

ProVen Planned Exit VCT plc  
Initial Accounts  
For the Period Ended 31 October 2011



Managed by  
Beringea LLP

# Chairman's Statement

## Introduction

I have pleasure in presenting initial accounts for ProVen Planned Exit VCT plc ("the Company") to shareholders. The accounts cover the period from the Company's launch on 2 August 2010 to 31 October 2011, although the Company first issued new shares to shareholders on 28 March 2011. The Company is required to produce an annual report to shareholders for the period through to 31 January 2012 and thereafter will produce an interim report to 31 July and a full year report to 31 January each year.

The period under review has been one of considerable uncertainty and so the Company's funds have been kept in high quality cash deposits and money market funds, consistent with our objective of being a lower risk VCT. Although the Investment Manager has been active in reviewing potential investments, no investments have yet been made. Whilst this cautious approach has resulted in an overall net loss for the period, the annual expenses cap of 3.5% of net assets provides downside protection to investors.

## Original share offer

The Company launched an offer for subscription ("the Offer") on 2 November 2010. The Offer closed on 16 September 2011 having raised gross funds from investors of £4.7 million. The Company issued a total of 4,818,235 Ordinary Shares and 7,227,352 'A' Shares under the Offer which produced net proceeds, after issue costs, of £4.6 million.

Shareholders who subscribed under the Offer were issued equal numbers of Ordinary and 'A' Shares. In accordance with terms of the Offer, the Investment Manager was allotted 2.4 million 'A' Shares. The 'A' Shares are expected to have a net asset value of 0.1p per share for the initial years of the Company's life and this will only change if, and when, a certain level of return has been made to the Ordinary Shareholders. This has been discussed further in note 11 to the accounts.

## Net asset value and results

At 31 October 2011, the net asset value per Ordinary Share stood at 91.9p and the net asset value per 'A' Share was .p. The loss on ordinary activities after taxation for the period was £124,000 comprising a revenue loss of £83,000 and a capital loss of £41,000. The loss arose as a result of the low yields on cash investments not covering the running expenses of the Company.

## Dividends

The Directors intend that the Company pays two dividends per year of 3p each, subject to the availability of sufficient cash reserves and distributable reserves. I have pleasure in announcing that the Company's first dividend of 3p per Ordinary Share will be paid on 21 December 2011 to Ordinary Shareholders on the register at 9 December 2011.

## Share buybacks

The Directors intend that, in the five years following the first allotment of shares, the Company will operate a policy of buying in its own shares for cancellation at a zero discount to net asset value. It should be noted, however, that a disposal of VCT shares within five years from allotment will result in the loss of the initial income tax relief. Given the intended life of the Company, it is not intended that any shares will be bought back after the 5th anniversary of the first allotment of shares.

No shares were purchased by the Company during the period.

## Cancellation of share premium account

On 19 October 2011, the Company cancelled its share premium account created on the issue of shares and created a special distributable reserve. This special reserve can be used by the Company for the cancellation of its shares, and other corporate purposes including the payment of dividends.

## Chairman's Statement (continued)

### Risks and uncertainties

Under the Disclosure and Transparency Rules, the Board is required to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

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

- i. investment risk associated with investing in small and immature businesses;
- ii. investment risk arising from extremely volatile stock market conditions and their potential effect on the value of the Company's investments;
- iii. failure to secure approval as a VCT.

In respect of (i) and (ii), the Board is satisfied with the Company's approach. The Investment Manager follows a rigorous process in vetting and careful structuring of new investments.

In respect of (iii), the Company has been granted provisional approval as a venture capital trust. Full approval can, as with all VCTs, only be granted when all VCT rules have been met. This includes having at least 70% of the Company's investments in VCT qualifying investments, a target which the Company has until 31 January 2014 to achieve. The Company's compliance with the VCT regulations is continually monitored by the Investment Manager, who reports regularly to the Board on the current position. The Company also retains PricewaterhouseCoopers to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level.

### Going concern

The Company has sufficient financial resources at the period end, with the majority of its assets in cash and cash equivalents. The Directors believe, therefore, that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

### Outlook

The Company's immediate objective is to make a number of VCT qualifying investments, in order to generate the targeted returns for shareholders.

The wider economic background remains challenging for many businesses and consumers. Nevertheless, small businesses will continue to require funding. The apparent reluctance of banks to provide this funding is likely to increase the number of investment opportunities for the Company. Consequently, notwithstanding the wider economic position, the Board is optimistic that a number of good investment opportunities lie ahead.

**Peter Hewitt**

Chairman

1 December 2011

# Investment Manager's Review

## Introduction

We have pleasure in presenting our first report for ProVen Planned Exit VCT plc ("the Company") for the period through to 31 October 2011.

## Background

Economic conditions remain challenging for UK businesses. Continuing uncertainty about future prospects is making it difficult for entrepreneurs to make investment decisions. On the other hand, the continuing reluctance of banks to provide loans to small businesses is creating new opportunities for alternative funders, like VCTs. We therefore remain confident that there is a good market opportunity for the Company to build up a strong portfolio of VCT qualifying venture capital investments which will be able to deliver the targeted returns.

## Investment activity

Over the period covered by these accounts we have investigated a number of opportunities in the Company's target sectors of education, health and renewable energy. As of the date of this report none of these investments had completed but we expect to close the Company's first venture capital investments shortly.

During the period the Company's assets were invested in low-risk cash deposits and money-market funds. As we start to make VCT qualifying investments, the remainder of the Company's funds will continue to be invested in non-qualifying investments which are consistent with its objective of being a lower risk VCT.

## Outlook

Our principal objective over the next six months is to make a number of VCT qualifying investments in companies with substantial assets or having reliable revenue streams from financially sound customers, in order to meet the targeted investment returns. We continue to see a flow of investment opportunities but will continue to be rigorous in our evaluation of these to ensure that the Company builds up a robust portfolio of VCT qualifying investments. Discussions are well advanced on a number of potential venture capital investments and we expect that the Company will complete its first investment shortly.

**Beringea LLP**

1 December 2011

## Statement of Directors' Responsibilities

The directors are responsible for preparing the initial accounts in accordance with applicable law and regulations.

The directors have elected to prepare the initial accounts 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 initial accounts unless they are satisfied that they give a true and a fair view of the state of affairs and the profit or loss of the Company for that period. In preparing these initial accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the initial accounts;
- prepare the initial accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the initial accounts 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.

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

The directors confirm, to the best of their knowledge that the initial accounts, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

By order of the Board

**Beringea LLP**

Secretary  
39 Earlham Street  
London  
WC2H 9LT  
1 December 2011

# Independent Auditors' Report to the Directors of ProVen Planned Exit VCT plc under Section 839(5) of the Companies Act 2006

We have examined the initial accounts of ProVen Planned Exit VCT plc for the period from 2 August 2010 to 31 October 2011 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The initial accounts have been prepared under the accounting policies set out therein.

Our report is made solely to the directors, as a body, of ProVen Planned Exit VCT plc, in accordance with Section 839(5) of the Companies Act 2006. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in our audit 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 directors as a body, for our work, for our report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As described on page 4 the directors are responsible for the preparation of the initial accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to report to you our opinion as to whether the initial accounts have been properly prepared within the meaning of section 839(4) of the Companies Act 2006.

## Opinion

In our opinion the initial accounts for the period from 2 August 2010 to 31 October 2011 have been properly prepared within the meaning of section 839(4) of the Companies Act 2006.

### **Tracey James (Senior Statutory Auditor)**

for and on behalf of Grant Thornton UK LLP

OXFORD

1 December 2011

# Income Statement

for the period from 2 August 2010 to 31 October 2011

	Note	Period ended 31 October 2011		
		Revenue £'000	Capital £'000	Total £'000
Income	2	2	–	2
Investment management fees	3	(10)	(32)	(42)
Other expenses	4	(75)	(9)	(84)
<b>Return on ordinary activities before tax</b>		<b>(83)</b>	<b>(41)</b>	<b>(124)</b>
Tax on ordinary activities	6	–	–	–
<b>Return attributable to equity shareholders</b>		<b>(83)</b>	<b>(41)</b>	<b>(124)</b>
<b>Basic and diluted return per share:</b>				
Ordinary Share	7	(1.9p)	(0.9p)	(2.8p)
'A' Share	7	–	–	–

All revenue and capital items in the above statement derive from continuing operations. The total column within the Income Statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement noted above.

## Reconciliation of Movements in Shareholders' Funds

	Note	Period ended
		31 October 2011 £'000
Opening Shareholders' funds		–
Proceeds from share issues	11/12	4,714
Share issue costs	12	(157)
Total recognised gains for the period		(124)
Closing Shareholders' funds		4,433

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

# Balance Sheet

as at 31 October 2011

	Note	2011 £'000
<b>Current assets</b>		
Debtors	9	7
Current investments		500
Cash at bank and in hand	15	4,017
		<u>4,524</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(91)</u>
<b>Net current assets</b>		<u>4,433</u>
<b>Net assets</b>		<u>4,433</u>
<b>Capital and reserves</b>		
Called up Ordinary Share capital	11	5
Called up 'A' Share capital	11	7
Share premium account	12	–
Special reserve	12	4,545
Capital reserve - realised	12	(41)
Revenue reserve	12	<u>(83)</u>
<b>Total equity shareholders' funds</b>		<u>4,433</u>
<b>Basic and diluted net asset value per share</b>		
Ordinary Share		<u>91.9p</u>
'A' Share		<u>0.1p</u>

These financial statements were approved by the Board of Directors on 1 December 2011 and were signed on its behalf by

**Peter Hewitt**

Chairman

Company number: 7333086

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

# Cash Flow Statement

for the period from 2 August 2010 to 31 October 2011

	Note	Period ended 31 October 2011 £'000
<b>Net cash inflow from operating activities</b>	14	(40)
<b>Capital expenditure</b>		
Purchase of investments		(500)
<b>Net cash outflow from capital expenditure</b>		(500)
<b>Net cash outflow before financing</b>		(540)
<b>Financing</b>		
Proceeds from Ordinary Share issue		4,707
Proceeds from 'A' Share issue		7
Proceeds from Preference Share issue		50
Redemption of Preference Shares		(50)
Share issue costs		(157)
<b>Net cash inflow from financing</b>		4,557
<b>Increase in cash</b>	15	4,017

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

# Notes to the Accounts

for the period ended 31 October 2011

## 1. Accounting policies

### Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice ("UK GAAP") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 ("SORP")

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

### Presentation of Income Statement

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

### Current assets investments

Current asset investments, which comprise investments in liquidity funds with AAA rating, are held at fair value through profit and loss and are marked-to-market. These assets are purchased and redeemed under a contract and the assets are recognised and derecognised on the trade date. These assets are initially measured at cost and subsequently valued at fair value, being the closing price of the fund as issued by the provider.

### Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established, normally the ex dividend date.

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

### Expenses

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

- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated.

The Company has adopted a policy of charging 25% of the investment management fees to the revenue account and 75% to the capital account to reflect the Board's estimated split of investment returns which will be achieved by the Company over the long term.

## Notes to the Accounts (continued)

### Taxation

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, as rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

### Cash

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

### Loans and receivables

The Company's loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### Liabilities

The Company's financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### Issue costs

Issue costs in relation to share issues have been deducted from the share premium account.

## 2. Income

	2011 £'000
Other income	
Bank interest	2

## 3. Investment management fees

	2011 £'000
Investment management fees	42

#### 4. Other expenses

	2011 £'000
Trail commission	8
Directors' remuneration	24
Auditors' remuneration for audit	5
Other	47
	<u>84</u>

The annual running costs of the Company for the period are subject to a cap of 3.5% of net assets of the Company plus cumulative distributions.

#### 5. Directors' remuneration

The Company had no employees (other than Directors) during the period. Directors' remuneration is disclosed in note 4 above. No other emoluments or pension contributions were paid by the Company to, or on behalf of any Directors.

#### 6. Tax on ordinary activities

	2011 £'000
<b>(a) Tax charge for the period</b>	
UK corporation tax at 20%	–
<b>Charge for the period</b>	<u>–</u>
<b>(b) Factors affecting tax charge for the period</b>	
Return on ordinary activities before taxation	<u>(124)</u>
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 20%	<u>(25)</u>
Effects of:	
Expenses disallowed for tax purposes	–
Losses available to carry forward	<u>25</u>
	<u>–</u>

## Notes to the Accounts (continued)

### 7. Return per share

	Ordinary Shares	'A' Shares
<b>Return per share based on:</b>		
Net revenue after taxation for the financial period (£'000)	(83)	–
Weighted average number of shares in issue	4,441,016	4,949,361
<b>Capital return per share based on:</b>		
Net capital gain for the financial period (£'000)	(41)	–
Weighted average number of shares in issue	4,441,016	4,949,361

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

### 8. Fixed assets – investments

No investments were made in the period.

### 9. Debtors

	2011 £'000
Prepayments and accrued income	7

### 10. Creditors: amounts falling due within one year

	2011 £'000
Trade creditors	7
PAYE	3
Accruals and deferred income	81
	91

## 11. Called up share capital

2011  
£'000

<b>Allotted, called up and fully-paid:</b>	
4,818,237 Ordinary Shares of 0.1p each	5
7,227,352 'A' Shares of 0.1p each	7
	<hr/>
	12

Upon incorporation 2 Ordinary Shares were issued to the subscribers to the Memorandum of Association. On 19 October 2010, 50,000 Redeemable Preference Shares were issued to Beringea LLP, one-quarter paid up.

Between 28 March 2011 and 16 September 2011, 4,818,235 Ordinary Shares were issued at 99.9p per share and 7,227,352 'A' Shares were issued at 0.1p per share pursuant to the offers for subscription by way of a prospectus. The aggregate consideration for the shares was £4,714,000 which excludes the issue costs of £157,000. 2,409,117 of the 'A' Shares were issued to the Investment Manager at 0.1p per share.

Dividends and other distributions or a return of capital (otherwise than on a market purchase by the Company of any of its shares) shall be applied as follows:

- payments will be made as to 99.9% to Ordinary Shareholders and 0.1% to 'A' Shareholders, pro rata to their nominal capital, until and unless the following conditions are met (i) the payment by the Company of a dividend of at least 6p per Ordinary Share per annum in respect of each of the financial years starting on 1 February 2011 to 1 February 2015 and (ii) the payment by way of dividends (including the dividends paid in (i)) and tender offers of at least 100p per Ordinary Share
- after these conditions have been met, the balance of such amounts shall be applied as 40% to Ordinary Shareholders and 60% to 'A' Shareholders, until total payments to investors reach 124p per £1 invested, after which
- payments will be made as 99.9% to Ordinary Shares and 0.1% to 'A' Shares.

The Ordinary Shareholders and 'A' Shareholders are entitled to receive notice of, to attend, speak and vote at any general meeting. Every Ordinary Shareholder present in person or by proxy has one thousand votes for each Ordinary Share held. Every 'A' Shareholder present in person or proxy has one vote for each 'A' Share held.

On a winding up, the capital and assets of the Company shall be divided amongst the Ordinary Shareholders and the 'A' Shareholders in accordance with the policy on dividends and other distributions described above.

On 25 October 2011, the 50,000 Redeemable Preference Shares were paid up in full and then subsequently redeemed out of the proceeds of the offers.

## Notes to the Accounts (continued)

### 12. Reserves

	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 2 August 2010	–	–	–	–	–
Issue of new shares	4,702	–	–	–	4,702
Share issue costs	(157)	–	–	–	(157)
Transfer between reserves	(4,545)	4,545	–	–	–
Expenses capitalised	–	–	(41)	–	(41)
Retained net revenue	–	–	–	(83)	(83)
At 31 October 2011	–	4,545	(41)	(83)	4,421

The special reserve was created on 24 October 2011 by the cancellation of the share premium account following court approval. The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions and for other corporate purposes. The special reserve and revenue reserve are both distributable reserves.

### 13. Net asset value per share

	Shares in issue	Pence per share	2011 Net asset value £'000
Ordinary Shares	4,818,235	91.9	4,426
'A' Shares	7,227,352	0.1	7
Net assets			4,433

The Directors allocate the assets and liabilities of the Company between the Ordinary Shares and 'A' Shares such that each share class has sufficient net assets to represent its dividend and return of capital rights as described in note 11.

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

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

	2011 £'000
Loss on ordinary activities before taxation	(124)
Increase in debtors	(7)
Increase in creditors	91
Net cash outflow from operating activities and returns on investments	(40)

#### 15. Analysis of changes in cash during the period

	2011 £'000
Beginning of period	–
Net cash inflow	4,017
End of period	4,017

#### 16. Financial instruments and derivatives

The Company's financial instruments comprise liquidity funds, cash deposits and short term debtors and creditors arising from its operations. The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors and does not use any derivatives.

##### Interest rate profile of financial assets and liabilities

The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. A summary of the interest rate profile of the Company's investments is shown below.

There are three categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments held with predetermined yield targets and comprise cash at bank.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments.
- "No interest rate" assets do not attract interest and comprise receivables (excluding cash at bank) and other financial liabilities.

## Notes to the Accounts (continued)

	Average interest rate	Average period to maturity	2011 £'000
Fixed rate	0.3%	n/a	1,000
Floating rate	0.1%	n/a	3,517
No interest rate			(84)
			<u>4,433</u>

The interest rate represents the average interest rate over the period. Subsequent to the period end £1 million was placed into an instant access deposit account at an interest rate of 1.25% per annum.

### Financial liabilities

The Company had no financial liabilities or guarantees other than the creditors disclosed within the Balance Sheet.

### Currency exposure

As at 31 October 2011, the Company had no foreign currency exposures.

### Borrowing facilities

The Company had no committed borrowing facilities as at 31 October 2011.

## 17. Principal financial risks and management objectives

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

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

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

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

### Market risks

As a VCT, the Company is exposed to market risks in the form of potential losses and gains that may arise on the investments it holds. As at 31 October 2011, the Company's only investment was in liquidity funds, the Board believes that the Company's exposure to market risk is limited to an acceptable level.

## Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment made under that instrument. The Company is exposed to credit risk through its holdings of investments in liquidity funds, cash deposits and debtors.

The Company's exposure to credit risk is summarised as follows:

	2011 £'000
Investment in liquidity funds	500
Cash and cash equivalents	4,017
Other receivables	7
	4,524

Credit risk in respect of the investment in liquidity funds is minimised by investing in AAA-rated funds.

Cash is mainly held by HSBC Bank plc which is an AA-rated financial institution. The Directors consider that the risk profile associated with cash deposits is low.

Other receivables are predominantly covered within the investment management procedures.

## Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. As the Company only ever has a low level of creditors and no borrowings, the Board believes that the Company's exposure to liquidity risk is minimal.

## 18. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for Shareholders.

The requirement of the Venture Capital Trust Regulations and the fact that the Company has a policy of not having any borrowings mean that there is limited scope to manage the Company's capital structure. However, to the extent it is possible, the Company can maintain or adjust its capital structure by adjusting the amount of dividends paid to Shareholders, purchasing its own shares or issuing new shares.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The Company does not have any externally imposed capital requirements.

## 19. Contingencies, guarantees and financial commitments

At 31 October 2011, the Company had no contingencies, guarantees or financial commitments.

## Notes to the Accounts (continued)

### 20. Controlling party and related party transactions

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

Beringea LLP, of which Malcolm Moss is a partner, acted as promoter to the offers for subscription launched in November 2010. Beringea LLP received 5.5% of the gross proceeds of the offers, out of which it paid the costs of the offers including initial commissions. No issue costs were outstanding at the period end. Beringea LLP was also the investment manager and administrator during the period. The fees relating to these services amounted to £42,000, all of which was outstanding at the period end.



