

CORE VCT PLC

Annual Report and Accounts
for the year ended 31 December 2011



Investment Objective

Core VCT plc (“Core VCT” or “the Company”) is a tax efficient listed Company. The aim of the Company is to achieve long-term capital and income growth and to distribute tax free dividends comprising realised gains and investors’ capital investment.

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If you have sold or otherwise transferred all of your shares for Core VCT plc, please forward this document and accompanying form of proxy as soon as possible to the purchaser or transferee, or to a stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Performance Summary

Performance Record

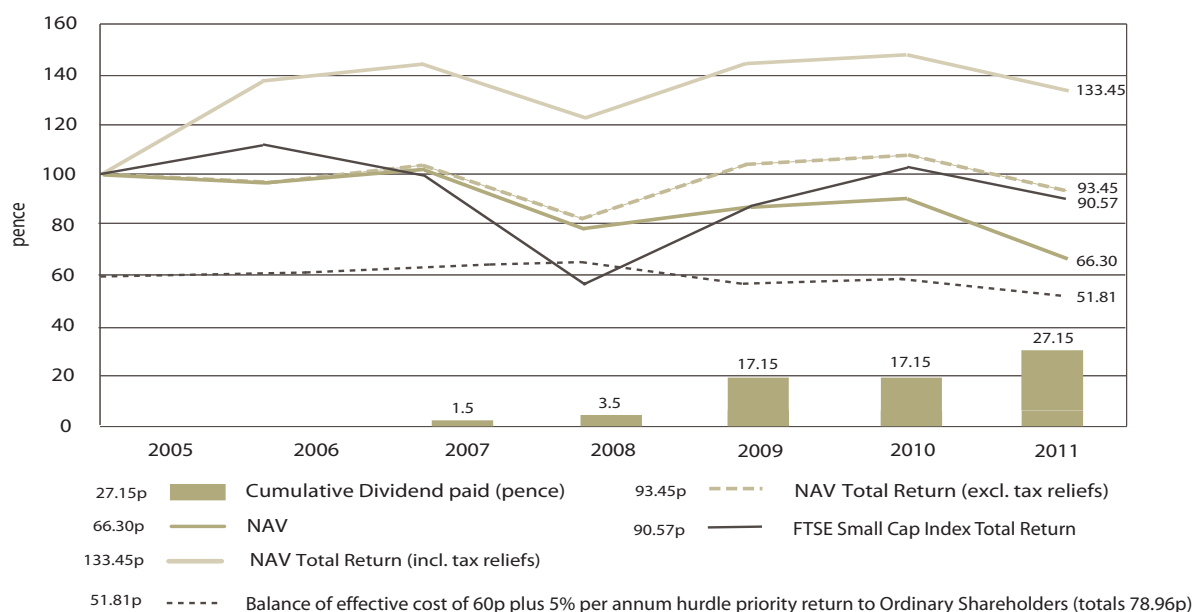
Year ended	Net Assets £m	Net Asset Value pence	Share Price pence	NAV Total Return* (excluding tax reliefs) pence	NAV Total Return (including initial tax reliefs) pence	Total Expense Ratio† %
Ordinary Shares						
2006	16.0	97.17	100.00	97.17	137.17	1.71
2007	16.9	102.59	80.00	104.09	144.09	1.30
2008	13.1	79.15	50.00	82.65	122.65	1.76
2009	37.7‡	87.07	40.00	104.22	144.22	0.82
2010	39.3	90.70	50.00	107.85	147.85	1.01
2011	28.7	66.30	37.50	93.45	133.45	1.23
B Shares						
2006	–	0.01	3.50			
2007	–	0.01	3.50			
2008	–	0.01	3.50			
2009	–	0.01	8.50			
2010	–	0.01	27.00			
2011	–	0.01	14.00			

*NAV total return is calculated by adding NAV to cumulative dividends paid, using the weighted average from 2009 onwards.

†Operating expenses of the Group, (excluding Proposal costs as a percentage of closing assets).

‡Core VCT I plc and Core VCT II plc merged to form an enlarged Core VCT III plc on 16 July 2009 and this entity changed its name to Core VCT plc.

Ordinary net asset value, ordinary net asset value total return and ordinary net asset value total return (with tax reliefs) against the FTSE Small Cap Index Total Return as at 31 December 2011



As at 31 December 2011, the ordinary shareholders must receive 78.96p (representing 27.15p of dividends paid to date plus 51.81p still to be paid to ordinary shareholders) before the B shares receive any dividends. These figures do not reflect the 4p capital dividend paid to ordinary shareholders after the year end (on 28 February 2012)

Performance Summary

Dividends Paid Since Launch to Ordinary Shareholders

Year ended	Revenue Dividend pence	Capital Dividend pence	Total Annual Dividend pence	Cumulative Dividends pence	Cumulative Weighted Average Dividend pence
2007	1.5	–	1.5	1.5	
2008	2.0	–	2.0	3.5	
2009	1.0	12.0	13.0	16.5	17.15
2010	–	–	–	16.5	17.15
2011	–	10.0	10.0	26.5	27.15
2012	–	4.0	4.0	30.5	31.15

Following the merger of Core VCT I plc and Core VCT II plc into Core VCT III plc on 16 July 2009 the weighted average dividend has been calculated by taking the total dividends paid in each VCT (Core VCT I plc £1,979,467, Core VCT II plc £2,722,270 and Core VCT III plc £2,724,292) giving a total of £7,426,029 divided by the shares in issue following the merger, totalling 43,301,414.

Potential Cash Returns to Shareholders

Potential Cash Returns to Shareholders on a Break Up Basis (excluding associated costs and based on NAV at the year end for illustrative purposes only)

	Net Assets £	Ordinary Shareholders £	B Shareholders £	Total Return £
Net assets at 31 December 2011	28,711,720			
Distributions at 31 December 2011	11,756,334			
Total Return as at 31 December 2011	40,468,054			
60p effective initial cost of Ordinary shares (pre Merger)	(26,374,686)	26,374,686		
Hurdle rate entitlement to date	(7,826,376)	7,826,376		
66.6667% of Hurdle rate entitlement to B shareholders	(5,217,584)		5,217,584	
Net assets remaining	1,049,408			
60% to Ordinary shareholders	(629,645)	629,645		
40% to B shareholders	(419,763)		419,763	
Total Fund	–	34,830,707	5,637,347	40,468,054
No. of Ordinary Shares/B Shares		43,301,414	28,868,227	43,301,414
Net asset value per share (pence)		80.44	19.53	
Potential Returns per Share Class (to non-management shareholders)		80.44	5.67	86.11
Potential Total Returns (including tax relief) (Note 1)				126.11

(Note 1) This illustrates the potential returns available to shareholders who subscribed during the original allotment in each VCT and retain B Shares.

Chairman's Statement

Results

In my interim Chairman's Statement, I reported that shareholders voted in favour of the Proposals, as outlined in the Circular dated 9 June 2011. From 8 July 2011, the Group holds a partnership interest of 23.38% in Core Capital I LP ("CCILP"). This LP, managed by Core Capital LLP, holds investments in Ark Home Healthcare Limited, Abriand Limited (formerly Brasserie Bar Co. Limited), Colway Limited, Kelway Limited, SPL Services Limited and Core Mezz II Limited (which owns Better at Home Limited). CCILP is a £76 million LP fund of which £46.8 million was raised from new institutional investors.

The Circular reported that the assets were being transferred into CCILP based on the valuations at 31 December 2010 and the effective discount to Core VCT plc was 17.90%, resulting in the Net Asset Value ("NAV") falling by 12.84% (11.7p per ordinary share), once these assets were added to the rest of the portfolio and cash.

Following completion of the transaction on 8 July 2011, a 10p capital dividend was paid to ordinary shareholders on 26 August 2011, following the cancellation of the share premium account on 3 August 2011.

As at 31 December 2011, the NAV Total Return of the Ordinary Shares was 93.45p, comprising a NAV of 66.30p and a weighted average cumulative dividend paid of 27.15p per Ordinary Share. This is a decrease from the Combined NAV Total Return to 31 December 2010 of 13.4% (14.40p per ordinary share) and can be summarised as follows:

	Pence per ordinary share
NAV Total Return as at 31 December 2010	107.85
Transferring certain assets to CCILP at a discount (per the Circular)	(11.70)
Reduction in valuations at the year end	(1.88)
Gains generated from the sale of investments during the year (not including the Proposals)	0.26
Operating costs including non-recurring charges of £510,889, relating to the Proposals	(1.08)
NAV Total Return as at 31 December 2011	93.45

All of the VCT qualifying tests have been met throughout the year.

Merger Costs

Following the merger of Core VCT I plc, Core VCT II plc and Core VCT III plc on 16 July 2009, I reported that the costs of undertaking the merger were expected to be £453,000 (including VAT) and these should be recovered within 3 years. I can report that we anticipate achieving this out-turn as at 31 December 2012. As at 31 December 2011, the cost savings are £291,897 (excluding non-recurring charges).

Investments

Apart from the transfer of assets to CCILP no new investments were completed directly by Core VCT plc during the year.

A further £600,000 was invested in SPL Services Limited to fund working capital requirements, prior to the transfer of assets to CCILP. A further £250,000 was invested in Allied International Holdings Limited to fund working capital requirements. Since CCILP was launched, 77% (£50.9 million) of the capital committed has been drawn at the year end. The draw downs have funded an £8.2 million payment to the VCTs, of which Core VCT received £5.4 million. £3.3 million was utilised to purchase management shares in Kelway Limited and £4.6 million was utilised to acquire third party shares and securities in Abriand Limited. A further £12.1 million has been provided to Abriand Limited to fund both working capital requirements and the acquisition of several Chéz Gerard sites in London. A further £0.8 million has also been provided to Ark Home Healthcare Limited to fund an acquisition.

Realisations

Apart from the CCILP transaction, the Company's first significant realisation was completed on 28 September 2011. Adapt Limited, a mezzanine investment which was acquired alongside co-investors during 2006, was sold to Lyceum Capital for approximately £30 million. The total return for the Company was 1.9x money with an IRR of 19% per annum, and there may be further proceeds received following the release of certain amounts held in escrow. The accounts highlight a loss of £94,756 as the cost is based on the merger cost and not the investment cost of £1.5 million, which would imply a profit of £472,484 over the original cost.

Augentius Fund Administration LLP repaid the £100,000 Loan Note during the period. We still retain a small equity position in the partnership.

The Manager's Review refers in more detail to the prospects of the directly held investment portfolio, which now comprises 5 investments, with an original investment cost of £24.0 million and valuation of £25.2 million.

Dividends

As I mentioned earlier in my statement, a 10p capital dividend was paid to ordinary shareholders on 26 August 2011. Whilst a small surplus of £42,439 was recorded in the Consolidated Income Statement for the year ended 31 December 2011, your Board is not in a position to recommend a final dividend to shareholders.

However, following the successful sale of Adapt Limited, a first interim capital dividend of 4p was paid to ordinary shareholders on 28 February 2012. This brings the total cumulative dividends paid to ordinary shareholders to 31.15p, exceeding the target of 30p set out in the original prospectus offerings for each of the Core VCTs to be achieved after the three year investment period had been completed. We are later than expected in achieving this milestone, but nonetheless are pleased to have achieved this target level of distributions.

Chairman's Statement

B Shares

Shareholders will be aware that the Company has an innovative charging structure. No annual management fees are paid to Core Capital LLP, which is only rewarded for performance once shareholders have been returned all of their effective initial capital of 60 pence, and subject to a hurdle rate of 5 per cent per annum. This is achieved through the issue of B Shares, which collectively receive 40% of distributions above the effective initial capital. Of these shares, 71% are held by Core Capital LLP, such that Core Capital will receive 28.4% of distributions above the effective initial cost.

As at 31 December 2011, total cumulative distributions (27.15p), including hurdle, are approximately 51.81p per Ordinary Share short of the required threshold (78.96p) following the achievement of which the B Shares would participate in distributions. However, I would like to remind ordinary shareholders that once this threshold is achieved, distributions to Ordinary Shares will be reduced in accordance with the formula in the Prospectus, and that your holding in B Shares forms an integral part of your investment along with your holding in Ordinary Shares.

An analysis of the break up valuation is contained on page 2 showing the effect of hurdle at current NAV.

Share Price

Both the Ordinary Shares (CR3) and B Shares (CR3B) are fully listed shares. Prices are available on www.londonstockexchange.com.

We would remind shareholders that we view the NAV Total Return, rather than 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.

Core VCT plc does have the ability to buy back shares, although 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.

Annual General Meeting

The Company's Annual General Meeting will be held at 10 am on 1 May 2012 at 19 Cavendish Square, London, W1A 2AW. This is a good opportunity for shareholders to meet the Directors and the Manager and I would encourage you to attend.

The Notice of the Annual General Meeting is contained on pages 41 to 42 and a Form of Proxy is enclosed. Shareholders who are unable to attend the Meeting are encouraged to complete and return the Form of Proxy to the Company's registrars so as to ensure that their votes are represented at the Meeting.

Outlook

The completion of the transfer of certain assets from Core VCT into CCILP has been a significant step and has secured the availability of further capital for the investment portfolio. The Manager is deploying this capital to support the business plans of each of these companies. Notably, the acquisition of the Chéz Gerard estate by Abriand Limited, an investment held by CCILP, has been completed during January 2012.

Whilst it is clear that the UK economy will continue to present challenges, it is equally apparent that well funded businesses are likely to fare better in a difficult climate than their debt funded competitors. Despite the economic conditions, an attractive exit has been achieved this year, with the sale of Adapt Limited. A substantial proportion of the proceeds have thus been distributed to ordinary shareholders, and as further exit opportunities become available we will look to achieve more realisations in the future.

Peter Smaill

Chairman

15 March 2012

Manager's Review

Highlights

- £0.9 million was invested in three existing companies;
- Transfer of assets to Core Capital I LP;
- Two realisations achieved with the sale of Adapt Limited and the repayment of loans by Augentius Fund Administration LLP;
- Investment Portfolio now comprises investments with an original investment cost of £24.0 million and a value of £25.2 million.

Core Capital I LP ("CCILP")

Following the approval of the Proposals on 7 July 2011, as outlined in the Circular dated 9 June 2011, a new limited partnership CCILP was launched by the Manager to provide additional growth capital to Ark Home Healthcare Limited, Abriand Limited (formerly Brasserie Bar Co. Limited), Colway Limited, Kelway Limited, SPL Services Limited and Core Mezz II Limited (which owns Better at Home Limited). All the investments apart from Core Mezz II Limited were previously held by the Company. CCILP closed on 8 July 2011 with a value of £76 million. Commitments totalled £66.4 million, of which the Core VCTs provided £19.6 million (£15.5 million attributable to Core VCT plc). The remaining £46.8 million was raised from new investors of which £8.2 million was utilised in providing liquidity to the Core VCTs, the majority of which was distributed. The Circular stated that £27.3 million would be committed to provide growth capital for the portfolio companies and a further £7.4 million would be committed to acquire additional shares in the portfolio companies. We are progressing well with the plan and as at 31 December 2011, the secondary shares have been purchased in Kelway Limited and Abriand Limited (this totalled £7.9 million). We have also provided £12.1 million to Abriand Limited to fund both working capital requirements and the acquisition of Chéz Gerard sites and £0.8 million to Ark Home Healthcare for a further acquisition. Therefore, as at 31 December 2011, of the £46.8 million of new money raised, £31.3 million has been utilised, leaving total remaining capital to be called of £15.5 million.

Realisations

The Company's first significant realisation was completed on 28 September 2011. Adapt Limited, a mezzanine investment which was acquired alongside co-investors during 2006, was sold to Lyceum Capital for £30 million. The total return to Core VCT plc was 1.9x money with an IRR of 19.0% per annum. Since our initial investment, Adapt has grown revenues from £7.8 million to £35.0 million with current EBITDA of £3.9 million. The business is headquartered in London and employs over 100 people.

Augentius Fund Administration LLP repaid their £100,000 loan note during the year. We still retain a small equity position in the partnership.

The Lehman Brothers Treasury Floating Rate Note was realised generating profits of £0.2 million. This had been written off in 2009.

Existing Investment

We invested a further £0.6 million into SPL Services Limited to provide additional working capital funding, prior to the transfer into CCILP.

We invested a further £0.25 million in Allied International Holdings Limited to fund working capital requirements.

We also invested a further £5,000 in Ark by way of a secondary purchase of shares from management, prior to transferring it into CCILP.

Following the approval of the Proposals on 7 July 2011, we are not intending to make any new investments. Our focus is now purely on managing the portfolio to exit.

Manager's Review

Core Capital I LP

Limited Partnership Fund

All Core Capital LLP managed funds

First Investment:	Jul-11
Total Investment Cost:	£19,638,000
Total equity held:	29.56%

Core VCT plc only (through Core BVI Limited)

Cost:	£15,530,000
Valuation:	£17,381,000
Valuation basis:	% of Fund Value
% of equity held:	23.38%

Core Capital I LP closed on 8 July 2011 with a value of £76 million.

Since the launch of CCILP, £50.9 million has been drawn to 31 December 2011. Growth capital of £12.1 million was provided to Abriand Limited (formerly Brasserie Blanc Limited) to fund both working capital requirements and the acquisition of several Chéz Gerard sites in London, and £0.8 million was provided to Ark Home Healthcare Limited for a further acquisition. The fund has also invested £7.9 million in secondary shares in Kelway Limited and Abriand Limited, as part of a wider reorganisation.

As at 31 December 2011, the value of CCILP is £74.4 million and commitments totalling £15.5 million remain to be called from investors.

The fair value of the assets held by CCILP are detailed on page 8.

Pureleaf Limited (trading as Momentous Moving Excellence)

Storage and Removals Business

All Core Capital LLP managed funds

First Investment:	Jan-07
Total Investment Cost:	£6,611,000
Total equity held:	49.9%

Core VCT plc only

Cost:	£4,850,000
Merger Cost:	£4,016,000
Valuation:	£4,148,000
Valuation basis:	NAV
% of equity held:	49.9%

Year ended 31 May

	2011	2010
	£'000	£'000
Sales	5,363	4,693
EBIT	338	(216)
Loss before tax	(47)	(573)
Net liabilities	(1,864)	(1,881)



Momentous Moving Excellence ("MME") is a long established storage and removals business.

Formerly Baxters, the company has a long standing relationship with the Ministry of Defence, for whom MME carries out a significant amount of long term storage. MME has a strong balance sheet with substantial net assets, freehold assets and modest debt levels. The business has recently benefited from an improvement in its contracted storage rates as well as growth in its individual corporate relocation business which has improved the profits in the business.

Allied International Holdings Limited

Destination Management Company

All Core Capital LLP managed funds

First Investment:	Nov-09
Total Investment Cost:	£6,649,000
Total equity held:	65.5%

Core VCT plc only

Cost:	£2,245,000
Merger Cost:	£2,245,000
Valuation:	£2,258,000
Valuation basis:	Gross Profit Multiple
% of equity held:	22.2%

Year ended 31 December
(unaudited management accounts)

	2011	2010
	USD'000	USD'000
Sales	42,138	31,445
Pre-HQ EBITDA	2,058	(491)
Post-HQ EBITDA	(937)	(1,991)
Net assets	1,254	5,310



Allied is a turnaround investment and is a leading Destination Management Company (DMC) with 27 locations throughout the USA, Europe and the Middle East.

We acquired the business in November 2009 by acquiring all of the senior debt at a substantial discount and providing working capital funding. 2009 represented a low point in the business cycle, and we believe Allied 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 provided further funding during 2011 to be used for growth and acquisitions. This further investment was £0.25 million from each of Core VCT IV plc, Core VCT V plc and Core VCT plc.

Cording Land LLP

Property Investment and Asset Management

All Core Capital LLP managed funds

First Investment:	Dec-08
Total Investment Cost:	£1,420,000
Total equity held:	25%

Core VCT plc only

Cost:	£1,400,000
Merger Cost:	£1,400,000
Valuation:	£1,400,000
Valuation basis:	Cost
% of equity held:	25%

Year ended 31 March

	2011 £'000	2010 £'000
Sales	425	136
EBIT	(128)	(639)
Profit/(loss) before tax	200	(270)
Net assets	1,400	(1,400)



Cording Land is an investment management and asset management business in the UK commercial real estate market.

Since our first investment of £1 million in January 2009, Cording Land has strengthened its investment team, recruited an experienced asset management team and now currently manages some £550 million of UK real estate assets. We provided a further £400,000 in December 2009 to be utilised to complete the acquisition of Danmerc Limited, a company that advises a group of Danish Pension Funds on their commercial real estate investments in the UK.

The investment is held through CP Newco Limited, in which a total of £1.4 million has been invested following Core VCT plc being returned £0.6 million by way of a capital reduction.

Augentius Fund Administration LLP

Private Equity and Real Estate

All Core Capital LLP managed funds

First Investment:	Oct-06
Total Investment Cost:	£480
Total equity held:	–

Core VCT plc only

Cost:	£480
Merger Cost:	£480
Valuation:	£480
Valuation basis:	Cost
% of equity held:	1%

Year ended 30 September

	2010 £'000	2009 £'000
Sales	11,800	9,527
EBIT	2,355	1,517
Profit before profit share	2,341	1,533
Net assets	2,669	1,769



Augentius is one of the world's leading Private Equity and Real Estate Fund administrators, administering over 300 funds and fund related entities with over 110 staff.

The business operates from London, Guernsey, New York, Hong Kong, Singapore and Mauritius and provides outsourced administration services to many leading private equity and property funds. The Loan Notes were repaid during the year, repaying our total investment cost, and we now retain a small equity holding.

Investment Portfolio Summary

for the year ended 31 December 2011

Group	Date of initial investment	Investment cost ⁽ⁱ⁾ £'000	Book cost ⁽ⁱⁱ⁾ £'000	Valuation £'000	% of net assets by value
Unquoted Investments					
Core Capital I LP Limited partnership fund	Jul-11	15,530	15,530	17,381	60.5
Pureleaf Limited (trading as Momentous Moving Excellence) Provider of removal and storage services	Jan-07	4,850	4,016	4,148	14.4
Allied International Holdings Limited Destination management company	Nov-09	2,245	2,245	2,258	7.9
CP Newco Limited; comprising Cording Land LLP A real-estate investment and asset management company	Dec-08	1,400	1,400	1,400	4.9
Augentius Fund Administration LLP Provider of fund management administration services	Oct-06	–	–	–	–
Total investments		24,025	23,191	25,187	87.7
Net current assets				3,525	12.3
Net assets				28,712	100.0

⁽ⁱ⁾ Original investment cost

⁽ⁱⁱ⁾ This is based on the investment cost in respect of Core VCT III plc and fair value in respect of Core VCT I plc and Core VCT II plc as at 16 July 2009, the merger date of Core VCT I plc, Core VCT II plc and Core VCT III plc.

As at 31 December 2011, the fair value of the assets held by CCILP are:	£'000
Ark Home Healthcare Limited	2,934
Abriand Limited	22,706
Colway Limited	3,857
Core Mezz II Limited (which owns Better at Home Limited)	1,150
Kelway Limited	23,628
SPL Services Limited	3,615
	57,890
Net current assets	16,464
Total Fund Value	74,354
Group's interest in CCILP	17,381

Board of Directors

Peter Smail

Status: Independent, non-executive Chairman

Date of appointment: 11 October 2005

Peter has pursued a career in private equity investment spanning more than 30 years, focusing on mid-market transactions of all types. He has been associated with many successful exits of buy-outs, buy-ins and growth capital investments throughout the UK. A law graduate of Edinburgh University, Peter trained at 3i and had a period with Gresham Trust plc, specialising in Business Expansion Scheme financings, prior to developing his career at National Westminster Bank Plc. He was a Director of NatWest Equity Partners Limited (now Bridgepoint Capital Limited), and headed its Edinburgh office in 1989. He was Director of the NatWest IT Fund from 1996 to 2000, which achieved successful flotations for investments on AIM, Techmark and NASDAQ, as well as via trade sales. Subsequently he moved to LICA Development Capital Limited in London where he was Co Managing Director, developing information technology strategy and tax related products, before joining Dunedin Capital Partners Limited, where he was a Director from 2002 to 2004. He was non-executive chairman of Portman Holdings Limited, a MBO which he led in 1996 and successfully exited in February 2007. In January 2006 he joined Fairfax, an innovative international investment business, and was appointed a director of Fairfax Investment Management Limited. Peter was appointed as Chairman of Core VCT I plc on 29 November 2004 and Core VCT II plc in October 2005 and both of these companies merged with Core VCT III plc on 16 July 2009 and was renamed Core VCT plc.

John Brimacombe

Status: Senior Independent Director and Chairman of the Audit Committee

Date of Appointment: 9 August 2007

John is managing director of Jobstream Group plc, an Operating Partner of Sussex Place Ventures and chairman of Linguamatics Limited. He was a cofounder of NGame Limited and was also President of Mforma Group Inc. A graduate in Law and Computer Science from Trinity College Cambridge, John was appointed as a Director of Core VCT I plc and Core VCT II plc in August 2007 and both of these companies merged with Core VCT III plc on 16 July 2009 and was renamed Core VCT plc.

David Dancaster

Status: non-executive Director

Date of Appointment: 25 June 2010

David is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc. He is also a director of a number of companies in the Caparo Group. He began his career with PricewaterhouseCoopers in 1980 and, after five years there, he joined the Corporate Finance department of Charterhouse Bank, remaining there for ten years and serving as a director of the bank for the last four. From 1989 he was responsible for advising Caparo, following which he joined the group in 1996 and has played a major role in its extensive acquisition programme. He is a Chartered Accountant and holds a BA Hons from the University of Exeter.

Directors' Report

Results and Dividends

The Directors present their Report and audited financial statements of the Group and Company for the year ended 31 December 2011.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union as is required for group financial statements. In previous years the Company accounts were prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP'). Following the completion of the Proposals, explained below, the Company owns a subsidiary which holds a partnership interest in a new LP. In accordance with Chapter 4 of the Disclosure and Transparency Rules, consolidated accounts must be prepared in accordance with IFRS.

A capital dividend of 10p was paid on 26 August 2011 following completion of the Proposals and the cancellation of the share premium account on 3 August 2011.

The Board is not in a position to pay a final dividend in respect of the year ended 31 December 2011 but has paid a first interim capital dividend of 4p per ordinary share on 28 February 2012.

Company Number: 5572561

Adoption of Proposals and Capital Dividend

A Circular dated 9 June 2011 was sent to shareholders outlining Proposals to secure £46.8 million of additional capital from new institutional investors which would be used to:

- support the development of Ark Home Healthcare Limited, Abriand Limited, Colway Limited, Core Mezz II Limited, Kelway Limited and SPL Services Limited (the "Portfolio Companies").
- support the acquisition of further shares in Abriand Limited and Kelway Limited to increase participation in the value growth that is expected to be created from the new investment.
- provide early liquidity for shareholders by way of an enhanced interim dividend of 10p per ordinary share.

At the General Meeting which was held on 7 July 2011 an overwhelming majority of shareholders voted in favour of the Proposals (91%). On completion of the transfer, Core VCT plc received a cash sum of £5,412,000 and held through Core (BVI) Limited, a wholly owned subsidiary, a 23.38% interest in Core Capital I LP. Following the cancellation of the share premium account on 3 August 2011, a 10p capital dividend was paid to ordinary shareholders on 26 August 2011.

The assets were transferred into Core Capital I LP based on the audited accounts as at 31 December 2010 and adjusted for further investment since the year end. The effective discount, prior to payment of the dividend, was 17.90% for Core VCT plc. Based on the NAV as at 31 December 2010, this was equivalent to a reduction in the Company's NAV of 12.84%.

The Circular stated that £46.8 million of additional capital would be used for the following purposes:

	£m
Growth capital for the Portfolio Companies	27.3
Capital to acquire additional shares in the Portfolio Companies	7.4
Cash to enable the Cash Distributions to be made	6.5
Capital for the cost of the transaction and future operating costs of CCILP	3.9
Capital available for investment in the Residual Portfolio	1.7
Total	46.8

Principal Activity and Status

On 16 July 2009, the Company then known as Core VCT III plc, completed a merger with Core VCT I plc and Core VCT II plc and changed its name to Core VCT plc.

The Company is registered as a Public Limited Company under the Companies Act 2006. The Company has revoked investment company status in order to effect the payment of capital dividends. The Directors have managed, and intend to continue to manage, the Company's affairs in such a manner as to comply with Section 274 of the Income Tax Act 2007 which grants approval as a VCT. The Company's shares are listed on the official list and traded on the main market of the London Stock Exchange.

The Company is required to comply with company law, the rules of the UK Listing Authority, IFRS, and its Articles of Association.

Subsidiary

The Company has a 100% interest in Core (BVI) Limited, which is a limited company domiciled in the British Virgin Islands. Core (BVI) Limited's principal objective is to hold an interest in Core Capital I LP, a new Limited Partnership formed by the Manager.

Business Review

Board of Directors

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, corporate governance and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 9.

Investment Objective

The investment objective of the Company is to achieve long-term capital and income growth and to distribute tax free dividends comprising realised gains and investors' capital investment.

Investment Approach

Core Capital LLP, the Manager, 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 to £8 million across its VCT clients, in companies initially valued at £5 to £25 million.

Fund Structure

The Company is structured as follows:

- **No Annual Management Fees**
Only when shareholders have received the first 60 pence per share of distributions, which together with an assumed 40 pence per share of initial tax relief will have realised them 100 pence, will the Manager start to be entitled to 28% of distributions from the Company (for further information please refer to Note 3 of the Accounts).
- **Maximise Distributions of Income and Capital**
Core VCT plc has a policy to distribute the proceeds from realised investments subject to further capital requirement. The Company has no fixed life but intends to liquidate naturally and distribute its assets over time. The Manager's incentives are structured to align their interests in delivering this liquidity for shareholders as well as maximising overall investment performance.

Investment Policy

The Company may invest all of 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 companies. 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.

VCT Regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15% of its VCT value in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in qualifying holdings, of which 30% by value must be Ordinary Shares which carry no preferential rights.

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; and
- Ensuring a spread of investments is achieved.

The Company has no fixed life but intends to realise its assets over time, and distribute all proceeds (net of costs) from its realised investments. This process will naturally result in each retained investment representing an increased proportion of the remaining net assets of the Company.

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 substantial borrowings from third party lenders.

Directors' Report

Strategy

As part of its strategy, the Board has contractually delegated the management of the investment portfolio and other services to the Manager.

The Company's performance in meeting its objectives is measured against key performance indicators as set out below. A review of the Company's returns during the financial year, the position of the Company at the year-end, and the outlook for the coming year is contained in the Chairman's Statement on pages 3 to 4 and the Manager's Review on pages 5 to 7, both of which form part of the Business Review.

Principal Risks and Uncertainties and Risk Management

The Board believes that the principal risks faced by the Company are:

- Economic risk – events such as an economic recession and movements in interest rates could affect small companies' valuations.
- Loss of approval as a Venture Capital Trust – the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempt from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a VCT.
- Investment and strategic – incorrect strategy, asset allocation, and stock selection could all lead to poor returns for shareholders. The underlying investments may also need significant funding which is not in accordance with VCT legislation.
- Regulatory – breach of regulatory rules could lead to suspension of the Company Stock Exchange Listing, financial penalties or a qualified audit report.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager could lead to misappropriation of assets. Inappropriate accounting policies may lead to misreporting or breaches of regulations.

The Board seeks to mitigate and manage these risks through continual review, policy setting, shareholder communication and enforcement of contractual obligations and monitoring progress and compliance. Details of the Company's internal controls are described in more detail on page 16.

Performance and Key Performance Indicators (KPIs)

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)**

NAV is calculated quarterly, with a full valuation of the unquoted investments carried out every six months in accordance with the International Private Equity and 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 liquidate naturally and distribute its assets over time. In particular, the Company has a policy to distribute the proceeds from realised investments (the original capital investment plus realised profits less losses), as well as income after expenses, subject to retaining capital for further investment in the underlying portfolio companies.

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.

A historical record of these indicators is contained in the Performance Summary on pages 1 to 2.

Share Capital

As at 31 December 2011 the issued Ordinary Share Capital of the Company was £4,330 (2010: same) comprising 43,301,414 Ordinary Shares (2010: same) and the issued B Share Capital of the Company was £2,887 (2010: same) comprising 28,867,227 B Shares (2010: same).

Only the holders of Ordinary Shares have voting rights, except in the event of a resolution being put to shareholders to amend any provision of the Company's articles or where an offer for the Company has been made and remains open for acceptance. In both instances B shareholders would be entitled to vote.

Directors and their interests

Biographies of the Directors are shown on page 9.

In accordance with the Company's Articles of Association, John Brimacombe will retire by rotation, and being eligible will offer himself for re-election, at the Annual General Meeting. David Dancaster is a partner of Core Capital LLP, the Company's Manager and is therefore not considered to be independent. In accordance with the AIC's Code of Corporate Governance ("AIC Code") he will retire annually. David Dancaster will retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

The Board confirms that, following performance evaluations, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected.

The Directors who held office at the end of the year and their interests in the shares of the Company were:

	2011 Ordinary Shares	B Shares	2010 Ordinary Shares	B Shares
Peter Smaill	59,956	9,994	59,956	9,994
John Brimacombe	–	–	–	–
David Dancaster	–	–	–	–

There have been no further changes in the holdings of the Directors since 31 December 2011. 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 Growth Capital LLP was appointed Manager to the Company on 11 October 2005 and changed its name to Core Capital LLP on 3 October 2006. The Management Agreement may be terminated by not less than one year's notice in writing. The Manager receives no annual fee but instead has subscribed for 71% of the B Shares in issue. For further information please see note 3 to the accounts on page 30. 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 Directors' Report on pages 15 to 16.

Core Secretarial Services LLP acts as both Administrator and Company Secretary to the Company under an agreement dated 24 August 2010. An administration fee of £170,000 (exclusive of VAT) is charged per annum to the Core VCTs

and a Fee Percentage (the proportion represented as a percentage) which the Company's net asset value bears to the aggregate net asset value of all the VCTs is attributed to each VCT. This agreement was terminated on 11 February 2012 and was replaced with an agreement with Core Capital LLP. The only other change to the new agreement is that the fee charged to Core VCT plc will be fixed at £110,000 per annum (excluding VAT).

Corporate Governance

The Directors of Core VCT plc have adopted the AIC Code for the year ended 31 December 2011 available at the website www.theaic.co.uk. The AIC Code addresses all principles set out in Section 1 of the UK Corporate Governance Code ('the 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 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 Code except where noted below. There are certain areas of the Code that the AIC does 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, 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 John

Directors' Report

Brimacombe 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.

All the Directors are equally responsible under Company 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.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by John Brimacombe, operates within written terms of reference clearly setting out its authority and duties, which is available on request.

The Audit Committee is comprised of the full Board. This is a departure from Principle C.3.1 of the AIC Code which recommends that the constitution of the Audit Committee should be 2 independent Directors and the Audit Committee Chairman. David Dancaster is a member of the Audit Committee but is not independent. Given the size and structure of the Company the Board is satisfied with the constitution of the Audit Committee.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Financial Statements, the system of internal controls, and the terms of appointment of the auditor together with their remuneration. The objectivity of the auditor is reviewed by the Audit Committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services. It also provides a forum through which the auditor may report to the Board of Directors and meets twice yearly. The Audit Committee reviews the scope and results of the audit, its cost

effectiveness and the independence and objectivity of the auditor, with particular regards to non-audit fees. Such non-audit fees paid to the Company's auditor, Ernst & Young LLP, amounted to £8,920 for the year ended 31 December 2011 (2010: £2,350) and related to agreed upon procedures with respect to the half yearly accounts and the provision of taxation services. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company.

Given the size and structure of the Company the Board does not believe it necessary to appoint a Remuneration Committee or Nomination Committee. The roles and responsibilities of these Committees have been included in a schedule of matters specifically reserved for decision by the Board.

The table below sets out the number of Board and Committee meetings held during the year to 31 December 2011 and the number of meetings attended by each Director.

	Board	Audit Committee	Ad hoc
No. of meetings	4	2	3
Peter Smail	4	2	3
David Dancaster	4	2	1
John Brimacombe	4	2	3

Most of the Ad hoc meetings related to the Proposals and David Dancaster was not permitted to attend due to his involvement with Core Capital LLP.

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.

	Date of appointment	Last re-election	Next retirement by rotation/re-election due
Peter Smaill	11-Oct-2005	AGM 2011	AGM 2013
John Brimacombe	9-Aug-2007	AGM 2010	AGM 2012
David Dancaster	25-Jun-2010	AGM 2011	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 relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement and has concluded that all the Directors, with the exception of David Dancaster are independent of the Manager. John Brimacombe is a shareholder in Kelway Holdings Limited, in which Core VCT plc has invested. The Board considers that this relationship does not affect John Brimacombe's independence from the Manager.

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 in relation 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 AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self appraisal. The Directors consider how the Board functions as a whole and also review the individual performance of its members. This process is led by the Chairman and the Senior Independent Director and encompasses quantitative and qualitative measures of performance implemented by way of an evaluation survey questionnaire and Board discussion. It also forms the basis of the decision on whether or not Directors are nominated for re-election at the relevant intervals. This process has been carried out in respect of the year under review and will be conducted on an annual basis.

The Manager

Under the terms of a Management Deed dated 11 October 2005, the Company has appointed Core Capital LLP (formerly Core Growth 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 Income Tax Act 2007 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 pages 5 to 7. There are no management fees payable to the Manager. Details of the management incentive structure whereby members of the Manager have subscribed for B shares in the Company are set out in Note 3 and the Break Up Schedule shown on page 2.

The continued appointment of Core Capital LLP as Manager to the Company on the existing terms has been approved by the Board. 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, the levels of staffing, the investment process and the results achieved to date.

From time to time the Board makes suggestions as to the development of processes and considers the changes proposed by management as to the ownership and operation of the management contract.

Directors' Report

The principal contents of the agreement with the Manager have been set out in the previous section. Having considered the terms of this agreement the Board considers that they represent an appropriate balance between cost and incentivisation of the Manager, with the principal economic reward to the Manager consisting of the capital growth potential of their B Shares of the Company in the event that investor-focused hurdles are met.

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 Manager's 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 and

up to the date of this report. 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 19 to 20.

Conflicts of Interest

The Companies Act 2006 set out directors' general duties and from 1 October 2008 a Director, under this Act, must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interest. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the company secretary any changes to conflicts or any potential new conflict.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum both formal and informal, for shareholders to meet and discuss issues with the Director and Manager of the Company. Details of the resolutions to be proposed at the forthcoming Annual General Meeting on 1 May 2012 can be found in the Notice of Meeting on pages 41 to 42.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future whilst the

Manager is managing the portfolio to exit. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date these financial statements were approved. At 31 December 2011, the Company held cash balances of £3.6 million. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet its contracted expenditure. The Company has no external loan finance in place and therefore is not exposed to any gearing or covenants.

VCT Status Monitoring

The Company appointed PricewaterhouseCoopers LLP (PwC) to advise on its compliance with the legislative requirements relating to VCTs. PwC carry out regular reviews of the Company's investment portfolio.

Auditor

Ernst & Young LLP were re-appointed as Auditor of the Company at the Annual General Meeting held on 22 June 2011. Ernst & Young LLP have expressed their willingness to continue in office as auditor 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.

Auditor's Right to Information

So far as the Directors are aware, there is no relevant audit information of which the auditor is 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 auditor is 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 17 on pages 37 to 40.

Substantial Interests in Share Capital

As at 15 March 2012 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 or the previous year end.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 10 am on 1 May 2012 is set out on pages 41 to 42 of this Annual Report. A separate proxy form is enclosed.

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 Preemption 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. Resolution 7 will enable the Directors to allot up to an aggregate nominal amount not exceeding £216, representing approximately 5% of the issued ordinary 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 at the conclusion of the Company's next annual general meeting held after 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 and in respect of allotment of equity securities up to an aggregate nominal amount not exceeding £216. 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 at the conclusion of the Annual General Meeting of the Company to be held in 2013 except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of the authority.

Directors' Report

Both resolutions generally renew previous authorities approved on 22 June 2011 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 Act. The authority is limited to a maximum number of 6,490,881 Ordinary Shares and 4,327,197 B 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 2013 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 or B 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 both classes of shares.

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.

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.

Rhonda Nicoll

Company Secretary

15 March 2012

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 1 May 2012. The Company's auditor is required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to shareholders on pages 22 to 23. The figures that are audited are indicated as such.

Remuneration Policy

The remuneration policy and the remuneration of individual Directors is determined by the Board as a whole, of which Peter Smail and John Brimacombe 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 makeup 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 year 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. However, members of the Manager own 71% of the B Shares through which they effectively receive 28% of all income and capital after such time as the Ordinary Shareholders have received the effective initial cost of 60 pence plus a hurdle rate return of 5% per annum. David Dancaster is a partner in Core Capital LLP, the Company's Manager, and is also group finance director at Caparo plc, which is also a partner of Core Capital LLP. David Dancaster was paid £18,000 during the year under review.

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 2012 and subsequent years.

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. Notwithstanding the above provision, each Director is required to submit himself for re-election in any period of three consecutive Annual General Meetings. 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 2011 £	Year to 31 December 2010 £
Peter Smail	22,500	22,500
Lord Peter Walker (deceased 23 June 2010)	–	9,000
John Brimacombe	18,000	18,000
David Dancaster (appointed 25 June 2010)	18,000	9,400
	58,500	58,900

Apart from the incentive schemes noted earlier, the Company does not have any other schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

Directors' Remuneration Report

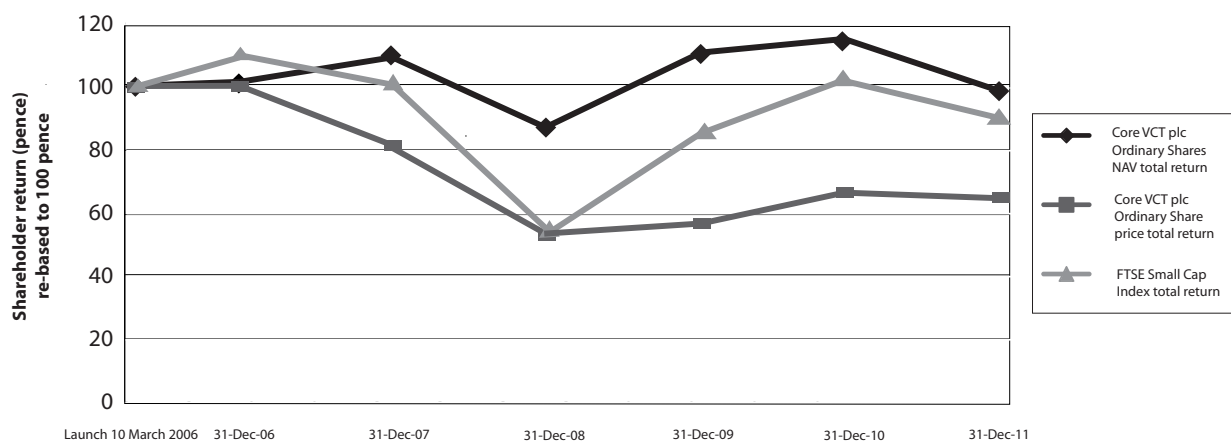
Total Shareholder Return

The following graph charts the total cumulative shareholder return of the Company since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority on 10 March 2006 compared to the total cumulative shareholder return of the FTSE Small Cap 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 rebased to 100 pence at 10 March 2006. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review.

The NAV Total Return per Ordinary Share has been shown separately on the graph because the Directors believe that it represents a more accurate reflection of the Company's performance.

Total cumulative shareholder return of the Ordinary Share Fund since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority compared to the total return of the FTSE Small Cap Index



By order of the Board

Peter Smail

Chairman

15 March 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Standards ('IFRS') as adopted by the European Union.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, the financial performance and cash flows of the Group and Company for that period. In preparing the Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance;
- state that the Group and Company have complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and the Company and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statements under the Disclosure and Transparency Rules

Each of the Directors confirms that to the best of his knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Peter Smail

Chairman

15 March 2012

Independent Auditor's Report to the Shareholders of Core VCT plc

We have audited the financial statements of Core VCT plc for the year ended 31 December 2011 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 Group and 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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any

apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation.

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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 pages 16 to 17, in relation to going concern;

- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors remuneration.

Caroline Gulliver (Senior statutory auditor)

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

15 March 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	Year ended 31 December 2011			Year ended 31 December 2010		
		Revenue Return £	Capital Return £	Total £	Revenue Return £	Capital Return £	Total £
Capital (losses)/gains on investments							
(Losses)/gains on investments held at fair value	9	–	(5,770,276)	(5,770,276)	–	1,789,043	1,789,043
Currency gains		–	–	–	–	716	716
		–	(5,770,276)	(5,770,276)	–	1,789,759	1,789,759
Revenue							
Investment Income	2	393,883	–	393,883	152,182	–	152,182
Other Income	2	2,669	–	2,669	10,665	–	10,665
Total Income		396,552	(5,770,276)	(5,373,724)	162,847	1,789,759	1,952,606
Expenditure							
Transaction costs and investment management expenses	3	–	–	–	(634)	(19,075)	(19,709)
Other expenses	4	(354,113)	(510,889)	(865,002)	(378,471)	–	(378,471)
Total expenditure		(354,113)	(510,889)	(865,002)	(379,105)	(19,075)	(398,180)
Profit/(loss) before taxation		42,439	(6,281,165)	(6,238,726)	(216,258)	1,770,684	1,554,426
Taxation	6	–	–	–	–	–	–
Profit/(loss) for year/total comprehensive income		42,439	(6,281,165)	(6,238,726)	(216,258)	1,770,684	1,554,426
Return per ordinary share:	8	0.10p	(14.51)p	(14.41)p	(0.50)p	4.09p	3.59p

The total column of this statement represents the Statement of Comprehensive Income of the Group, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

No operations were acquired or discontinued during the year.

The accompanying notes are an integral part of the above statement.

Consolidated and Company Balance Sheets

as at 31 December 2011

	Notes	Group 2011 £	Company 2011 £	Company 2010 £
Non-current assets				
Investments at fair value through profit or loss	9	25,187,092	25,187,092	37,531,992
Subsidiary undertaking		–	1,000	–
		25,187,092	25,188,092	37,531,992
Current assets				
Other receivables	12	6,541	6,541	370,159
Cash		3,645,336	3,644,336	1,470,957
		3,651,877	3,650,877	1,841,116
Current liabilities				
Other payables	14	(127,249)	(127,249)	(92,521)
Net current assets		3,524,628	3,523,628	1,748,595
Net assets		28,711,720	28,711,720	39,280,587
Equity				
Called-up Ordinary Share capital	15	4,330	4,330	4,330
Called-up B Share capital	15	2,887	2,887	2,887
Share premium account		–	–	30,879,638
Special distributable reserve		32,367,724	32,367,724	5,818,227
Capital reserve		(3,430,544)	(3,430,544)	2,850,621
Revenue reserve		(232,677)	(232,677)	(275,116)
Shareholders' funds	16	28,711,720	28,711,720	39,280,587
Assets attributable to Ordinary Shareholders	16	28,708,834	28,708,834	39,277,701
Assets attributable to B Shareholders	16	2,886	2,886	2,886
Net asset value per 0.01p Ordinary Share	16	66.30p	66.30p	90.70p
Net asset value per 0.01p B Ordinary Share	16	0.01p	0.01p	0.01p

The accompanying notes are an integral part of the above statements.

The financial statements were approved and authorised for issue by the Board on 15 March 2012 and were signed on its behalf by:

Peter Smaill

Chairman

Consolidated and Company Statements of Changes in Equity

for the year ended 31 December 2011

	Called up Ordinary Share Capital £	Called up B Share Capital £	Share Premium £	Special Distributable Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Group							
For the year ended 31 December 2011							
Net assets at 1 January 2011	4,330	2,887	30,879,638	5,818,227	2,850,621	(275,116)	39,280,587
(Loss)/profit for the year/total comprehensive income	–	–	–	–	(6,281,165)	42,439	(6,238,726)
Dividends paid	–	–	–	(4,330,141)	–	–	(4,330,141)
Cancellation of Share Premium account	–	–	(30,879,638)	30,879,638	–	–	–
Net assets at 31 December 2011	4,330	2,887	–	32,367,724	(3,430,544)	(232,677)	28,711,720
Company							
For the year ended 31 December 2011							
Net assets at 1 January 2011	4,330	2,887	30,879,638	5,818,227	2,850,621	(275,116)	39,280,587
(Loss)/profit for the year/total comprehensive income	–	–	–	–	(6,281,165)	42,439	(6,238,726)
Dividends paid	–	–	–	(4,330,141)	–	–	(4,330,141)
Cancellation of Share Premium account	–	–	(30,879,638)	30,879,638	–	–	–
Net assets at 31 December 2011	4,330	2,887	–	32,367,724	(3,430,544)	(232,677)	28,711,720
For the year ended 31 December 2010							
Net assets at 1 January 2010	4,330	2,887	30,858,154	5,818,227	1,079,937	(58,858)	37,704,677
Profit/(loss) for the year/total comprehensive income	–	–	–	–	1,770,684	(216,258)	1,554,426
Over accrual of merger costs in prior year	–	–	21,484	–	–	–	21,484
Net assets at 31 December 2010	4,330	2,887	30,879,638	5,818,227	2,850,621	(275,116)	39,280,587

The accompanying notes are an integral part of the above statements.

Consolidated and Company Cash Flow Statements

for the year ended 31 December 2011

	Group 2011 £	Company 2011 £	Company 2010 £
Net cash inflow from operating activities	6,504,520	6,503,520	159,593
Financing activities			
Equity dividends paid	(4,330,141)	(4,330,141)	–
Called up share capital received	–	–	200,000
Net cash (outflow)/inflow from financing activities	(4,330,141)	(4,330,141)	200,000
Net increase in cash and cash equivalents	2,174,379	2,173,379	359,593
Cash and cash equivalents at beginning of period	1,470,957	1,470,957	1,111,364
Cash and cash equivalents at the end of period	3,645,336	3,644,336	1,470,957
Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities			
(Loss)/profit before taxation	(6,238,726)	(6,238,726)	1,554,426
Losses/(gains) on investments	5,770,276	5,770,276	(1,789,043)
Purchases of investments	(16,751,214)	(16,752,214)	(3,302,789)
Sales of investments	23,588,738	23,588,738	3,812,259
Decrease in accrued income and prepayments	100,718	100,718	85,858
Increase/(decrease) in other payables	34,728	34,728	(201,118)
Net cash inflow from operating activities	6,504,520	6,503,520	159,593

The accompanying notes are an integral part of the above statements.

Notes to the Accounts

for the year ended 31 December 2011

1 Accounting policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

The financial statements of the Company and the Group have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union. Previously, the financial statements were prepared in accordance with UK GAAP.

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('SORP') issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial information for the year ended 31 December 2010 included in this report has been taken from the Company's full accounts, as restated to comply with IFRS. Restatement of opening balances relating to equity values, assets and liabilities and profits and losses of the Group and Company between UK GAAP as previously reported and under IFRS as restated have not been presented as there have been no required changes to these reported amounts. Therefore, restatement tables have not been prepared for any of the primary statements.

The functional currency of the Group is UK pounds sterling as this is the primary economic environment in which the Group operates. Accordingly, the financial statements have been prepared in UK pounds sterling.

In the process of applying the Group's accounting policies, judgements relating to investments have had the most significant effect on the amounts recognised in the accounts, and details of those judgements are set out in accounting policy 1(d).

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

There have been no significant changes to the accounting policies during the year to 31 December 2011.

At the date of authorisation of these accounts, the following standards and interpretations have not been adopted in these accounts since they were in issue but not yet effective:

<u>International Accounting Standards (IAS/IFRS)</u>	<u>Effective date for accounting periods starting on or after</u>
IFRS 9 Financial Instruments	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 27 (Revised) Separate Financial Statements	1 January 2013
IAS 28 (Revised) Investments in Associates and Joint Ventures	1 January 2013
Disclosures – Transfer of Assets – Amendments to IFRS 7	1 July 2011
Presentation of Items of Other Comprehensive Income – Amendments to IAS 1	1 July 2012

The Directors have chosen not to early adopt these standards and interpretations as they do not anticipate that they would have a material impact on the Group's accounts in the period of initial application.

(b) Basis of Consolidation

The Group accounts consolidate the accounts of the Company and its wholly-owned subsidiary, Core (BVI) Limited. The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income for 2011.

Subsidiaries are consolidated from the date of acquisition, being the date from which control is transferred to the Group, and cease to be consolidated from the date on which control is transferred out of the Group.

(c) 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.

(d) Investments

Investments other than the subsidiary are classified as fair value through the profit and loss at initial recognition and are recognised on trade date. The subsidiary is valued at cost less any impairment incurred. Financial assets designated as fair value through the profit and loss are measured initially and at subsequent reporting dates at fair value. For listed investments this is bid price.

Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation (IPEVC) 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) Investments which have been held for more than 12 months and which 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 the Company, this value can be used.

(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 Statement of Comprehensive Income.

(g) Taxation

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(h) Reserves

- (i) Capital Reserve – gains and losses on investments held, gains and losses on investments sold and exchange adjustments to overseas currencies are taken to the Capital Reserve together with costs associated with the Proposals and taxation allocated to capital.
- (ii) Revenue Reserve – the net profit arising in the revenue column of the Statement of Comprehensive Income is added to this reserve. Dividends (excluding capital dividends) paid during the year are deducted from this reserve.

Notes to the Accounts

for the year ended 31 December 2011

2 Income

	2011 £	2010 £
Investment income	393,883	152,182
Other income		
Deposit interest	2,669	10,665
	396,552	162,847

Investment Income totalling £253,000 is attributable to the sale of Adapt Limited.

3 Transaction costs and investment management expense

	Revenue 2011 £	Capital 2011 £	Total 2011 £	Revenue 2010 £	Capital 2010 £	Total 2010 £
Third Party – transaction costs	–	–	–	–	17,172	17,172
Credit Suisse – management fees	–	–	–	634	1,903	2,537
Total	–	–	–	634	19,075	19,709

Core Capital LLP advises the Company on investments in qualifying companies under an agreement dated 11 October 2005. The agreement may be terminated by giving not less than one year's notice in writing.

Following the merger with Core VCT I plc and Core VCT II plc the Manager holds 20,426,515 B shares of 0.01p each in the Company, being 71% of the B shares of 0.01p each that were issued. This continues to provide them with a carried interest of 28% of the distributions of income and capital after the ordinary shareholders have received back:

- (i) their Effective Initial Cost of investment of 60p per share; and
- (ii) the Hurdle Rate Return, being an amount equal to 5% of the Effective Initial Cost that remains to be repaid, compounded annually.

The Manager has also agreed to ensure that the annual operating costs of the Company, excluding trail commission and professional advisers' fees relating to any transaction which does not proceed to completion are limited to an amount not to exceed an annual amount of 1.5% of gross funds raised. (This to be the gross funds raised across the Core VCTs post merger).

Third party transaction costs arise from aborted 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 2011 is £Nil (2010: £17,172).

The combined transaction costs and investment management expenses as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger was £155,512.

4 Other expenses

	2011 £	2010 £
Directors' remuneration	58,500	58,900
Employer's NIC	4,923	4,923
IFA trail commission	–	6,654
Administration fees	149,679	143,538
Broker's fees	12,000	6,261
Auditors' fees – audit	34,800	39,600
– other services	8,920	2,350
Taxation services	3,000	2,938
Registrar's fees	19,871	11,892
Printing	11,660	14,762
Legal and professional fees	12,000	52,698
Directors' insurance	14,522	11,188
Subscriptions	20,767	19,767
Sundry	3,471	3,000
	354,113	378,471

The combined other expenses as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger was £467,441 (excluding IFA Trail Commission).

Charges for non-audit services provided by the auditor for the year ended 31 December 2011 relate to the provision of the desktop review of the interim report and assisting with the statutory accounts being lodged with HMRC in the required format. The Directors consider the auditor were best placed to provide these services. The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

The Group has also incurred costs of £510,889 in relation to the Proposals as outlined in the Circular dated 9 June 2011. These costs have been charged to capital.

5 Directors' remuneration

	2011 £	2010 £
Directors' emoluments		
Peter Smail	22,500	22,500
Lord Peter Walker (deceased 23 June 2010)	–	9,000
John Brimacombe	18,000	18,000
David Dancaster*	18,000	9,400
	58,500	58,900

*Appointed an Alternate Director to Lord Walker on 4 March 2010 and following the death of Lord Walker was appointed a Director of the Company on 25 June 2010. No fees were paid to David Dancaster whilst performing the duties as an Alternate Director.

The combined Directors' remuneration as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger, was £79,835.

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. The Company has no other employees.

Notes to the Accounts

for the year ended 31 December 2011

6 Taxation on ordinary activities

	Year ended 31 December 2011			Year ended 31 December 2010		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
a) Analysis of charge in the year						
Corporation tax	–	–	–	–	–	–
Charge for year	–	–	–	–	–	–

The tax assessed for the period is lower than the standard rate of corporation tax (26.5%) (2010: 28%). The differences are explained below.

	Year ended 31 December 2011			Year ended 31 December 2010		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
(b) Factors affecting tax charge for the year						
Profit/(loss) before tax	42,439	(6,281,165)	(6,238,726)	(216,258)	1,770,684	1,554,426
Corporation tax at the standard rate of 26.5% (2010: 28%)	11,246	(1,664,509)	(1,653,263)	(60,552)	495,792	435,240
Non taxable capital losses/(gains)	–	1,529,123	1,529,123	–	(500,932)	(500,932)
Exchange differences	–	–	–	–	(200)	(200)
Non- deductible expenses	3,180	135,386	138,566	1,753	–	1,753
Additional (gains)/losses carried forward	(14,426)	–	(14,426)	58,799	5,340	64,139
Current tax charge for year	–	–	–	–	–	–

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.

Deferred taxation

The Company has not recognised a deferred tax asset of £93,410 (2010: £61,850) arising as a result of having unutilised management expenses. It is unlikely that the Company will obtain tax relief for these in the future, so no deferred tax asset has been recognised.

7 Dividends

Amounts recognised as distributions to equity holders in the year:

	2011 £	2010 £
Ordinary Shares – interim capital dividend of 10.0p per share	(4,330,141)	–
Ordinary Shares – final dividend for the year ended 31 December 2011 of nil (2010: nil)	–	–
	(4,330,141)	–

No final dividend has been proposed for the year ended 31 December 2011 (2010: same).

8 Return per Ordinary Share

	2011 £	2010 £
Basic return from ordinary activities after taxation:	(6,238,726)	1,554,426
Basic return per share (note a)	(14.41)p	3.59p
Net revenue from ordinary activities after taxation	42,439	(216,258)
Revenue return per share (note b)	0.10p	(0.50)p
Net capital return from ordinary activities after taxation	(6,281,165)	1,770,684
Capital return per share (note c)	(14.51)p	4.09p
Weighted average number of shares in issue in the year	43,301,414	43,301,414

Notes

(a) Basic return per share is total return after taxation divided by the weighted average number of shares in issue during the year.

(b) Revenue return per share is net revenue return after taxation divided by the weighted average number of shares in issue during the year.

(c) Capital return per share is net capital return divided by the weighted average number of shares in issue during the year.

None of the returns are considered by the Board to be attributable to the B Shares at this stage of the Company's development.

9 Investments

	Listed (Level 1) £	Unlisted (Level 3) £	2011 Total £
Group			
Investments brought forward			
Cost	–	33,174,223	33,174,223
Gains	–	4,357,769	4,357,769
Valuation brought forward	–	37,531,992	37,531,992
Movements in the year:			
Purchases at cost	–	16,751,214	16,751,214
Sale proceeds	(209,145)	(23,116,693)	(23,325,838)
Gains/(losses) on sale of investments	209,145	(3,618,275)	(3,409,130)
Movement in investment holding gains	–	(2,361,146)	(2,361,146)
Valuation at 31 December	–	25,187,092	25,187,092

	2011 Total £
Losses on investments sold	(3,409,130)
Losses on investments held	(2,361,146)
Losses on investments	(5,770,276)

As a result of adopting the Proposals, purchases include £15.5 million being the Group's partnership interest in Core Capital I LP following the sale of £20.9 million of assets to Core Capital I LP, which generated losses of £3.5 million.

Notes to the Accounts

for the year ended 31 December 2011

	Listed (Level 1) £	Unlisted (Level 3) £	Subsidiary (Level 3) £	2011 Total £	Listed (Level 1) £	Unlisted (Level 3) £	2010 Total £
Company							
Investments brought forward							
Cost	–	33,174,223	–	33,174,223	1,804,320	32,622,261	34,426,581
Gains/(losses)	–	4,357,769	–	4,357,769	(474,970)	2,443,436	1,968,466
Valuation brought forward	–	37,531,992	–	37,531,992	1,329,350	35,065,697	36,395,047
Movements in the year:							
Purchases at cost	–	16,751,214	1,000	16,752,214	–	3,315,061	3,315,061
Sale proceeds	(209,145)	(23,116,693)	–	(23,325,838)	(1,211,866)	(2,755,293)	(3,967,159)
Gains/(losses) on sale of investments	209,145	(3,618,275)	–	(3,409,130)	(117,484)	(7,806)	(125,290)
Unrealised losses realised during the year	–	–	–	–	(474,970)	–	(474,970)
Movement in investment holding gains	–	(2,361,146)	–	(2,361,146)	474,970	1,914,333	2,389,303
Valuation at 31 December		25,187,092	1,000	25,188,092	–	37,531,992	37,531,992

	2011 Total £	2010 Total £
Losses on investments sold	(3,409,130)	(125,290)
(Losses)/gains on investments held	(2,361,146)	1,914,333
(Losses)/gains on investments	(5,770,276)	1,789,043

Level 1 includes investments quoted on an active market

Level 3 includes investments in private companies and other unquoted securities

10 Subsidiary

Name	Country of incorporation	Class of capital	Share capital and reserves £	Profit for the year £	% of class held	% of equity held	Valuation as at 31 Dec 2011
Core (BVI) Limited	British Virgin Islands	Ordinary	1,000	–	100	100	1,000

Core (BVI) Limited was incorporated on 25 May 2011. Core (BVI) Limited is a fully owned subsidiary of Core VCT plc and its principal activity is to hold an interest in Core Capital I LP. This subsidiary has been consolidated since incorporation.

11 Significant interests

At 31 December 2011 the Group 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	994,589	1,250,000	2,244,589	22.2
CP Newco Limited (comprising Cording Land LLP)	1,400,000	–	1,400,000	25.0
Pureleaf Limited	191,362	3,824,532	4,015,894	49.9

The Group holds through Core (BVI) Limited a 23.38% partnership interest in Core Capital I LP.

The above companies, apart from the subsidiary, are incorporated in the United Kingdom.

Core Capital LLP also advises Core VCT IV plc and Core VCT V plc that have made investments to 31 December 2011 in the following companies:

Company	Core VCT IV plc £	Core VCT V plc £	Total at cost £	% of equity held by funds managed by Core Capital LLP %
Allied International Holdings Limited	2,202,298	2,202,298	4,404,596	65.5
CP Newco Limited (comprising Cording Land LLP)	10,001	10,001	20,002	25.0
Pureleaf Limited	755,000	1,005,000	1,760,000	49.9

Core VCT IV plc and Core VCT V plc each hold through subsidiaries a 3.09% partnership interest in Core Capital I LP.

12 Other receivables

	Group 2011 £	Company 2011 £	Company 2010 £
Accrued income	–	–	79,638
Prepayments	6,541	6,541	27,621
Other debtors	–	–	262,900
	6,541	6,541	370,159

13 Cash

	Group 2011 £	Company 2011 £	Company 2010 £
Cash at Bank	3,645,336	3,644,336	1,470,957

14 Current liabilities

Other payables

	Group 2011 £	Company 2011 £	Company 2010 £
Accruals	127,227	127,227	92,499
Other creditors	22	22	22
	127,249	127,249	92,521

Notes to the Accounts

for the year ended 31 December 2011

15 Share capital

Equity share capital

At 31 December 2011 there were 43,301,414 Ordinary Shares and 28,867,227 B Shares in issue.

The B Share mechanism of the Company applies as follows:

- first, the holders of Ordinary Shares will be entitled to all distributions until such time as 60p has been returned per Ordinary Share, of which the Weighted Average Distribution (referred to in page 1) will be deemed to have been satisfied, plus an amount equal to the 5 per cent per annum hurdle (compounded annually and calculated on daily basis from the date of issue of Ordinary Shares) on such part of the Effective Initial Cost that remains to be paid to the holders of Ordinary Shares.
- second, all income and capital should be distributed or returned (as the case may be) to the holders of B shares until they have received an amount equal to 66.6667% of the amount distributed to the holders of Ordinary Shares in excess of the 60p per share (i.e. an equalisation payment in order to give the holders of B Shares 40% of all income distributed and capital returned above the Effective Initial Cost); and
- thereafter the Ordinary Shares and B Shares rank pari passu for all distributions resulting in 60% being distributed to holders of Ordinary Shares and 40% being distributed to the holders of B Shares.

Ordinary Shares have one vote per share. Until such time as the Ordinary Shares have received 60p per share and the Hurdle Rate return, the B Shares will only be entitled to vote in the event that the resolution being put to the meeting is one to amend any provision of the Company's Articles, or where an offer for the Company has been made and remains open for acceptance.

	2011 £	2010 £
Equity share capital		
Ordinary Shares of 0.01p each: 43,301,414 (2010: 43,301,414)	4,330	4,330
B Shares of 0.01p each: 28,867,227 (2010: 28,867,227)	2,887	2,887

Share Premium

On 3 August 2011, the Court approved the cancellation of the share premium account and the balance of this reserve was transferred to a Special Distributable Reserve. Accordingly, £30,879,638 was transferred to this account.

Capital Management

The Company's capital is represented by the Issued Share Capital, Special Distributable Reserve, Capital Reserve and Revenue Reserve.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors.

16 Net asset value per share

The net asset values per share, as disclosed in the balance sheet, are based on attributable assets at the date of the balance sheet ("attributed basis"). The Board considers that the Articles basis reflects the attribution of assets between the two classes of shares that would occur in the event that a liquidation of the Company took place. On liquidation, B shareholders could be entitled to up to 40% of the assets remaining after the Ordinary Shareholders first recover their effective initial cost of 60 pence per share plus the annual hurdle rates due to both share classes, achieved up to the date of liquidation.

By attributing to the B shares purely the capital contribution of 0.01 pence per share reflects the Board's best estimate at 31 December 2011 of the B shares' entitlement to assets at 31 December, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B shares' entitlement to the Company's assets).

The net asset values per share have been calculated by reference to the number of shares in issue at 31 December 2011 (2010: same), being 43,301,414 Ordinary Shares and 28,867,227 B shares.

As at 31 December	Total attributable net assets 2011 £	Net asset value (pence per share) 2011 p	Total attributable net assets 2010 £	Net asset value (pence per share) 2010 p
Ordinary Shares of 0.01p each in accordance with the Articles	23,071,487	53.28	31,144,261	71.92
Additional entitlement to assets on the attributed basis	5,637,347	13.02	8,133,440	18.78
Attributed basis	28,708,834	66.30	39,277,701	90.70
B Shares of 0.01p each in accordance with the Articles	5,640,233	19.54	8,136,326	28.19
Reduced entitlement to assets on the attributed basis	(5,637,347)	(19.53)	(8,133,440)	(28.18)
Attributed basis	2,886	0.01	2,886	0.01

17 Financial Instruments

The Group's financial instruments in the year comprised:

- Equity and fixed and floating interest rate 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 Group held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2011:

	2011 (Fair value) £	2010 (Fair value) £
Assets at fair value through profit and loss		
Investments (Level 3)	25,187,092	37,531,992
Cash at bank	3,645,336	1,470,957
Loans and receivables		
Accrued income	–	79,638
Other receivables	6,541	290,521
Other payables	(127,249)	(92,521)
	28,711,720	39,280,587

The Group's investment portfolio consists of unquoted investments representing 88% (2010: 96%) of net assets. This portfolio has a 100% (2010: 100%) concentration of risk towards small UK based, sterling denominated companies.

The main risks arising from the Group'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.

Notes to the Accounts

for the year ended 31 December 2011

The investments in equity and fixed interest stocks of unquoted companies that the Group 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 Group'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 11. 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 VCT value of 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.

Market price risk sensitivity

The Board believes that the Group's assets are mainly exposed to market price risk, as the Group is required to hold its assets in the form of sterling denominated investments in small companies.

The investment made by the Manager in unquoted companies, irrespective of the instruments the Group 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 unquoted 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 if there were to be a 15% movement in overall share prices of unquoted investments for the year would have been an increase or decrease of £3,778,064 (2010: £5,629,799).

The above figures assume that each of these sub categories of investments (shares and loan stocks) held by the Group produces a movement overall of 15% and that the actual portfolio of investments held by the Group 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 to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	2011 £	2010 £
Investment in fixed interest investments	5,398,800	14,551,587
Cash and cash equivalents	3,645,336	1,470,957
Other receivables	6,541	370,159
	9,050,677	16,392,703

The Group 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.

The following table shows the maturity of the loan stock and debt securities referred to above.

	2011 £	2010 £
Repayable within		
Less than 1 year	–	100,000
1 to 3 years	4,398,800	1,784,382
4 to 5 years	1,000,000	8,517,205
More than 5 years	–	4,150,000
Total	5,398,800	14,551,587

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

There could also be a failure by counterparties to deliver securities which the Group has paid for, or not pay for securities which the Group has delivered. This risk is considered to be small as most of the Group's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery.

Interest rate risk

The Group's fixed and floating interest rate 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.

The Group'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 pages 37 to 38.

The interest rate profile of the Group's financial net assets at 31 December 2011 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	2,408,204	–	–	2,408,204		
LP interest	17,380,088	–	–	17,380,088		
Loan stock	–	5,398,800	–	5,398,800	7.27	3.0
Cash	–	–	3,645,336	3,645,336		
Other receivables	6,541	–	–	6,541		
Other payables	(127,249)	–	–	(127,249)		
Total	19,667,584	5,398,800	3,645,336	28,711,720		

Notes to the Accounts

for the year ended 31 December 2011

The interest rate profile of the Group's financial net assets at 31 December 2010 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	22,980,405	–	–	22,980,405		
Loan stock	–	14,551,587	–	14,551,587	7.27	4.0
Cash	–	–	1,470,957	1,470,957		
Debtors	370,159	–	–	370,159		
Creditors	(92,521)	–	–	(92,521)		
Total	23,258,043	14,551,587	1,470,957	39,280,587		

Floating rate cash earns interest based on LIBOR rates.

Interest rate sensitivity

Although the Group 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 Group 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 a majority of these assets will be readily realisable within the next 1 to 5 years from the year end.

All creditors and accruals are due within one year and are comfortably covered by cash held and short term debtors.

Currency risk

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

18 Related party transactions

David Dancaster is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc which is a member of Core Capital LLP. Caparo held 1,177,254 Ordinary Shares and 34,807 B Shares in Core VCT plc. No amounts have been paid or are payable to Caparo plc except dividends paid to all ordinary shareholders of the Company totalling a cumulation weighted average of 27.15p per share to 31 December 2011. Nothing (2010: £nil) was due to the Manager at 31 December 2011. 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. Following the successful launch of Core Capital I LP, the general partner of the LP, receives £750,000 per annum until the fourth anniversary, payable out of the assets of Core Capital I LP.

CORE VCT PLC

(Registered in England and Wales No. 5572561)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 10 am on 1 May 2012 at 19 Cavendish Square, London W1A 2AW 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 2011, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2011.
3. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF as Auditor.
4. To authorise the Directors to determine the remuneration of the Auditor.
5. To re-elect John Brimacombe, who retires by rotation, as a Director.
6. To re-elect David Dancaaster, who retires annually, as a Director of the Company.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

7. THAT the Directors be, and they are hereby, generally and unconditionally authorised under Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £216 being approximately 5% of the issued Ordinary Share capital of the Company as at 31 December 2011, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

8. THAT, subject to the passing of Resolution 7, the Directors be, and they are hereby, empowered under Section 571 of the 2006 Act to allot equity securities (as defined in Section 560 of the 2006 Act) under the authority conferred by Resolution 7 for cash as if Section 561(1) of the 2006 Act did not apply to the allotment, provided that this power shall be limited to the allotment:
 - (a) of equity securities in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (b) (other than under paragraph (a) above) of equity securities up to an aggregate nominal amount not exceeding £216 and shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby 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 generally and, subject as here and after appears, unconditionally authorised in accordance with Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of Ordinary Shares and B Shares of 0.01 pence each in the capital of the Company, provided always that:
 - (a) the maximum number of Ordinary Shares and B Shares hereby authorised to be purchased is 6,490,881 and 4,327,197 respectively representing approximately 14.99% of the Company's issued Share capital as at 31 December 2011;
 - (b) the minimum price that may be paid for an Ordinary Share or, as the case may be, B Share shall be 0.01p per share;

NOTICE of the ANNUAL GENERAL MEETING

- (c) the maximum price, exclusive of expenses, that may be paid for an Ordinary Share or, as the case maybe, B Share shall not be more than an amount equal to the higher of:
 - (i) an amount equal to 105 per cent of the average of the closing middle market price for the Ordinary Share or B Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share or B Share is purchased; and
 - (ii) the price stipulated by Article 5(1) of Commission Regulation (EC) No. 273/2003 (the Buyback and Stabilisation Regulation); and
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary Shares and/or, as the case maybe, B Shares which will or may be complete wholly or partly after such expiry.

BY ORDER OF THE BOARD

Rhonda Nicoll

Secretary

Registered Office
103 Baker Street, London, W1U 6LN

15 March 2012

NOTES:

1. No Director has a service contract with the Company.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), Members must be registered in the Register of Members of the Company at 10 am on 27 April 2012 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, 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.
4. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Company's registrars, Capita Registrars Limited (telephone 0871 664 0300 – calls cost 10p plus network costs – if calling from overseas please dial +44 208 639 3399) or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name, the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. A reply paid form of proxy is enclosed with Shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, so as to be received not later than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll.
6. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same share:
 - (a) If they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or
 - (b) If they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
7. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 3 and 4 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
9. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
10. As at 15 March 2012 the Company's issued share capital consists of 43,301,414 Ordinary Shares and 28,867,227 B Shares. The B Shares are not entitled to vote. The total number of votes in the Company is 43,301,414.
11. A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, www.core-cap.com.
12. Section 319A of the Companies Act 2006 requires the directors to answer any question raised at the AGM which, relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) 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 annual general meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.

Shareholder Enquiries

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Capita Registrars (see back of cover for details).

Share Price

The Company's Ordinary Shares and B Shares are listed on the London Stock Exchange. The ticker code is CR3 for the Ordinary Shares and CR3B for the B Shares.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

Trading Shares

The Company's Ordinary Shares and B shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Core VCT plc is Matrix Corporate Capital.

Investment in VCTs should be seen as a long-term investment and Shareholders selling their shares within five years of original purchase (three years pre 6 April 2006) may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please call Core Capital LLP (see details below) if you or your adviser have any questions about the process.

Financial Calendar

1 May 2012	Annual General Meeting
August 2012	Announcement of interim results and posting of half-yearly report
March 2013	Announcement of final results for year to 31 December 2012.

Enquiries

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

Stephen Edwards	Tel: 020 3179 0919 or by email	Stephen.Edwards@Core-Cap.com
Walid Fakhry	Tel: 020 3179 0915 or by email	Walid.Fakhry@Core-Cap.com

For shareholder enquiries please contact the Company Secretary at Core Capital LLP:

Rhonda Nicoll	Tel: 020 3179 0930 or by email	Rhonda.Nicoll@Core-Cap.com
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Core VCT plc is managed by Core Capital LLP which is authorised and regulated by the FSA. Past performance is not a guide to future performance. Stock markets may cause the value of investments to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of the investment.

Corporate Information

Directors

Peter Smaill (Chairman)
John Brimacombe*
David Dancaster

*Senior Independent Director and Chairman of the Audit Committee

Registered office

103 Baker Street
London
W1U 6LN

Secretary and administrator

Rhonda Nicoll
Core Capital LLP
9 South Street
London
W1K 2XA

Investment Manager

Core Capital LLP
9 South Street
London
W1K 2XA

Bankers

Lloyds Banking Group
PO Box No. 39900 Level 7
Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

Auditor

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

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Howard Kennedy
19 Cavendish Square
London
W1A 2AW

Registrar

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

Company No : 5572561

www.core-cap.com

Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register/
- Report the matter to the FSA by calling **0845 606 1234**
- If the calls persist, hang up

More detailed information on this can be found on the CFEB website www.moneymadeclear.fsa.gov.uk