

**C O R E**

**CORE VCT V PLC**

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**Annual Report and Accounts  
for the year ended 31 December 2009**

# Performance Summary

Ordinary Shares	31 December 2009		31 December 2008	
	p	%	p	%
Net asset value per share	82.51		85.46	
Total return per share <sup>1</sup>	89.51	(6.2)	85.96	(9.00)
NAV Total Return including initial tax relief <sup>2</sup>	119.51	18.65	115.96	15.96
NAV Total Return including initial tax relief and tax relief on dividends <sup>3</sup>	128.81	27.95	116.66	16.66
Share price (mid-market)	60.00		80.00	
Earnings per share	3.55		(6.90)	
Cumulative dividends paid and proposed per share <sup>4</sup>	7.50		7.00	
Total expense ratio <sup>5</sup>		1.85		2.27

<sup>1</sup> Total return per share comprises closing net asset value per share plus cumulative dividends per share paid to date (as a percentage of starting NAV of 94.5p).

<sup>2</sup> Based on initial subscription of 100p and initial tax relief of 30%

<sup>3</sup> Based on initial subscription of 100p, initial tax relief at 30%, and tax relief on dividends at 32.5%

<sup>4</sup> Consists of a proposed final dividend of 0.5p (2008-6.5p) and dividends paid to date of 7.0p (2008-0.5p)

<sup>5</sup> Total expense ratio has been calculated using total operating costs divided by closing net assets.

## Contents

Performance Summary	1
Investment Objective	2
Investment Policy	3
Chairman's Statement	4
Manager's Review	5
Investment Portfolio Summary	7
Board of Directors	8
Directors' Report	9
Directors' Remuneration Report	13
Corporate Governance Statement	15
Statement of Directors' Responsibilities	19
Independent Auditors' Report	20
Income Statement	21
Reconciliation of Movements in Shareholders' Fund	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Accounts	24
Shareholder enquiries	36
Notice of the Annual General Meeting	37
Proxy form for the Annual General Meeting	45
Corporate Information	47

# Investment Objective

Core VCT V plc ('Core VCT V' or 'the Company') is a tax efficient listed company which aims to achieve an attractive yield from its underlying investments (Mezzanine and Private Equity Investments), to be distributed to shareholders as tax free dividends of both income and capital gains over time.

Core VCT V will invest alongside Core VCT IV plc, and has a co-investment policy with the other Core VCTs managed by Core Capital LLP ('the Manager' or 'Core Capital').

## Investment Approach

Core Capital invests primarily in:

- Established, private companies, which show sufficient operating critical mass, with an established economic model, and able, motivated management teams with the key skills in place to deliver a well-defined business plan.
- Total investment sizes are typically £3 - £8 million, of which £1 - £3 million may typically be provided by Core VCT IV and Core VCT V plc.

## Fund Structure

Core VCT V is structured as follows :-

- **No Annual Management fees**  
There are no annual management fees paid to Core Capital. Instead, Core Capital receives a share of the investment profits generated from the underlying investments;
- **Provide attractive distributions**  
The Company intends to provide shareholders with an attractive level of income by distributing all available profits generated through income and capital gains.

# Investment Policy

Core VCT V seeks to achieve its overall Investment Objective, consistent with maintaining its qualifying status as a VCT, by pursuing the following Investment Policy:–

## Asset Allocation

The Company may invest all its assets in private companies. These investments are unquoted, and include, but are not limited to, Management Buy-Outs (MBOs) and Development Capital for expansion or acquisition funding for established businesses. After 31 December 2009, the Company must have in excess of 70% of its assets invested in Qualifying Investments as defined for VCT purposes.

However, due to the nature of completing and realising such investments, and the need to maintain some liquid reserves, there will inevitably be periods when a proportion of assets are not held in Unquoted investments.

## Risk Management

The Company's Asset Allocation includes a potentially large proportion of the Company's assets to be held in Unquoted Investments. These investments are not publicly traded and there is not a liquid market for them, and therefore these investments may be difficult to realise.

The Company manages its investment risk within the restrictions of maintaining its qualifying VCT status by using a number of methods commonly used in the Private Equity industry, including:–

- The active monitoring of its investments by the Manager;
- Seeking the agreement of various rights associated with each investment, such as board representation, information rights and veto rights;
- Seeking to hold larger investment stakes by co-investing with other funds managed by the Manager, so as to gain more significant influence in the investment and to facilitate investing in larger companies which may reduce the risk compared to investing in smaller companies;
- Ensuring a spread of investments is achieved.

## Gearing

The Company has the authority to borrow up to the amount paid on the issued share capital and the amount standing to the credit of the reserves of the Company but does not ordinarily take advantage of this authority.

As is common in the Private Equity industry, in many cases the Company makes investments into Unquoted Companies which have, or may have, substantial borrowings from third party lenders.

# Chairman's Statement

## Results

The Net Asset Value (NAV) Total Return per Ordinary Share was 89.51p as at 31 December 2009, comprising a NAV per Ordinary Share of 82.51p and cumulative dividends paid of 7.0p per Ordinary Share. This is an increase from the NAV Total Return to 31 December 2008 of 4.1%, compared to a 24.9% increase in the value of the FTSE All share index over the same period. A surplus of £391,288 was recorded during the year ended 31 December 2009.

The increase of 3.55p per share is accounted for by:

- 3.14p per share due to increases in the valuation of the unquoted portfolio
- 2.03p per share due to the increase in the value of the Cash Assets
- Less 1.62p per share for operating costs.

## Investments

Three new portfolio investments totalling £2.1 million were completed during the year, into Allied International, Brasserie Blanc, and Georgina Goodman. Further investments totalling £0.7 million were completed into two existing portfolio companies, Colway and Camwatch. Further details of these investments and the rest of the portfolio are contained in the Manager's Review.

In completing the investments made during this year, the level of yield has fallen from our earlier targets, reflecting the current market conditions, but a higher equity component has been achieved. The weighted average gross yield on the unquoted portfolio is 12.05% per annum.

The Company is 70.6% invested in unquoted companies, exceeding the required minimum to be over 70% invested for VCT qualifying purposes.

## Credit Suisse

The part of the funds which are not invested in unquoted companies are the 'Cash Assets', invested in a range of securities under a discretionary management agreement with Credit Suisse. As we have previously reported, the financial instrument portfolio managed by Credit Suisse has incurred losses since inception, which amounted to 3.8p per share as at 31 December 2009.

Credit Suisse's portfolio management team was appointed on behalf of the VCT to manage the cash assets on a discretionary basis. Credit Suisse's express investment mandate was to manage the assets in accordance with a low-risk investment profile. Whilst market conditions have been challenging, in our opinion a contributing cause of the losses suffered by the portfolio was Credit Suisse's failure to manage it in accordance with the low-risk investment profile. Following reviews of the performance of the portfolio by the Board, Credit Suisse were instructed in 2008 to exit higher volatility holdings and restrict the portfolio to bonds and similar instruments. In 2009 we commenced discussions with Credit Suisse with a view to recovering compensation. Credit Suisse have steadfastly refused to admit any liability. We are terminating Credit Suisse's retainer and will ask the FSA to review the matter.

The remaining assets in this portfolio total £701,000, which will be directly managed by the company and be held primarily in cash equivalents.

## Dividends

Core VCT V intends to provide Shareholders with an attractive level of income by distributing available profits generated through income and capital gains.

In relation to the year ended 31 December 2009 we are recommending an income dividend of 0.5p, subject to shareholder approval and payable on 25 May 2010 to shareholders on the register at 7 May 2010.

These dividends will bring the cumulative dividends paid to 7.5p per share which amounts to a net annual yield of 3.6% on the net cost of subscription after tax relief.

We continue to work towards returning the proportion of the cash assets we do not intend to invest into unquoted private equity investments, approximating to 30p per share of the original capital raised. We intend making further distributions of this capital as further investments are completed.

A summary of our progress against this target is as follows:

	Pence per share
Cumulative dividends since inception	7.0
Dividends proposed in respect of current year	0.5
Since inception assets on Credit Suisse portfolio	3.8
Cash equivalents retained	20.8
Surplus against target	(2.1)
<b>Target</b>	<b>30</b>

## Share Price and Share buy backs

The Ordinary Shares (CR5) are fully listed shares. Prices are available on [www.londonstockexchange.com](http://www.londonstockexchange.com) and the Ordinary Share price is published daily in the Financial Times. Shareholders are reminded that they must hold their shares for at least five years in order to retain the tax reliefs obtained.

We are conscious that the mid price of the shares continues to be at a discount to the Net Asset Value, as it is for many other VCTs. This simply reflects the lack of liquidity in the secondary market. In addition, whilst the Company does have the ability to buy back shares, we are not anticipating making any share buy backs for the foreseeable future so that we are best placed as a Company to maximise distributions made to all shareholders, as referred to above. We would also remind shareholders that we view the NAV Total Return, rather than the share price, as the preferred measure of performance, as it encompasses the value of the current portfolio and the amount of cash distributed to shareholders over the life of their investment.

## Information for Shareholders

The Board supports open communication with investors and welcomes any comments or questions you may have, and full contact details are provided at the back of this Report.

## Outlook

The current economic and investment outlook is not without its challenges, but we can see that, at least for now, current trading levels are not worsening, and indeed some improvements are evident. Having completed three new investments towards the end of 2009, we believe that new investment opportunities are now becoming more attractive than they have been for some time, and from which we are well placed to benefit.

## Ray Maxwell

*Chairman*

21 April 2010

# Manager's Review

## Investment Highlights

- Three new investments were completed, totalling £2.1 million, and £0.7 million was invested into two existing portfolio companies;
- Investment Portfolio now comprises ten investments with a cost of £6.7 million and a value of £6.9 million;
- The Company was 70.6% invested in qualifying companies as at 31 December 2009, exceeding the required minimum to be over 70% invested for VCT purposes;
- The weighted average gross yield on the unquoted portfolio is 12.05% per annum

## New Investments

We acquired a significant holding in Allied International, investing an initial £1 million into the business alongside the same amounts from Core VCT IV and Core VCT. Allied is a leading Destination Management Company, with 26 locations throughout the USA, Europe and the Middle East. We acquired the business by acquiring all of the senior debt at a substantial discount and providing working capital funding. We acquired the business at a low point in the business cycle, and believe this has the potential to grow organically and by acquisition into a major global operation.

In December, we invested £1 million into Brasserie Blanc, alongside the same amount from Core VCT IV. Blanc is a leading branded restaurant business operating in the premium casual dining segment of the market. This is an existing investment in the Core VCT portfolio, and the funds provided will enable the business to recommence its expansion programme.

In December we also invested a small amount (£250,000) into Georgina Goodman, equally with Core VCT IV, and alongside an initial £1.5 million from co-investors introduced by Core. Georgina Goodman is a designer, wholesaler, and retailer of luxury women's shoes.

There is approximately £2 million of cash available for future investments and we have established two new companies which are actively seeking acquisitions in their chosen sectors.

## Existing Investments

We invested a further £0.5 million alongside Core VCT IV and Core VCT into Colway as part of a restructuring of the senior debt, and in order to provide funding for future acquisitions. We made a further investment of £248,000 into Camwatch alongside Core VCT IV to provide additional working capital funding.

A more detailed description of the status of each investment follows.



**LGS\_ Colway Limited**

**Investment Cost £1,554,000**

**Valuation: £1,601,000**

**Colway is a long established office and graphic supplies business, with three principal divisions – Business, Systems, and Retail.**

Colway operates in a mature market, and where the growth opportunity is largely acquisition led. Colway has completed five acquisitions since the date of our investment in 2006, but has been hampered during 2009 in particular whilst its senior lender, Kaupthing Singer & Friedlander, was placed into administration. We successfully renegotiated and restructured this debt in December 2009, and provided additional funding totalling £1.5million (of which £0.5 million was provided by Core VCT V) to be used in order to complete further acquisitions in future. We believe that this, together with organic improvement in trading, will grow value in this investment over time. As a part of this restructure, we have reduced the paid element of our yield but maintain capital priority over the ordinary shares in respect of our original investment quantum of £1 million.



**Blanc Brasseries Holdings plc**

**Investment Cost £1,000,000**

**Valuation: £1,000,000**

**Brasserie Blanc owns and operates branded restaurants in the premium casual dining segment of the market.**

We invested as a part of a total £4million equity raising in December. Whilst Core VCT did not participate because of its own fund constraints, Core VCT IV and V invested £1 million each. This fund raising is intended to facilitate the restart in new unit openings which will bring further scale to the business. Trading has proved resilient, with restaurant EBITDA doubling from £991k in 2008 to £1.96 million in the year ended 28 June 2009. This business has a complete, experienced and capable management team in place which can manage a very substantial increase in the number of sites in the business.

This investment is structured 90% in loan notes yielding 7% per annum, and 10% in equity to provide capital gain potential.

# Manager's Review



## Allied International

**Investment Cost £1,000,000**  
**Valuation: £995,000**

Allied is a leading Destination Management Company (DMC) with 26 locations throughout the USA, Europe and the Middle East.

We acquired the business by acquiring all of the senior debt at a substantial discount and providing working capital funding. We acquired the business at a low point in the business cycle, and believe this has the potential to grow organically and by acquisition into a major global operation.

We have introduced new management at a senior level, eliminated senior debt and anticipate providing further funding during 2010 to be used for growth and acquisitions. We continue to hold several discussions over potential merger and acquisition targets.



## Camwatch Limited

**Investment Cost £995,000**  
**Valuation: £1,152,000**

Camwatch is a designer, supplier, and installer of detector activated remote CCTV monitoring systems and provides a 24/7 remote monitoring service for over 20,000 cameras across the UK and abroad.

We invested a further £248,000 alongside Core VCT IV, in the same investment structure as the existing investment. This is in a junior secured structure, with the majority of our anticipated return being earned through an attractive paid yield.

This additional funding will allow for the rapid expansion of the sales function and ultimately further growth in the business.

## GEORGINAGOODMAN

### Georgina Goodman Limited

**Investment Cost £125,000**  
**Valuation: £125,000**

Georgina Goodman is the designer, wholesaler and retailer of luxury women's shoes, branded 'Georgina Goodman'.

The products are targeted at the top end of the luxury market. The management team are seeking to develop 'Georgina Goodman' as an international luxury brand with shops in Mayfair and Old Bond Street, London. Wholesale clients include many of the world's leading department stores.

We invested £125,000 alongside Core VCT IV and a co-investor introduced by Core Capital in the first £2m tranche of a £4m anticipated fundraising by the company. The investment is structured 90% in a loan note with a preferred return and 10% in equity.

# Investment Portfolio Summary

for the year ended 31 December 2009

	Date of initial investment	Book cost £'000	Valuation £'000	% of net assets by value
<b>Qualifying Investments (unquoted)</b>				
Colway Limited Office and graphics supplies	Sep-07	1,554	1,601	17.5%
Camwatch Limited Designer, supplier and installer of detector activated remote CCTV monitoring systems	Mar-08	995	1,152	12.7%
Core Mezz I Limited Support services	Dec-09	1,000	1,000	11.0%
Core Mezz II Limited Business services	Dec-09	1,000	1,000	11.0%
Blanc Brasseries Operator of restaurants in the premium casual dining sector	Dec-09	1,000	1,000	11.0%
Allied International Holdings Destination management company	Jul-09	1,000	995	10.9%
Georgina Goodman Limited High end ladies shoe design and retail	Dec-09	125	125	1.4%
Cordingland Real-estate investment and asset management company	Jul-09	10	10	0.1%
BRG Trading Limited Leisure	Jul-09	10	10	0.1%
Pureleaf Limited (trading as Baxters) Provider of removal and storage services	Jul-09	5	5	0.1%
<b>Total qualifying investments</b>		<b>6,699</b>	<b>6,898</b>	<b>75.8%</b>
<b>Non-qualifying investments</b>				
Listed securities		665	352	3.9%
Gilts		4	3	0.0%
<b>Total non-qualifying investments</b>		<b>669</b>	<b>355</b>	<b>3.9%</b>
<b>Total investments</b>		<b>7,368</b>	<b>7,253</b>	<b>79.7%</b>
Other assets			1,107	12.2%
Cash balances			735	8.1%
<b>Net assets</b>			<b>9,096</b>	<b>100.0%</b>

## 10 Largest investments

	Book cost £'000	Valuation £'000	% of net assets by value
Colway Limited	1,601	1,601	17.6%
Camwatch	1,152	1,152	12.7%
Core Mezz I Limited	1,000	1,000	11.0%
Core Mezz II Limited	1,000	1,000	11.0%
Blanc Brasseries	1,000	1,000	11.0%
Allied International Holdings Limited	995	995	10.9%
Acenica Debt Strategies Limited (exchange traded debt hedge fund)	297	185	2.0%
JP Morgan International Derivatives (structured investment product)	220	134	1.5%
Georgina Goodman Limited	125	125	1.4%
Speymill Deutsche Immobilien	148	33	0.4%
<b>Total</b>	<b>7,538</b>	<b>7,225</b>	<b>79.5%</b>



# Board of Directors

## Ray Maxwell

*Status: Independent, non-executive Chairman*

*Age: 59*

*Date of appointment: 6 December 2006*

Ray is a Venture Partner of Invesco Private Capital and has nearly three decades of investment experience and specialises in the selection of international private equity partnership funds. Ray serves on several Private Equity fund advisory boards. Ray was also appointed Chairman of Core VCT IV plc on 6 December 2006.

## Paul Richards

*Status: Non-executive Director*

*Age: 47*

*Date of appointment: 6 December 2006*

Paul was formerly head of Investment Companies at institutional stockbrokers Fairfax IS plc and Head of the Investment Trust Corporate Finance at Collins Stewart. He has considerable experience in advising investment trust and closed end funds and in particular has advised a number of private equity funds. Paul is also a director of Core VCT IV plc. Paul joined Core Capital LLP as a partner in April 2009.

## Greg Aldridge

*Status: Independent, non-executive Director*

*Age: 46*

*Date of Appointment: 9 April 2009*

Greg is Corporate Development Director of Interior Services Group plc, the £1bn turnover Aim listed international construction services group. Prior to joining ISG in January 2008 he was a Managing Director in corporate finance at Bridgewell, the investment bank. He was a founder director of Bridgewell and prior to that a corporate finance director of Singer & Friedlander Limited.

# Directors' Report

The Directors present the third Annual Report and Accounts of the Company for the year ended 31 December 2009.

## Business and principal activities

The principal activity of the Company during the year under review was investment in a diverse selection of established unquoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Portfolio Summary on page 7 of this Report. A review of the Company's business during the year is contained in the Chairman's Statement and Manager's Review.

The Ordinary Shares of 0.01p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority (UKLA) and began trading on 24 April 2007.

The Company has revoked investment company status in order to effect the payment of capital dividends and has satisfied the requirements for provisional approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

## Future developments

The Company will continue to pursue its investment objective as set out at the beginning of this Report, in line with its Investment Policy.

## Business review and performance review

For a review of the Company's development and performance during the year, please see the Chairman's Statement on page 4 and the Manager's Review on page 5. The Performance Summary on page 1 provides data on the Company's key performance indicators.

The Board reviews performance by reference to a number of measures, taking account of the long term nature of the assets in which the Company invests.

## Total Return

The Total Return (Net Asset Value plus cumulative distributions) is the key measure of performance for the Company. The two principal components of this measure are:-

### ■ Net Asset Value (NAV)

Net Asset Value is calculated monthly, with a full valuation of the Unquoted investments carried out every six months in accordance with the International Private Equity Venture Capital Valuation guidelines.

### ■ Cumulative distributions

Cumulative distributions are since inception distributions of both income and capital. The Company has no fixed life, but intends to naturally liquidate and distribute all its assets over time. In particular, the Company has a policy to distribute all proceeds from realised investments (the

original capital invested plus realised profits less losses), as well as income after expenses. In addition, the Company intends to return cash assets after the initial three year investment period.

## Share price

The Board monitors the share price of the Ordinary Shares through the Manager.

## Total Expense Ratio

The expenses of managing the Company, known as the Total Expense Ratio (TER), are reviewed by the Board at board meetings. Because the Company has no management fee payable to Core Capital, the Company is expected to have one of the lowest fixed costs of any VCT of comparable size.

## Principal risks and uncertainties

For details on the principal risks and uncertainties of the Company, please see Note 18 to the Accounts on pages 31 – 34.

## Issue of shares

As at 31 December 2009 the issued Ordinary Share capital of the Company was £1,102 (2008: £1,102). The number of shares in issue as at 31 December 2009 was 11,024,969 Ordinary Shares (2008: 11,024,969).

The Company's application to the High Court to reduce the Share Premium account of the Company was approved by an Order of the Court on 19 December 2007 and registered at Companies House on 21 December 2007. The cancellation of the share premium account has created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's shares when the Directors consider that it is in the best interests of the Company to do so.

## Results

	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Capital return transferred to reserves	332,997	(967,776)
Revenue return after taxation for the period	58,291	206,394
Total return attributable to shareholders for the period	391,288	(761,382)

## Dividend

The Directors will be recommending a final dividend of 0.5 pence per share to Shareholders at the Annual General Meeting to be held on 20 May 2010 which will be payable on 25 May 2010 to Shareholders who are on the Register on 7 May 2010.

## Directors and their interests

The names of the Directors appear below and brief biographical

# Directors' Report

details on each of the Directors are given on page 8 of this Annual Report. Greg Aldridge was appointed a Director in April 2009 and Stephen Edwards subsequently resigned from the Board in April 2009. Paul Richards is not independent by virtue of his role as a partner in Core Capital LLP. In accordance with the Company's Articles of Association and the AIC Code of Corporate Governance ("the AIC Code"), Ray Maxwell will retire by rotation and being eligible offer himself for re-election, at the Annual General Meeting ("AGM") of the Company to be held on 20 May 2010.

The Directors' interests in the issued capital of the Company as at 31 December 2009 were:

	Ordinary Shares held on 31 December 2009	Ordinary Shares held on 1 January 2009
Ray Maxwell	5,275	5,275
Paul Richards	5,275	5,275
Greg Aldridge	–	–

There have been no further changes in the holdings of the Directors since 31 December 2009. No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

## Management

Core Capital LLP was appointed Manager to the Company on 7 December 2006. The Management Agreement is for an initial period of five years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period. The Manager receives no annual fee but instead is entitled to a performance incentive in the form of a profits share, whereby the Manager is entitled to receive 30% of the investment profits. For further information please see note 3 to the accounts on page 26. The Directors regularly review the performance of the Manager and carry out an annual evaluation. They believe that the continuing appointment of the Manager on the terms agreed is in the interests of the Shareholders as a whole. For further details of the review please see the Corporate Governance statement on page 16.

Maven Capital Partners UK LLP acts as both Administrator and Company Secretary to the Company under an Agreement dated 23 May 2008 and novated to Maven by Aberdeen Asset Managers Limited on 9 June 2009. The appointment is for an initial period of three years and thereafter may be terminated by not less than six month's notice in writing to expire after the initial period. A fee of £26,984 was paid to Maven and fees of

£14,215 were paid to Aberdeen Asset Managers UK LLP in respect of the period covered by this report. There are no compensation provisions on termination of this agreement.

Maven has given notice of the termination of this contract with effect from 1 July 2010 and it is intended that Core Capital LLP will provide administration and company secretarial services from that date.

## VCT status monitoring

The Company appointed PricewaterhouseCoopers LLP (PWC) to advise on its compliance with the legislative requirements relating to VCTs. PWC review new investment opportunities as appropriate and carry out regular reviews of the Company's investment portfolio.

## Auditors

Ernst & Young LLP were reappointed as Auditors of the Company at the Annual General Meeting held on 6 May 2009 and resolutions to re-appoint Ernst & Young LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

## Auditors' right to information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Financial instruments

The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in note 18 on pages 31 – 34.

## Substantial interests

As at 21 April 2010 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

## Creditors' payment policy

The Company's creditor policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any material trade creditors at the year end.

## Annual General Meeting

A notice and proxy form for the Annual General Meeting of the Company to be held at 9.45 am on 20 May 2010 at the offices of

Core Capital LLP, 9 South Street, London, W1K 2XA are set out on pages 37 – 43 of this Annual Report.

The notice of the meeting includes a resolution to re-elect Ray Maxwell as a Director of the Company and brief biographical details can be found on page 8 of this Annual Report. The Board supports the re-election and election of both directors and believes that both bring valuable skill, experience and expertise to the Company.

In addition to the ordinary business, the following resolutions will be considered at the Annual General Meeting:

**Authorities for the Directors to allot shares (Resolution 7) and the disapplication of pre-emption rights (Resolution 8) under sections 551 and 571 of the Companies Act 2006 ("the Act")**

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders in accordance with section 89 of the Act. Resolution 8 will enable the Directors to allot up to an aggregate nominal amount not exceeding £276, representing approximately 25% of the issued share capital. This resolution is proposed as an ordinary resolution and will require the approval of more than 50% of the votes cast at the meeting. The authority, unless previously renewed or revoked, will expire on the fifth anniversary of the date of the passing of this resolution.

Under section 561 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 8 will enable this requirement to be disapplied in the specific circumstances named in the Resolution. These are in relation to a rights issue, to fund a purchase of shares and also pursuant to any future 5 per cent. "top-up" offer. This resolution is proposed as a special resolution and will require the approval of at least 75% of the votes cast at the meeting.

The authority, unless previously renewed or revoked, will expire on the earlier of the Annual General Meeting of the Company to be held in 2011 and the date which is fifteen months after the date on which the resolution is passed except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of the authority.

Both resolutions generally renew previous authorities approved on 6 April 2009 respectively. The Directors have no immediate intention of exercising these powers.

**Authority to purchase the Company's own shares (Resolution 9)**

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. The authority is limited to a maximum number of 1,652,643 ordinary shares equal to approximately 14.99% of the issued share capital at the date of the resolution and will expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2011 and the date which is fifteen months after the date on which this resolution is passed. The maximum price (exclusive of expenses) which may be paid for an ordinary share will be the amount equal to 105% of the average of the middle market quotations for the Company's Shares of that class as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the purchase. The minimum price which may be paid is 0.01 pence per share, i.e. the nominal value of the shares.

As a consequence of the tax relief available to investors who purchase new VCT shares, market liquidity is restricted. The additional new reserve created by the cancellation of the share premium account may be used to off-set the effects of any future unrealised losses on the ability of the Company to pay future dividends in respect of the Ordinary Shares. In addition, the reserve created by the cancellation may also be used, to a limited extent, to purchase Ordinary Shares in the market. Such purchases may help to limit the discount at which the shares may trade to their underlying net asset value.

Shareholders should note that the Directors will not exercise this authority unless to do so would result in an increase in net assets per share and would be in the interests of Shareholders generally. This resolution is proposed as a special resolution and will require the approval of at least 75% of the votes cast at the meeting.

**Articles of Association (Resolution 10)**

We are also asking shareholders to approve a number of amendments to our articles of association primarily to reflect the provisions of the Companies Act 2006 which came into force during 2009. An explanation of the main proposed changes between the proposed and the existing articles of association is set out in the appendix on page 40 of this document.

**Recommendation**

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

# Directors' Report

## Inspection of documents

The following documents will be available for inspection at the registered office, 9 - 13 St Andrew Street, London, EC4A 3AF and at the office of Core Capital, 9 South Street, London, W1K 2XA from the date of this report until the end of the AGM:

- Copies of letters of appointment of the non-executive directors
- A copy of the existing memorandum and articles of association marked to show the changes being proposed in resolution 10.

## By order of the Board

For Maven Capital Partners UK LLP

*Company Secretary*

21 April 2010

# Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 20 May 2010. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to Shareholders on page 20. The figures that are audited are detailed as such.

## Remuneration policy

The remuneration policy and the remuneration of individual Directors is determined by the Board as a whole of which Ray Maxwell and Greg Aldridge are independent of the Manager. When considering the level of Directors' fees, the Board takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and make-up of remuneration which are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully and reflect the time commitment and responsibilities of the roles. The Board has access to independent advice where it considers it appropriate. However, no such advice was taken during the period under review.

It is not considered appropriate at the current time to relate any portion of the fees paid to the Directors, who are all non-executive, to performance. The Manager, of which Stephen Edwards is a member, is entitled to a performance incentive in the form of a profit share, whereby the Manager is entitled to receive 30% of the investment profits once the total return of the Company is in excess of the opening net asset value of 94.5 pence per share and the total return of an underlying investment exceeds the original cost of that investment. For further details please see note 3 to the Accounts on page 26.

The Directors do not have any plans to introduce any further incentive schemes at the present time and will seek Shareholder approval for any such schemes should they be proposed in the future.

The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £100,000 per annum. It is intended that this policy will continue for the year ending 31 December 2010 and subsequent years.

Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts.

## Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. Subject to the provisions of the Companies Act 2006, one third of the Directors (or if the number is not a multiple of three, the number nearest to one-third), shall retire from office by rotation at each AGM and the Director(s) retiring by rotation shall be the Director(s) who has been longest in office since their last election. Directors retiring by rotation are then eligible for re-election.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

## Directors' emoluments

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below (audited).

	Year to 31 December 2009	Year to 31 December 2008 £
Ray Maxwell	7,500	7,500
Paul Richards	6,000	6,000
Stephen Edwards	waived	waived
Greg Aldridge	4,367	–
	<b>17,867</b>	<b>13,500</b>

The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

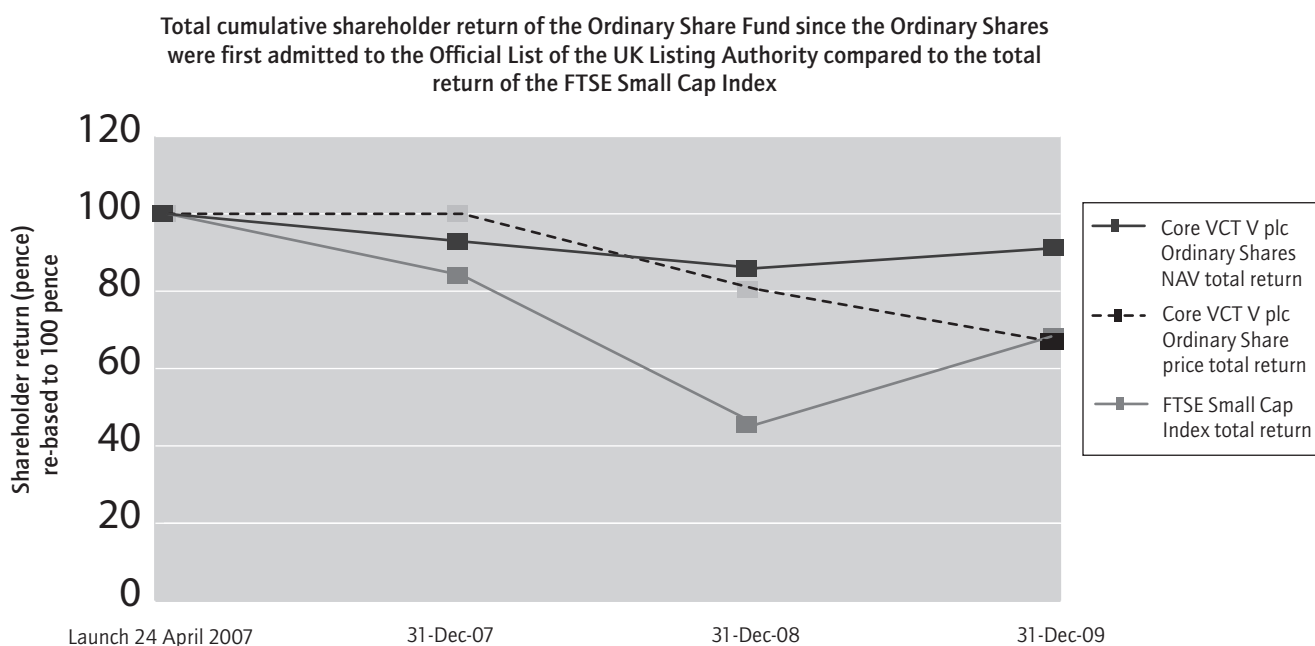
# Directors' Remuneration Report

The Directors received no further emoluments in respect of their services. As a member of the Investment Manager, Stephen Edwards waived his director's fee. Aggregate fees in respect of qualifying services for all Directors for the year ended 31 December 2009 amounted to £17,867.

## Total shareholder return

The graph below charts the total cumulative shareholder return of the Ordinary Shares since the shares were first admitted to the Official List of the UK Listing Authority on 24 April 2007 compared to the total cumulative shareholder return of the FTSE SmallCap Index. This index represents a broad equity market

index against which investors can measure the performance of the Company and is considered an appropriate index against which to measure the Company's performance. The total shareholder return has been re-based to 100 pence which is equivalent to the opening share price of the Company. The principal activity of the Company is investment in a selection of established unquoted companies. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review. The total return per share has been shown separately on the graph because the Directors believe that it represents a more accurate reflection of the Company's performance.



By order of the Board

Maven Capital Partners UK LLP

*Company Secretary*

21 April 2010

# Corporate Governance Statement

The Directors of Core VCT V plc have adopted the Association of Investment Companies Code of Corporate Governance ("AIC Code") for the year ended 31 December 2009. The AIC Code addresses all 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 Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules.

The Company believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except where noted below. There are certain areas of the Combined Code that the AIC do not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As an externally managed investment company, the Company does not employ a chief executive, nor any executive directors. The systems and procedures of the Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

## The Board

The Board comprises three non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. The Company has appointed Paul Richards as Senior Independent Director and he is available as an alternative channel of communication should communication with the Chairman not be appropriate. The Directors believe that this structure is the most appropriate for the Company given its current size and the nature of its business.

The Chairman's other significant time commitments are disclosed on page 8.

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 their 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.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. There is a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc. The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to, asset allocation, investor relations, peer group information and issues affecting the investment industry as a whole. The Board, through the Manager, regularly monitors the level of the share price discount and, if necessary, takes action to reduce it.

Given the size and structure of the Company and the Board, the Board does not believe it is necessary to appoint an Audit Committee or a Nominations and Remuneration Committee. The roles and responsibilities of these Committees have been included in the schedule of matters specifically reserved for decision by the Board following the recommendations of the Combined Code where these are considered to be appropriate to the Company. The Board allocates separate sections of the Agendas for Board meetings for 'Audit matters', 'Nomination matters' and 'Remuneration matters'. Under 'Audit matters' the Board reviews the internal financial and non-financial controls, accounting policies and the contents of the Interim and Annual Reports to Shareholders and has full responsibility for the appointment and removal of the external auditors and for agreeing audit fees. The Company's external auditors are invited to attend meetings as appropriate.

The Chairman and Board are involved at an early stage in the process of structuring the launch of any Offers that may be agreed by the Board.

In the period under review the Board held five formal meetings. The attendance of the Directors is summarised in the table below:

Director	Attendance (attended/no. of meetings)
Ray Maxwell	5/5
Paul Richards	5/5
Stephen Edwards	2/2
Greg Aldridge	4/4



# Corporate Governance Statement

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns, which 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 should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that it has sufficient resources to undertake its duties.

All of the Directors are subject to re-election by Shareholders at the first Annual General Meeting following their appointment and, subject to the provisions of the Companies Act 2006, one-third of the Directors shall retire from office by rotation at each AGM and this Director shall be the Director who has been longest in office since their last election. Notwithstanding the above provision, each Director is required to submit himself for re-election in any period of three consecutive Annual General Meetings. Paul Richards and Greg Aldridge being eligible, offer themselves for re-election/election at the Annual General Meeting of the Company to be held on 20 May 2010.

	Date of appointment	Last re-election	Next retirement by rotation/re-election due
Ray Maxwell	6-Dec-2006	AGM 30 Apr 2008	AGM 2010
Paul Richards	6-Dec-2006	AGM 6 May 2009	AGM 2011
Greg Aldridge	6-Dec-2006	AGM 6 May 2009	AGM 2012

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a director's independence. Whilst the Company has not been in existence long enough for the Board to consider that this is an issue (having commenced trading in 2006), the overall matter of directors' independence is taken extremely seriously, as discussed below. If the matter becomes relevant in future years, the Board will consider length of tenure of directors at the appropriate time.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could

appear to affect, the Director's judgement and has concluded that all of the Directors, with the exception of Stephen Edwards, were independent of the Manager in the year. All the Directors have been appointed to the board of Core VCT IV plc, which is also managed by the Manager. The AIC Code recommends that directors who sit on the boards of more than one company managed by the same Manager should not be regarded as independent. The Board believes that their appointments to the Boards of Core VCT IV plc and Core VCT V plc do not unduly affect their independence from the Manager due to the parallel investments which both VCTs intend to make. The Board believes that this shared interest enables the Board to review and monitor the Manager rigorously. Independence provisions under Chapter 15 of the UKLA Listing Rules in relation to directors' appointments to companies managed by the same Manager are currently subject to transitional arrangements. The Board intends to keep this matter under review and will report on this in future years. For further details please see Note 21 of the Notes to the Accounts on page 35 on related party transactions. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions relating to such investments.

The Board aims to include a balance of skills, experience and length of service that the Directors believe to be appropriate to the management of the Company. The Board reviews all candidates for new appointments and candidates are selected based on the skills and experience that the Board believes will fill any gaps that the Board may have. The Board offers an induction procedure to all new directors and all directors may choose relevant training as and when required. The performance of the Board and the Chairman is reviewed regularly as part of the internal control process. The Board does not therefore believe that a formal system of performance evaluation of the Board and its Chairman is appropriate to the Company at the current time.

## The Manager

Under the terms of a Management Deed dated 7 December 2006, the Company has appointed Core Capital LLP as Manager of the Company. The Manager manages and advises the Company so that it ensures that the Company satisfies and continues to satisfy the conditions for approval as a venture capital trust as set out in section 274 of ITA (previously section 842AA of the Income and Corporation Taxes Act 1988) and the rules of the UKLA. The Board and Manager operate in a supportive, co-operative and open environment and the Board

regularly reviews the performance of the Manager. Details of the principal investments made by the Company are given in the Manager's Review on page 5. There are no management fees payable to the Manager. Details of the management incentive structure whereby the Manager is entitled to receive 30% of the investment profits are set out in Note 3 to the accounts on page 26.

The continued appointment of Core Capital LLP as Manager to the company on the existing terms was approved by the Board on 3 March 2010. The Board considers the arrangement for the provision of investment management and other services to the Company on an ongoing basis and a review is conducted annually.

As part of this review the Board considered the quality of management and levels of staffing, the investment process and the results achieved to date. As noted in the Chairman's Statement and Manager's Review, the requirement of the key 70% qualifying assets tests were met by 31 December 2009.

The Board considers it too early to form a view as to relative performance given the timing of investments. From time to time the Board initiate discussions on investment process and portfolio activity with the aim of developing the capacity of the Manager to deliver investor value at acceptable risk as the level of invested capital rises.

The principal contents of the agreement with the Manager have been set out in the previous section. Having considered the terms of this agreement, and where relevant those of companies in the same peer group, the Board considers that the terms of the agreement represent an appropriate balance between cost and incentivisation of the Manager, with the principal economic reward to the Manager consisting of the profits share from investment profits.

### **Internal control**

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of published financial information and the information used for business making decisions and that the assets of the Company are safeguarded.

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board's satisfaction by the Manager, primarily through the medium of a balanced and diversified portfolio; this approach is described in more detail in the Managers' Review.

The Board has delegated contractually to third parties the management of the investment portfolio, 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. The annual review includes a consideration of the risks associated with the Company's contractual arrangements with third party suppliers.

This procedure for the review of control systems has been in place and operational throughout the year under review. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

### **Directors' remuneration**

The remuneration of the Directors is determined by the Board, in accordance with the Company's Articles of Association. The Articles currently stipulate a maximum total Board remuneration of £100,000 per annum. The Board as a whole reviews the remuneration policy of the Company. Further details can be found in the Directors' Remuneration Report on pages 13-14.

### **Relations with Shareholders**

Communication with Shareholders is given a high priority. All Shareholders receive a copy of the Annual and Interim Reports. There is an opportunity to question the Directors at the Annual General Meeting to which all Shareholders are invited. Shareholders also receive a Newsletter in respect of the quarters in which they do not receive either the Annual or the Interim Reports.

The Board as a whole approves the contents of the Chairman's Statement and Manager's Review 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.

# Corporate Governance Statement

The Company counts all proxy votes and indicates to Shareholders at each General Meeting the balance for and against each resolution and the number of abstentions, after it has been dealt with on a show hands. The details of proxy votes for each resolution are published on the Manager's website after each General Meeting.

The Notice of the Annual General Meeting is included in this Annual Report and is normally sent to Shareholders at least 20 working days before the meeting.

## Going concern

The Company's business activities, its financial position, and the factors likely to affect its future development and performance are set out in The Chairman's Statement, Manager's Review and Director's Report. Note 18 to the Financial Statements includes policies for managing financial risk and details of financial instruments and of exposures to market price risk, interest rate risk, liquidity risk and credit risk. After making enquiries, the Directors believe that the Company is well-placed to manage its

business risks successfully despite the current economic outlook, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 19 of this report.

The Report of the Auditors is set out on page 20 of this report.

The non-audit services provided by the auditors for the period ended 31 December 2009 related to the review of the interim report. The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

# Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Ray Maxwell

Director

21 April 2010

# Independent Auditors' Report to the Shareholders of Core VCT V plc

We have audited the financial statements of Core VCT V plc for the year ended 31 December 2009 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities on page 19, 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 Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

## 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 31 December 2009 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 15 to 18 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.

## 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.

Under the Listing Rules we are required to review:

- the directors' statement, on page 18, 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.

Sarah Williams (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
21 April 2010

# Income Statement

## for the year ended 31 December 2009

	Notes	Year ended 31 December 2009			Year ended 31 December 2008		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Movement in investment holding	9	–	208,224	208,224	–	(233,146)	(233,146)
Gains/(losses) on disposal of investments	9	–	138,480	138,480	–	(696,015)	(696,015)
Income	2	223,771	–	223,771	406,144	–	406,144
Transaction costs and investment management expenses	3	(2,122)	(16,845)	(18,967)	(4,840)	(49,563)	(54,403)
Other expenses	4	(147,288)	–	(147,288)	(159,284)	–	(159,284)
<b>Return on ordinary activities before taxation</b>		<b>74,361</b>	<b>329,859</b>	<b>404,220</b>	<b>242,020</b>	<b>(978,724)</b>	<b>(736,704)</b>
Tax on ordinary activities	6	(16,070)	3,138	(12,932)	(35,626)	10,948	(24,678)
<b>Return attributable to equity shareholders</b>		<b>58,291</b>	<b>332,997</b>	<b>391,288</b>	<b>206,394</b>	<b>(967,776)</b>	<b>(761,382)</b>
<b>Return per Ordinary Share</b>	8	<b>0.53p</b>	<b>3.02p</b>	<b>3.55p</b>	<b>1.87p</b>	<b>(8.77)p</b>	<b>(6.90)p</b>

The revenue column is the profit and loss account of the Company.

There were no other gains or losses in the year ended 31 December 2009.

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

No operations were acquired or discontinued in the year.

The notes on pages 24-35 form part of these financial statements.

# Reconciliation of Movements in Shareholders' Funds

## for the year ended 31 December 2009

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Opening balance at beginning of year	9,421,806	10,238,313
Net return for the year	391,288	(761,382)
Dividends paid – revenue	(165,375)	(55,125)
Dividends paid – capital	(551,248)	–
<b>Closing Shareholders' funds at 31 December 2009</b>	<b>9,096,471</b>	<b>9,421,806</b>

The notes on pages 24 – 35 form part of these financial statements.

# Balance Sheet

as at 31 December 2009

	Notes	31 December 2009		31 December 2008	
		£	£	£	£
<b>Non-current assets</b>					
Investments at fair value	9		7,253,947		5,710,649
<b>Current assets</b>					
Debtors and prepayments	11	1,237,326		2,693,574	
Cash at bank	17	735,249		1,146,561	
			1,972,575		3,840,135
<b>Creditors: amounts falling due within one year</b>					
Other creditors	12	71,056		24,678	
Accruals	12	58,995		104,300	
			130,051		128,978
<b>Net current assets</b>			1,842,524		3,711,157
<b>Net assets</b>			9,096,471		9,421,806
<b>Capital and reserves</b>					
Called up Ordinary Share capital	13		1,102		1,102
Capital Reserve	14		(870,981)		(1,203,978)
Special distributable reserve	14		9,854,246		10,405,494
Revenue reserve	14		112,104		219,188
<b>Total equity shareholders' funds</b>			9,096,471		9,421,806
<b>Net asset value per 0.01p Ordinary Share</b>	15		82.51p		85.46p

The notes on pages 24 – 35 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 21 April 2010 and were signed on its behalf by:

**Ray Maxwell**

*Director*

# Cash Flow Statement

## for the year ended 31 December 2009

	Notes	Year ended		Year ended	
		31 December 2009		31 December 2008	
		£	£	£	£
<b>Operating activities</b>					
Investment income received		291,220		367,844	
Investment management fees paid		(10,706)		(20,710)	
Other cash payments		(441,774)		(264,377)	
<b>Net cash (outflow)/inflow from operating activities</b>	16		(161,260)		82,757
<b>Taxation</b>					
UK Corporation paid			(25,554)		–
<b>Investing activities</b>					
Acquisition of investments	9	(9,390,205)		(6,724,134)	
Disposal of investments	9	8,182,330		7,101,945	
<b>Net cash (outflow)/inflow from financial investment</b>			(1,207,875)		377,811
<b>Financing activities</b>					
Equity dividends paid			(716,623)		(55,125)
Called up share capital received			1,700,000		
<b>Net cash (outflow)/inflow before financing</b>			(411,312)		405,443
<b>(Decrease)/increase in cash</b>	17		<b>(411,312)</b>		<b>405,443</b>

The notes on pages 24 – 35 form part of these financial statements.



# Notes to the Accounts

## for the year ended 31 December 2009

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year, is set out below:

#### a) Basis of accounting

The accounts have been prepared under the fair value rules of the Companies Act 2006, and in accordance with applicable accounting standards and, to the extent that it does not conflict with the Companies Act 2006 and UK accounting standards, the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', issued in January 2009.

#### b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the total column. The Net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

#### c) Investments

All investments held by the Company are classified as at "fair value through profit or loss". For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity Venture Capital Valuation (IPEV) guidelines published in 2009:

- (i) Investments which have been made recently are at fair value, which unless another methodology gives a better indication of fair value, will be at cost.
- (ii) Investments in companies at an early stage of their development are also valued at fair value, which unless another methodology gives a better indication of fair value, will be at cost.
- (iii) Where investments have gone beyond the stage in their development in (ii) above, the shares may be valued, in the absence of overriding factors, by applying a suitable price-earnings ratio discounted to reflect lack of marketability to that company's maintainable earnings (the ratio used being based on a comparable listed company or sector. Where overriding factors apply, alternative methods of valuation will be used. These may include the application of a material arms length transaction by an independent third party, cost, cost less provision for impairment, discounted cash flow, or a net asset basis.
- (iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used.
- (v) Where a company's underperformance against plan indicates a permanent diminution in the value of the investment, this amount is transferred to the realised reserve from the unrealised reserve.

#### d) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on investments are recognised on a time-apportioned basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

#### e) Transaction costs and investment management expense

The Company is responsible for any external costs such as legal or accounting fees incurred on transactions that do not proceed to completion. Such transaction costs are charged 100% against capital.

The Board has considered the intrinsic value of the B shares allotted to the Manager at the year end, as the valuation should be considered over the period of the Manager's service. The resulting valuation, less the amount subscribed by the Manager for these shares, is spread over the estimated investing period.

75% of the investment management expense is charged against capital. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

#### f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to the capital column of the Income Statement.

### g) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve - realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

### h) Fair value measurement

Fair value is defined as the price that the Company would receive upon selling an investment in a timely transaction to an independent buyer in the principal or the most advantageous market of the investment. A three-tier hierarchy has been established to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on best information available in the circumstances.

The three-tier hierarchy of inputs is summarised in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments speeds, credit risk etc)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

## 2 Income

	2009 £	2008 £
<b>Income from investments</b>		
– from loan stocks	147,660	104,737
– from fixed income	74,213	205,864
– from dividends	–	70,337
	221,873	380,938
<b>Interest income</b>		
Bank interest	1,898	25,206
	223,771	406,144
<b>Total income</b>		
Dividends	–	70,337
Fixed income	74,213	205,864
Loan stock interest	147,660	104,737
Bank interest	1,898	25,206
	223,771	406,144
<b>Income from investments comprises</b>		
Dividends	–	70,337
Fixed Income securities	74,213	205,864
Unlisted UK securities	147,660	104,737
	221,873	380,938

# Notes to the Accounts

## for the year ended 31 December 2009

### 3 Transaction costs and investment management expense

	Revenue 2009 £	Capital 2009 £	Total 2009 £	Revenue 2008 £	Capital 2008 £	Total 2008 £
Third Party – transaction costs	–	10,479	10,479	–	33,121	33,121
Core Capital LLP – management fees	–	–	–	–	–	–
Credit Suisse – transaction costs	–	–	–	–	1,922	1,922
Credit Suisse – management fees	2,122	6,366	8,488	4,840	14,520	19,360
	2,122	16,845	18,967	4,840	49,563	54,403

Core Capital LLP advise the Company on investments in qualifying companies under an agreement dated 7 December 2006. The agreement is for an initial period of five years and thereafter until the appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

In return for acting as investment manager, the Manager shall be entitled to a performance incentive from time to time in the form of a profit share, whereby the Manager is entitled to receive 30% of the Investment Profits, only when the following 2 conditions have been achieved:

- the total Return of the VCT is in excess of the opening NAV of 94.5p; and
- the Total Return of an underlying investment exceeds the original cost of that investment.

The Manager has also agreed to ensure that the annual operating cost of the company do not exceed an annual amount being 1.5% of the gross funds raised under the Offer.

Third party transaction costs arose from transactions where such costs were not otherwise recoverable. Under the agreement with the Manager, these costs are to be borne by the Company and by other VCTs managed by Core Capital. The amount of such costs for the year ended 31 December 2009 is £10,479 (2008:£33,121).

### 4 Other expenses

	2009 £	2008 £
Directors' remuneration (including NIC) (see note 5)	19,158	13,817
IFA trail commission	18,374	59,384
Administration fees	753	4,690
Share Price Listings	3,358	3,196
Auditors' fees – audit	18,169	15,825
– other services	2,300	234
Taxation services	2,930	2,937
Registrar's fees	4,037	(1,339)
Printing	7,022	7,384
Legal and professional fees	55,893	39,078
Directors' insurance	3,036	3,690
Subscriptions	11,821	10,206
Sundry	437	182
	147,288	159,284

Charges for non-audit services provided by the auditors for the year ended 31 December 2009 relate to the provision of the desktop review. The Directors consider the auditors were best placed to provide these services. The Board Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

## 5 Directors' remuneration

	2009 £	2008 £
Directors' emoluments		
Ray Maxwell	7,500	7,500
Andrew Richards	6,000	6,000
Greg Aldridge (appointed 9 April 2009)	4,367	–
	17,867	13,500
Employer's NIC & VAT	1,291	317
	19,158	13,817

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non executive, the other disclosures required by the Listing Rules are not applicable.

## 6 Taxation on ordinary activities

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Tax on ordinary activities</b>						
Corporation tax	(16,070)	3,138	(12,932)	(35,626)	10,948	(24,678)

The tax assessed for the period is lower than the standard rate of corporation tax (28 per cent). The differences are explained below.

	Year ended 31 December 2009			Year ended 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before tax	74,361	329,859	404,220	242,020	(978,724)	(736,704)
Revenue return on ordinary activities multiplied by standard rate of corporation tax	20,821	92,360	113,181	67,766	(274,043)	(206,277)
Non taxable UK dividend income	–	–	–	(14,596)	–	(14,596)
(Gains)/losses on investments	–	(97,077)	(97,077)	–	260,165	260,165
Adjustment from 2008	477	399	876	–	–	–
Non taxable exps	(21)	–	(21)	–	–	–
Smaller Companies Relief	(5,207)	1,180	(4,027)	(17,544)	2,930	(14,614)
	16,070	(3,138)	12,932	35,626	(10,948)	24,678

Venture Capital trust companies are exempt from tax on capital gains if they meet the HM Revenue & Customs criteria set out in Section 274 Income Tax Act 2007 for a given year.

# Notes to the Accounts

## for the year ended 31 December 2009

### 7 Dividends and other appropriations

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2009 £	2008 £
Revenue available for distribution by way of dividends for the year	58,291	206,394
Proposed final dividend of 0.5p per Ordinary Share for the year ended 31 December 2009 (2008:1.5p)	55,125	165,375

### 8 Return per Ordinary Share

	2009 £	2008 £
Total earnings after taxation:	391,288	(761,382)
<b>Basic earnings per share (note a)</b>	<b>3.55p</b>	<b>(6.90)p</b>
Net revenue from ordinary activities after taxation	58,291	206,394
<b>Revenue return per share (note b)</b>	<b>0.53p</b>	<b>1.87p</b>
Net realised capital gains/(losses)	138,480	(696,015)
Movement in investment holding	208,224	(233,146)
Capital expenses	(13,707)	(38,615)
Total capital return	332,997	(967,776)
<b>Capital return per share (note c)</b>	<b>3.02p</b>	<b>(8.77)p</b>
Weighted average number of shares in issue in the year	11,024,969	11,024,969

#### Notes

- a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.  
 b) Revenue return per share is net revenue after taxation divided by the weighted average number of shares in issue.  
 c) Capital return per share is total capital return divided by the weighted average number of shares in issue.

### 9 Investments

	Unlisted (Level 3) £	Listed (Level 1) £	Total £
Valuation at 31 December 2008	1,750,000	3,960,649	5,710,649
Investment holding losses at 31 December 2008	–	322,727	322,727
Cost at 31 December 2008	1,750,000	4,283,376	6,033,376
Purchases at cost	4,949,324	4,440,881	9,390,205
Sale proceeds	–	(8,182,330)	(8,182,330)
Gains on sale	–	138,480	138,480
Amortisation	–	(11,281)	(11,281)
Cost at 31 December 2009	6,699,324	669,126	7,368,450
Investment holding gains/(losses) at 31 December 2009	198,877	(313,380)	(114,503)
Valuation at 31 December 2009	6,898,201	355,746	7,253,947

## 10 Significant interests

At 31 December 2009, the company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

Company	Equity investment (ordinary shares) £	Investment in loan stock £	Total investment (at cost) £	Percentage of investee company's total equity %
Allied International Holdings Limited	1,000,000	–	1,000,000	15.8%
Colway Limited	1,054,000	500,000	1,554,000	7.5%
Camwatch Limited	295,072	700,000	995,072	7.2%
Core Mezz I	1,000,000	–	1,000,000	49.99%
Core Mezz II	1,000,000	–	1,000,000	49.99%

The above companies are incorporated in the United Kingdom.

Whilst the Company has significant interests as set out above, it has not equity accounted for its investments. Instead, the investment is accounted for at fair value. As the Company is an investment fund, this treatment is permitted under FRS9: Associates and joint Ventures.

Core Capital LLP also advises Core VCT plc and Core VCT IV plc that have made investments to 31 December 2009 in the following companies:

	Core VCT plc £	Core VCT IV plc £	Total at cost £	% of equity held by funds managed by Core Capital LLP
Allied International Holdings Limited	1,000,000	1,000,000	2,000,000	47.5%
Colway Limited	2,308,727	1,554,000	3,862,727	65.0%
Camwatch Limited	–	995,072	995,072	7.2%
Core Mezz I	–	1,000,000	1,000,000	49.99%
Core Mezz II	–	1,000,000	1,000,000	49.99%

## 11 Debtors

	2009 £	2008 £
Amounts due within one year:		
Accrued income	30,420	86,588
Prepayments	6,906	6,986
Other debtors	300,000	–
Called up share capital unpaid	900,000	2,600,000
	1,237,326	2,693,574

Called up share capital unpaid is in accordance with the arrangements set out in the prospectus.

# Notes to the Accounts

## for the year ended 31 December 2009

### 12 Creditors: amounts falling due within one year

	2009 £	2008 £
UK Corporation tax	12,056	24,678
Other creditors	59,000	–
Accruals	58,995	104,300
	130,051	128,978

### 13 Called up share capital

	2009 £	2008 £
Authorised:		
Ordinary Shares of 0.01 p each: 530,000,000	5,300	5,300
Allotted, called-up and fully paid:		
Ordinary Shares of 0.01 p each: 11,024,969	1,102	1,102

### 14 Share capital and reserves

	Called up Share capital £	Capital reserve (realised) £	Capital reserve (unrealised) £	Special distributable reserve £	Revenue reserve £	Total £
As at 1 January 2009	1,102	(881,251)	(322,727)	10,405,494	219,188	9,421,806
Gains on sale	–	138,480	–	–	–	138,480
Movement in investment holdings	–	–	208,224	–	–	208,224
Capitalised management fees	–	(16,845)	–	–	–	(16,845)
Dividends – revenue	–	–	–	–	(165,375)	(165,375)
Dividends – capital	–	–	–	(551,248)	–	(551,248)
Tax effect of capital items	–	3,138	–	–	–	3,138
Net revenue	–	–	–	–	58,291	58,291
At 31 December 2009	1,102	(756,478)	(114,503)	9,854,246	112,104	9,096,471

### 15 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the period, and on 11,024,969 Ordinary Shares, being the number of Ordinary Shares in issue on that date.

## 16 Reconciliation of net revenue before taxation to net cash inflow from operating activities

	2009 £	2008 £
Return on ordinary activities before taxation	404,220	(736,704)
(Gains)/losses on investments	(346,704)	929,161
(Increase)/decrease in debtors	(299,920)	849
Decrease/(increase) in accrued income	56,168	(38,898)
Amortisation of fixed income	11,281	598
Increase/(decrease) in creditors and accruals	13,695	(72,249)
Net cash (outflow)/inflow from operating activities	(161,260)	82,757

## 17 Analysis of changes in net funds

	2009 £	2008 £
At beginning of year	1,146,561	741,118
Cash flows	(411,312)	405,443
At 31 December 2009 – cash at bank (net funds)	735,249	1,146,561

## 18 Financial Instruments

The Company's financial instruments in both years comprised:

- Equity and fixed and floating rate interest securities that are held in accordance with the Company's investment objective.
- Cash, liquid resources and short term debtors and creditors that arise directly from the Company's operations.

### Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2009:

	2009 (Book value) £	2009 (Fair value) £	2008 (Book value) £	2008 (Fair value) £
<b>Assets at fair value through profit and loss</b>				
Investments managed by Core Capital LLP (Level 3)	6,898,201	6,898,201	1,750,000	1,750,000
Investments managed by Credit Suisse (Level 1)		355,746	355,746	3,960,649
Cash at bank		735,249	1,146,561	1,146,561
<b>Loans and receivables</b>				
Called up share capital unpaid		900,000	900,000	2,600,000
Accrued income		30,420	30,420	86,588
Other debtors		306,906	306,906	6,986
Other creditors		(130,051)	(130,051)	(128,978)
		9,096,471	9,096,471	9,421,806



# Notes to the Accounts

## for the year ended 31 December 2009

The Core Capital investment portfolio consists of unquoted investments representing 75.8% (2008: 18.6%) of net assets. This portfolio has a 100% (2008: 100%) concentration of risk towards small UK based, sterling denominated companies. The Credit Suisse portfolio comprises a range of ready realisable equity linked investments, representing 3.91% (2008: 42.0%) of net assets.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit risk and interest rate risk, although liquidity risk and currency risk are also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding periods.

### Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential gain or loss that the Company might benefit or suffer from through holding market positions in the face of market movements.

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. As, in a number of cases, the unquoted investments are valued by reference to price earnings ratios prevailing in quoted comparable sectors, their valuations are exposed to changes in the price earnings ratios that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's investment objective, as set out on page x. As part of the investment process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Manager. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Board meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives. In the case of the Credit Suisse portfolio, derivative instruments are often used to hedge against market risk.

### Market price risk sensitivity

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of sterling denominated investments in small companies, and holds the remainder in a portfolio of equity instruments managed by Credit Suisse.

The investment made by the Manager in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares or loan stock) carry a full market risk, even though some of the loan stocks may be secured on assets, but behind any prior ranking bank debt in the investee company.

The Board considers that the values of investments in equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The impact on net return and net assets of unquoted investments if there were to be a 15% movement in overall share prices for the year would have been an increase or decrease of £1,034,730 (2008: £262,000). The impact on net return and net assets if there were to be a 15% movement in overall share price for listed securities for the year would have been an increase or decrease in net assets for the year would have been £53,362 (2008: £594,097).

The above figures assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces a movement overall of 15% and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity investments, as the returns are set by reference to interest rates and premiums agreed at the time of the initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

## Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum exposure to credit risk is:

	2009 £	2008 £
<b>Financial assets/liabilities</b>		
Securities	4,589,448	4,185,649
Loan stock investments	2,664,499	1,525,000
Called up share capital unpaid	900,000	2,600,000
Accrued income	30,420	86,588
Other debtors (including prepayments)	306,906	6,986
Cash and cash equivalents	735,249	1,146,561
<b>Total</b>	<b>9,226,522</b>	<b>9,550,784</b>

The Company has an exposure to credit risk in respect of the loan stock investments it has made in investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. £30,420 of the accrued income shown above was due within 2 months of the year end.

The following table shows the maturity of the loan stock investment referred to above.

	2009 £	2008 £
<b>Repayable within</b>		
5 years	2,664,499	1,525,000
<b>Total</b>	<b>2,664,499</b>	<b>1,525,000</b>

These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to loan stock investments have already been set out under market price risk above.

Called up share capital unpaid is supported by bank guarantees, so is credited to be low credit risk.

There could also be a failure by counterparties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery. In respect of any quoted investment transactions that are undertaken, the Company uses brokers with a high credit quality, and these trades usually have a short settlement period. Accordingly, counterparty risk is considered to be relatively low.

## Interest rate risk

The Company's fixed and floating rate interest securities, its equity investments and net revenue may be affected by interest rate movements. Investments are often in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations.

Due to the short time to maturity of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk on page 32.

# Notes to the Accounts

## for the year ended 31 December 2009

The interest rate profile of the Company's financial net assets at 31 December 2009 was:

	Financial assets/ liabilities on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	4,589,448	–	–	4,589,448		
Gilts	–	–	–	–		
Loan stock	–	2,664,499	–	2,664,499	12.05	4.01
Cash	–	–	735,249	735,249		
Debtors	1,237,326	–	–	1,237,326		
Creditors	(130,051)	–	–	(130,051)		
Total	5,696,723	2,664,499	735,249	9,096,471		

The interest rate profile of the Company's financial net assets at 31 December 2008 was:

	Financial assets/ liabilities on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	2,746,784	–	–	2,746,784		
Gilts	–	1,438,865	–	1,438,865	4.30	0.41
Loan stock	–	1,525,000	–	1,525,000	14.97	4.90
Cash	–	–	1,146,561	1,146,561		
Debtors	2,693,574	–	–	2,693,574		
Creditors	(128,978)	–	–	(128,978)		
Total	5,311,380	2,963,865	1,146,561	9,421,806		

Floating rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

### Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the income of these instruments is interest rate sensitive, as they all carry fixed rates of interest. The Board does not consider that the impact of interest rate changes materially affects the value of the loan portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above.

### Liquidity risk

The investment in equity and fixed interest stocks of unquoted companies that the Company holds are not traded. They are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The company's ability to sell investments may also be constrained by the requirements set down by VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to 5 years or more from the year end. Note 8 details the three tier hierarchy of inputs used as at 31 December 2009 in valuing the company's investments carried at fair value.

To counter these risks to the Company's liquidity, the Manager maintains sufficient ready realisable investments within the Credit Suisse portfolio to meet running costs and other commitments.

All creditors and accruals are due within one year and are comfortably covered by funds within the Credit Suisse portfolio, cash and short term debtors.

### Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk.



## 19 Management of Capital

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

By its nature, the company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the company may maintain a level of liquidity to remain a going concern.

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

## 20 Segmental analysis

The operations of the Company are wholly in one business segment and one geographical segment in the United Kingdom.

## 21 Related party transactions

Paul Richards is a member of the Manager, Core Capital LLP. Details of the carried interest arrangements between the Company and the Manager are set out in Note 3 which also discloses amounts paid and payable to the Manager.



## Shareholder Enquiries:

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL (telephone 01252 821390) or should you prefer visit their website at [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com).

For enquiries concerning the performance of the Company, please contact the Investment Manager at Core Capital LLP:

Stephen Edwards on 020 7317 0150 or by e-mail on [Stephen.Edwards@Core-Cap.com](mailto:Stephen.Edwards@Core-Cap.com)

Walid Fakhry on 020 7317 0145 or by e-mail on [Walid.Fakhry@Core-Cap.com](mailto:Walid.Fakhry@Core-Cap.com)

# CORE VCT V PLC

(Registered in England and Wales No. 5957415)

## NOTICE of the ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in Core VCT V PLC, please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of the Company will be held at 9.45 am (or as soon thereafter as the Annual General Meeting of Core IV VCT plc has been concluded or adjourned) on 20 May 2010 at the offices of Core Capital LLP, 103 Baker Street, London W1U 6LN for the following purposes:-

### ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2009, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2009 as set out in the Annual Report and Accounts of the Company for the year ended 31 December 2009.
3. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF as Auditors.
4. To authorise the Directors to determine the remuneration of the auditors.
5. To re-elect Ray Maxwell as a Director of the Company.
6. To declare a final dividend for the year ended 31 December 2009 of 0.5 pence per share, payable on 25 May 2010 to Shareholders registered at close of business on 7 May 2010.

### SPECIAL BUSINESS

7. THAT in substitution for any existing authorities pursuant to section 551 of the Companies Act 2006 ("the 2006 Act") the Directors be generally and unconditionally authorised, in accordance with the Act to:
  - (i) allot relevant securities (within the meaning of section 80) up to an aggregate nominal amount of £276 being approximately 25% of the issued share capital of the Company, this authority to expire on 20 May 2015 (unless previously renewed, varied or revoked by the Company in general meeting); and
  - (ii) the Company may be entitled under the authority conferred or under the renewal thereof to make at any time prior to the expiry of such authority any offer or enter into any agreement which would or might require relevant securities as aforesaid to be allotted after the expiry of such authority and the directors may allot relevant securities accordingly as if the authority conferred thereof had not expired.

*To consider and, if thought fit, to pass the following as a Special Resolution:*

8. THAT in substitution for any existing authorities pursuant to section 571 of the 2006 Act the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 7 above as if section 561(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities in connection with:
  - (i) the allotment of equity securities having a nominal value not exceeding 10% of the issued share capital of the Company at the date on which this resolution is passed in connection with a rights issue in favour of the holders of relevant securities in which such holders are offered the right to participate, in proportion (as nearly as may be) to the respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws or any territory, or of the requirements of any generally recognised body or stock exchange in any territory;
  - (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) having a nominal value not exceeding 10% of the issued share capital of the Company at the date on which this resolution is passed where the proceeds of the allotment may be used in whole or in part to purchase the Company's ordinary shares in the market; and
  - (iii) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) and (ii) above) from time to time with an aggregate nominal value of up to 5% of the issued share capital of the Company at the date on which this resolution is passed

# CORE VCT V PLC

(Registered in England and Wales No. 5957415)

## NOTICE of the ANNUAL GENERAL MEETING

This power shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, on 20 August 2011 (unless previously renewed, varied or revoked by the Company in General Meeting), save that the Company may before the expiry of this authority make an offer or enter into an agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired.

*To consider and, if thought fit, to pass the following as a Special Resolution:*

9. THAT the Company be and is hereby authorised in accordance with section 701 of the 2006 Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of the ordinary shares of 0.01 pence each in the Company provided that:
- (i) the maximum aggregate number of ordinary shares authorised to be purchased is 1,652,643 representing approximately 14.99 per cent. of the issued share capital as at the date hereof;
  - (ii) the minimum price which may be paid for an ordinary share is 0.01 of a penny per share; and
  - (iii) the maximum price, exclusive of expenses, which may be paid for an ordinary share shall not be more than 105% of the average of the middle market prices for the ordinary shares of the Company as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which that ordinary share is purchased.

This authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, on 20 August 2011 (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or expected wholly or partly after such expiry.

*To consider and, if thought fit, to pass the following as a Special Resolution:*

10. THAT the Articles of Association in the form produced to the meeting and signed by the Chairman for the purposes of identification, be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

### RECOMMENDATION

An explanation of the resolutions to be proposed is set out on pages 9 to 12 of this document. The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

**BY ORDER OF THE BOARD**

Maven Capital Partners UK LLP  
Secretary

Registered Office  
9-13 St Andrew Street  
London EC4A 3AF

21 April 2010

**NOTES:****Entitlement to attend and vote**

1. Only those members registered on the Company's register of members 48 hours before the meeting; or, if this Meeting is adjourned, forty eight hours before the adjourned meeting, shall be entitled to attend and vote at the Meeting.

**Website giving information regarding the Meeting**

2. Information regarding the Meeting, including the information required by section 311 A of the Companies Act 2006, is available from [www.core-cap.com](http://www.core-cap.com).

**Attending in person**

3. If you wish to attend the Meeting in person, please bring a form of identification.

**Appointment of proxies**

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
5. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
6. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrar, Share Registrars Ltd on 01 252 821 390.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote, or abstain from voting, as he or she thinks fit in relation to any other matter which is put before the Meeting.

**Appointment of proxy using hard copy proxy form**

9. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Ltd, Suite E, First floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL or by facsimile transmission to 01 252 719 232;
- and received by no later than forty-eight hours (excluding non-business days) before the meeting.

Alternatively, the proxy form may be scanned and emailed to: [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com).

You may not use the electronic address provided for submission for proxy forms for any other purpose.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

**Appointment of proxy by joint members**

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

11. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.



# NOTICE of the ANNUAL GENERAL MEETING

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars on 01 252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

## Termination of proxy appointments

12. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars at the address given in note 9. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Share Registrars no later than forty-eight hours before the meeting, excluding non-business days. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

## Corporate representatives

13. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
- if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote, or withhold a vote, as corporate representative in accordance with those directions; and
  - if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](http://www.icsa.org.uk) – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described above.

## Issued shares and total voting rights

14. As at 9.30 am on 21 April 2010, the Company's issued share capital comprised 10,885,969 ordinary shares of 0.01 p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at that time is 10,885,969.

## Questions at the Meeting

15. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

## Website Publication of Audit Concerns

16. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 19 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the Meeting.

The request:

- may be in hard copy form or in electronic form (see note 18 below);
- either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
- must be authenticated by the person or persons making it (see note 20 below); and
- be received by the Company at least one week before the Meeting.

#### Members' qualification criteria

17. In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 16) the relevant request must be made by:

- a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company; or
- at least 100 members have a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total number of voting rights, see note 14 above and the website referred to in note 2.

#### Submission of hard copy and electronic requests and authentication requirements

18. Where a member or members wishes to request the Company to publish audit concerns (see note 16) such request be must be made in accordance with one of the following ways:

- a hard copy request which is signed by you, states your full name and address and is sent to The Secretary, Core VCT IV PLC, c/o Maven Capital Partners UK LLP, 149 St Vincent Street, Glasgow G2 5NW, or
- a request which states your full name and address, and account number and is sent to enquiries@mavencp.com Please state "AGM" in the subject line of the e-mail.

#### Nominated persons

19. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

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

#### Documents on display

20. The following documents will be available for inspection at the Company's registered office from the date of this notice of meeting until the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:

- copies of the letters of appointment of the directors of the Company;
- a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed.

#### Communication

21. Except as provided above, members who have general queries about the Meeting should use the following means of communication and no other methods of communication will be accepted):

- telephoning 0141 306 7400; or
- emailing enquiries@mavencp.com.

# APPENDIX

## EXPLANATORY NOTES OF PRINCIPAL PROPOSED CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

### 1. General

The proposed amendments to the Current Articles reflect changes in the law under the Companies Act 2006 and the Shareholders' Rights Regulations that both came into force during 2009 and to make certain clarifying and conforming changes

### 2. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Current Articles and the Memorandum of Association ("Memorandum"). The Company's Memorandum contains the objects clause which sets out the scope of the activities the Company is authorised to undertake. This clause is drafted to give a wide scope.

Under the Companies Act 2006, the objects clause and all other provisions which are currently contained in a company's Memorandum are deemed to be contained in a company's articles but can be removed by special resolution.

The Companies Act 2006 further states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause, together with all other provisions of its Memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles. The limited liability of members will be preserved in the Updated Articles

### 3. Authorised share capital

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the Current Articles are being amended to reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006.

### 4. Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The Updated Articles will contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would seek shareholders' authority to issue new shares in the usual way.

### 5. Suspension of and reasons for refusal of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006, share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement and therefore is being removed. In addition the Current Articles are being updated in line with the Companies Act 2006 so that the Directors must give reasons for any refusal to register a transfer of shares as soon as reasonably practicable and to provide such further information as the transferee may reasonably request.

### 6. Authority to consolidate and sub-divide shares, purchase own shares and reduce share capital

Under the Companies Act 1985, a company requires specific authorisations in its articles of association to consolidate or sub-divide its shares, to purchase its own shares and to reduce its share capital. Under the Companies Act 2006, public companies will not require specific authorisations in their articles of association to undertake these actions; but shareholder authority will still be required. Amendments have been made to the Updated Articles to reflect these changes.

### 7. Notice of adjourned meetings

The Shareholders' Rights Regulations add a provision to the Companies Act 2006 which requires that, when a general meeting is adjourned due to lack of quorum, the reconvened meeting must be held at least 10 days later. The Updated Articles include amendments to make them consistent with this new requirement.

### 8. Validity of proxy rights

Following the implementation of the Shareholders' Rights Regulations, proxies will be expressly required to vote in accordance with instructions given to them by members. The Updated Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

#### **9. Record date for rights to vote at meetings**

The Updated Articles include a new provision that, when convening a general meeting the Company may specify a time, not more than 48 hours before the time of the meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to vote at the meeting. This new provision is in line with a requirement applicable to the Company introduced by the Shareholders' Rights Regulations.

#### **10. Timing for submission of proxy appointments and revocations**

The Current Articles will be amended in line with the Companies Act 2006 to permit the directors to specify, in a notice convening a general meeting, that in determining the time for delivery of proxy appointments, no account shall be taken of non-working days. The Current Articles will be similarly amended in relation to the deadline for submission of revocation of proxies. This brings the provisions relating to timing for proxy appointments and revocations into line with the new record date for voting.

#### **11. Change of name**

Currently, a company can only change its name by special resolution. The Companies Act 2006 additionally allows directors to resolve to change a company's name, provided they are so authorised by the company's articles. The Updated Articles will give the Directors this power.

#### **12. Notice of meetings of the directors**

The Current Articles provide that a Director who is not in the United Kingdom shall not be entitled to receive notice of meetings of the Directors. The Updated Articles will entitle Directors to notice in electronic form if they have given an address whilst they are outside the United Kingdom.

#### **13. Electronic communications**

Companies are now permitted to communicate with shareholders by electronic and/or website communications. The New Articles allow communications to shareholders in electronic form, where the shareholder has agreed, and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within a period of 28 days. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

#### **14. Procedures regarding directors' resolution in writing**

The current articles of association of the Company require all directors to sign a written resolution. The Updated Articles will clarify that a written resolution will be valid if agreed to by all the directors who would have been entitled to vote (and whose vote would be counted) on that resolution had it been passed at a directors' meeting.

#### **15. Other**

Generally the opportunity has been taken to bring clearer language into the Updated Articles and to update the language used in the Current Articles



# PROXY FOR THE ANNUAL GENERAL MEETING

## for Core VCT V plc

I/We .....

of (address) .....

being a member/members of the Company hereby appoint the Chairman of the Meeting, or

.....  
of (address) .....

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Annual General Meeting of the Company to be held at 9.45 am on 20 May 2010 at the offices of Core Capital LLP, 103 Baker Street, London W1U 6LN and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Annual General Meeting (including any motion to amend any resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the resolutions set out in the notice convening the Annual General Meeting, of which resolutions 1 to 7 are proposed as ordinary resolutions and resolutions 8 to 10 are proposed as special resolutions, as follows:

	Resolution	For	Against	Vote withheld
<b>ORDINARY BUSINESS</b>				
Resolution 1	To approve the Annual Report and Accounts for the year ended 31 December 2009.			
Resolution 2	To approve the Directors' Remuneration Report for the year ended 31 December 2009.			
Resolution 3	To re-appoint Ernst & Young LLP as independent Auditors.			
Resolution 4	To authorise the Directors to determine the remuneration of the auditors.			
Resolution 5	To re-elect Ray Maxwell as a Director of the Company.			
Resolution 6	To declare a final dividend of 0.5 pence per share.			
<b>SPECIAL BUSINESS</b>				
Resolution 7	To authorise the Directors to allot Ordinary Shares.			
Resolution 8	To authorise the Directors to disapply pre-emption rights of members (special resolution).			
Resolution 9	To authorise the Company to make market purchases of Ordinary Shares (special resolution).			
Resolution 10	To approve the adoption of new Articles of Association (special resolution).			

Signed ..... Dated .....

### NOTES AND INSTRUCTIONS

- A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote, on a poll, in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Share Registrars Limited, on 01252 821390, to request additional copies.
- Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
- If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person): You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.  
If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.  
Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company or its registrars) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- In the case of a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- To be effective, this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be completed and deposited at the office of the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL not later than 48 hours before the time set for the meeting.
- In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
- The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.



Second fold

BUSINESS REPLY SERVICE  
Licence No. GI2155



**Share Registrars Limited**  
**Suite E**  
**First Floor**  
**9 Lion and Lamb Yard**  
**FARNHAM**  
**Surrey**  
**GU9 7BR**

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and tuck in flap opposite



# Corporate Information

## Directors

Ray Maxwell (Chairman)  
Paul Richards  
Greg Aldridge

[www.core-cap.com](http://www.core-cap.com)

*All of whom are non-executive and of:*

9-13 St. Andrew Street  
London  
EC4A 3AF

## Secretary and administrator

Maven Capital Partners UK LLP  
149 St. Vincent Street  
Glasgow  
G2 5NW

## Solicitors

SJ Berwin  
10 Queen Street Place  
London  
EC4R 1BE

## Investment Manager

Core Capital LLP  
103 Baker Street  
London  
W1U 6LN

## Auditors

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## Registrar

Share Registrars Limited  
Suite E, First Floor  
9 Lion and Lamb Yard  
Farnham  
Surrey GU9 7LL

## Bankers

Bank of Scotland  
PO Box No. 39900 Level 7  
Bishopsgate Exchange  
155 Bishopsgate  
London EC2M 3YB

## VCT Tax Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**Company No : 5957415**

## Receiving Agent

The City Partnership (UK) Limited  
Box 41  
196 Rose Street  
Edinburgh  
EH2 4AT





# Shareholder Notes

