authorise the Directors to agree their remuneration			
7. To authorise the Directors to allot shares under section 549 Companies Act 2006			
8. To disapply Section 561 of the Companies Act 2006 and allot shares on a non rights issue basis (Special Resolution)			
9. To authorise the Directors to make market purchases of the Company's own shares (Special Resolution)			
10. To authorise the provision of information to shareholders by electronic means			

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

2010

## NOTES

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

TP10 VCT PLC





4 - 5 Grosvenor Place  
London SW1X 7HJ  
United Kingdom

+44 (0)20 7201 8989  
[contact@triplepoint.co.uk](mailto:contact@triplepoint.co.uk)  
[www.triplepoint.co.uk](http://www.triplepoint.co.uk)