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**TP70 2008(I) VCT plc**  
**Financial Statements**

for the year ended 31 March 2012

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Company Number 6421083

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## Report of the Directors - Financial Summary

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	£'000
Net Assets	18,805	19,388
Net asset value per share	81.41p	83.93p
Net loss before tax	(203)	(292)
Loss per share	(1.00p)	(1.33p)

For a £1 investment per share investors, with a sufficient income tax liability in the relevant year, have already received a 30p tax credit, a first dividend of 1.75p, a second dividend of 1.20p and a third dividend of 1.52p which, taken together with the current NAV of 81.41p, totals 115.88p

TP70 2008(I) VCT plc ("the Company") is a Venture Capital Trust ("VCT") The Investment Manager is Triple Point Investment Management LLP ("TPIM") The Company was launched in November 2007 and raised £23.0 million through an offer for subscription Initially 70% of the Company's net assets were to be invested in cash and liquid assets prior to investment in VCT qualifying holdings The remaining 30% directly or indirectly of net assets were to be exposed to a leveraged version of GAM Diversity, a fund of hedge funds The Company's qualifying investment holdings are in businesses with predictable revenue streams from financially sound customers and aim to generate an attractive income stream and modest growth for shareholders

The Directors' Report on pages 12 to 16 and the Directors' Remuneration Report on pages 17 to 18 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law In particular, the responsibility of the Directors for these reports is owed solely to TP70 2008(I) VCT plc

The Directors submit to the members their Annual Report and Financial Statements for the Company for the year ended 31 March 2012 The Report of the Directors includes the Financial Summary, Chairman's Statement, Details of Advisers, Shareholder Information, Directors' Report, Directors' Remuneration Report and the Corporate Governance Statement

## Report of the Directors - Chairman's Statement

I am writing to present the audited Financial Statements for TP70 2008(I) VCT plc ("the Company") for the year ended 31 March 2012

### Results

At 31 March 2012 the Company had in place a diversified portfolio of VCT qualifying investments, representing 77% of the value of its investments Further details of the portfolio are given in the Investment Manager's Review on page 6

The Company's exposure to GAM Diversity 2.5XL now stands at 22% of net assets, which with leverage represents 53% of net assets The performance of GAM is detailed in the Investment Manager's Review on page 6

Over the year the Company made a loss before taxation of £203,000 This loss was partly attributable to GAM Diversity 2.5XL where the Company's holding declined in value by £242,000, the realisations and revaluation of some qualifying investments which gave rise to a loss of £94,000, offset by a profit of £133,000 for investment income net of operating expenses At the period end the Company's Net Asset Value per share stood at 81.41p

### Dividend

The Board has resolved to pay a dividend to shareholders of £312,000 or 1.35p per share which will be paid on 19 October 2012 to shareholders on the register on 12 October 2012 This will bring the total distributed by dividend to shareholders to 5.82p per share

## ***Report of the Directors - Chairman's Statement***

### *Risks*

The Board believes that the principal risks facing the Company are

- investment risk associated with exposure to GAM Diversity 2 5XL
- investment risk associated with holding VCT qualifying investments
- failure to maintain approval as a VCT

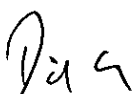
The Board and the Investment Manager continue to work to minimise either the likelihood or potential impact of the second and third risks which also follow from the Company's investment strategy

### *Outlook*

With its diversified qualifying investment portfolio now well established, the Company will continue to focus on monitoring and managing performance

30 April 2013 will mark the end of the Company's five year VCT holding period. In line with the Company's investment strategy, as the year progresses, the Investment Manager and the Company will begin to investigate the realisation of investments to enable the return of funds to shareholders after this date. We will keep shareholders informed of the Company's progress over the coming year.

If you have any queries or comments, please do not hesitate to telephone Triple Point Investment Management LLP on 020 7201 8989



David Frank  
Chairman  
18 June 2012

## ***Report of the Directors - Details of Directors***

**David Frank** was a partner in Slaughter and May for 22 years before retiring from the firm in 2008. As well as being the firm's first Practice Partner from 2001 to 2008, his practice involved acting for several venture capital houses, including 3i and Schroder Ventures. He was also involved in several flotations in the venture capital sector, including 3i, Baronsmead and SVG Capital. Since retiring from legal practice, he has established a portfolio of voluntary roles, ranging from a governorship of a hospital to a trusteeship of a national charity. He has been a Director and Chairman of the Company since 11 November 2010.

**Simon Acland** has over 20 years' experience in venture capital, primarily at Quester, where he became Managing Director. When Quester was sold in 2007 it had £200m under management and was one of the leading UK venture capital and VCT investment managers. Simon was a director of over 20 companies within Quester's portfolio, many of which achieved successful exits through flotation or trade sales. Simon is also a Director of TP70 2010 VCT plc and TP12(l) VCT plc, Elektron Technology plc and various other private companies and charities.

**Philip Marsden** is a chartered accountant specialising in corporate finance. He was originally with Arthur Andersen, then from 1980 to 2002 with 3i Group plc, latterly on the boards of its corporate finance and main UK operating subsidiaries. From 2003 to 2010 he was a director then managing director of Vantis Corporate Finance Limited. Since then he has become a founding shareholder of Marsden Clark Corporate Finance Ltd, a specialist corporate finance boutique. Philip was appointed a Director on 19 May 2011.

## ***Report of the Directors - Details of Advisers***

### **Secretary and Registered Office**

Peter Hargreaves  
4-5 Grosvenor Place  
London  
SW1X 7HJ

### **Company Registered Number**

6421083

### **Investment Manager and Administrator**

Triple Point Investment Management LLP  
4-5 Grosvenor Place  
London  
SW1X 7HJ

### **Independent Auditor**

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford Business Park South  
Oxford  
OX4 2WB

### **Solicitors**

Howard Kennedy LLP  
19 Cavendish Square  
London  
W1A 2AW

### **Registrars**

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

### **VCT Tax Adviser**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Bankers**

The Royal Bank of Scotland plc  
54 Lime Street  
London  
EC3M 7NQ

## ***Report of the Directors - Shareholder Information***

### *The Company*

TP70 2008(I) VCT plc is a Venture Capital Trust. The Investment Manager is Triple Point Investment Management LLP. The Company was launched in November 2007 and raised £23million through an offer for subscription.

The Company's annual and half yearly reports and quarterly interim management statements are available on the TPIM website.

### *Venture Capital Trusts*

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

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

The Company has been provisionally approved as a VCT by Her Majesty's Revenue and Customs ("HMRC"). In order to maintain its approval the Company must comply with certain requirements on a continuing basis.

### *Financial Calendar*

The Company's financial calendar is as follows:

19 September 2012	Annual General Meeting
November 2012	Interim report published
June 2013	Annual report and Financial Statements for the year ended 31 March 2013 published

### *Share Price*

There have been no trades in the Company's shares to date. We will be asking shareholders at the Annual General Meeting to give the Board power to purchase shares in the market for cancellation. The Company has introduced a share buy-back facility, committing to buy back shares at no more than a 10% discount to the prevailing NAV.

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

## Investment Manager's Review

The Company's objective is to deploy at least 70% of its funds into VCT qualifying investments and, with the remainder of its funds, to offer leveraged exposure to GAM's fund of hedge funds, Diversity, via GAM Diversity GBP 2 5XL

### VCT Qualifying Investments Portfolio

As at 31 March 2012 the Company had £14.6 million deployed in VCT qualifying investments. Some additional investment in VCT qualifying companies took place during the year and following the year end in order to replace realisations and loan repayments from other qualifying investments. The Company continues to exceed the 70% target, and VCT qualifying investments represent 78% of net assets.

The portfolio of qualifying investments is split between sixteen companies across cinema digitisation, telecommunications, satellite capacity trading, crematorium management and renewable electricity generation. All of these investments are HMRC approved for VCT qualifying purposes.

Each of these investments meets Triple Point's investment criteria, with projected revenue generated by good quality customers. Investments in each sector are subject to rigorous selection criteria, including extensive due diligence and expert technical assessment.

### Investment Programme Summary

The table below shows changes in qualifying investments made during the year and since the year end in the portfolio.

Industry Sector	Cinema Digitisation		Communications	Satellite	Local Authority and NHS	Solar PV	Anaerobic Digestion	Total Qualifying Investments
	£'000	£'000						
Investments at 1 April 2011	9,000	895	920	1,659	1,000	1,000	14,474	
Investments made during the year	1,000	-	-	-	-	1,050	2,050	
Investments disposed of during the year	-	(710)	(644)	(335)	-	-	(1,689)	
Investments at 31 March 2012	10,000	185	276	1,324	1,000	2,050	14,835	
Investments made since 31 March 2012	725	-	-	-	-	-	725	
Investments disposed of since 31 March 2012	-	-	-	(564)	-	-	(564)	
Investments at the date of this report	10,725	185	276	760	1,000	2,050	14,996	

During the year partial realisations were made from the medical gas companies, MGS WM Ltd and MGS NW Ltd and we are pleased to report that following the year end trade sales were completed. Three of the Company's telecommunications investments successfully completed their contracts and a fourth telecommunications business was able to make partial realisations while continuing to provide services to its customers.

### Investment Portfolio Summary

#### Anaerobic Digestion

The Company has investments in three companies pursuing opportunities in the generation of electricity from Anaerobic Digestion (AD). AD is the production of biogas through the biological treatment of organic materials using naturally occurring organisms. The businesses in which the Company has invested are engaged in farm-based AD, which is one of the most stable sub-sectors. The process takes place inside sealed tanks and principally produces methane, which is burned to generate electricity for sale to either the utility companies via a National Grid connection, or to businesses located close to the generator. The production and sale of electricity attracts Feed-in Tariffs (FITs). The technology used in AD is tried and tested. The equipment has been supplied by one of Europe's leading technology suppliers, Envitech.

## ***Investment Manager's Review (continued)***

### **Cinema Digitisation**

The Company has six holdings in companies that deploy, maintain and operate digital equipment in cinemas in the UK and Continental Europe. The digitisation of cinema projection equipment has enabled significant industry wide print and distribution cost savings and has enhanced box office receipts through 3D technology. Digital cinema projection conversion is paid for under the globally recognised Virtual Print Fee model, through which Film Studios pay for the cost of the deployment over a number of years. The majority of the revenues are paid by the six major investment grade Hollywood Studios.

### **Crematoria Management**

The Company has one investment in a business that provides crematory and mercury abatement services for the crematoria of a London Borough.

### **Solar PV**

The Company has invested in two companies that own solar PV panels which are installed on residential properties. These were all installed and generating electricity before 12 December 2011, so they are in receipt of the higher Feed-in Tariffs (FITs) applicable to installations made before that date. These tariffs are index-linked and have been set for 25 years, providing the companies with a long term, predictable cash flow.

### **GAM review**

Over the year to 30 March 2012, GAM Diversity 2 5XL lost 5.76%, the HFRX Global Hedge Fund index lost 6.34% and the FTSE All Share gained 1.39%.

GAM report that 2011 was a difficult year for investors. Corporate earnings results were overshadowed by continuing fears of a European sovereign default and a slowdown in global growth. Correlations both within asset classes and between different asset classes increased, reflecting the extent of political and central bank intervention in the world's economies.

Equity hedge managers found the volatile market conditions in 2011 difficult to navigate. As stock prices plummeted in July, managers reacted as expected by reducing long positioning and neutralising market exposures. Unfortunately, these actions were not completely successful in curtailing losses as the decline in long positions was not matched by gains in short investments. In late August and mid-September, the long/short managers only captured small fractions of the rallies and the biggest gains were the most heavily-shortened companies. The strongest returns came from European managers where depressed valuations offered opportunities for stock pickers, as good earnings numbers emerged in the fourth quarter. Trading managers found the market conditions extremely difficult, and this was reflected in the average returns for this strategy. GAM therefore sought discretionary managers who would be far more short-term and tactical. There were mixed results over the year from the event driven book, as arbitrage strategies contributed the most, while special situations managers were affected by higher levels of market uncertainty and volatility. During the final quarter of 2011, event driven hedge funds were able to recoup a portion of third-quarter losses as market conditions gradually stabilised.

For the first quarter of 2012, GAM Diversity has returned 3.9%, outperforming the HFRI/HFRX Global Hedge Fund Index (GAM hedged) in sterling terms by 0.7%. Correspondingly GAM Diversity 2 5XL returned 8.8%, beating the FTSE All share which returned 6.1% and the HFRX Global hedge Fund Index which returned 3.1%. Equity and credit markets have been buoyed by waning macro concerns, recovering investor sentiment and corporate confidence levels, declining equity market volatility and improving market liquidity. GAM believe that 2012 could be an attractive risk-adjusted year for equity long/short, and have increased allocations in the discretionary macro book to more specialised managers who look at specific assets or regions. Trading allocations have been adjusted to increase weightings to those managers GAM expect to outperform in an uncertain environment.

## ***Investment Manager's Review (continued)***

### **Outlook**

The Company continues to maintain an active and diversified portfolio of VCT qualifying investments. Over the coming year we will continue to manage the performance of these businesses and begin to seek opportunities for investment realisations in 2013. We will also continue to monitor the performance of the Company's investments with GAM and instigate a programme of realisations.



Claire Ainsworth  
Managing Partner  
for Triple Point Investment Management LLP  
18 June 2012

**Report of the Directors - Investment Portfolio**

	31 March 2012				31 March 2011			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
Qualifying holdings	14,835	67.13	14,582	77.33	14,474	66.82	14,474	74.61
Non-qualifying holdings	3,787	17.14	2,050	10.87	3,307	15.26	2,158	11.12
Money market funds	-	-	-	-	461	2.13	461	2.38
	18,622	84.27	16,632	88.20	18,242	84.21	17,093	88.11
Derivative	3,292	14.90	2,053	10.89	3,292	15.20	2,175	11.21
Fixed assets at fair value through profit or loss	21,914	99.17	18,685	99.09	21,534	99.41	19,268	99.32
Cash and cash equivalents	174	0.83	174	0.91	131	0.59	131	0.68
	22,088	100.00	18,859	100.00	21,665	100.00	19,399	100.00
<b>Unquoted Qualifying Holdings</b>	£'000	%	£'000	%	£'000	%	£'000	%
<u>Provision of satellite capacity</u>								
Broadsword Satellite Communications Ltd	276	1.25	-	-	920	4.25	920	4.74
<u>Telecommunications</u>								
Per Port Services Ltd	185	0.84	185	0.98	310	1.43	310	1.60
Meaujo 732 Ltd	-	-	-	-	255	1.18	255	1.31
WAN Solutions Ltd	-	-	-	-	184	0.85	184	0.95
Wide Area Network Solutions Ltd	-	-	-	-	146	0.67	146	0.75
<u>Cinema digitisation</u>								
21st Century Cinema Ltd	2,000	9.05	2,000	10.61	2,000	9.23	2,000	10.31
Big Screen Digital Services Ltd	2,000	9.05	2,000	10.61	2,000	9.23	2,000	10.31
Cinematic Services Ltd	1,000	4.53	1,000	5.30	1,000	4.62	1,000	5.15
Digma Ltd	2,000	9.05	2,000	10.61	2,000	9.23	2,000	10.31
Digital Screen Solutions Ltd	2,000	9.05	2,000	10.61	2,000	9.23	2,000	10.31
Two For Joy Digital Ltd	1,000	4.53	1,000	5.30	-	-	-	-
<u>Crematorium management</u>								
Furnace Management Services Ltd	760	3.44	760	4.03	910	4.20	910	4.69
<u>Medical gas supplies</u>								
MGS North West Ltd	316	1.43	328	1.74	420	1.94	420	2.17
MGS West Midlands Ltd	248	1.12	259	1.37	329	1.52	329	1.69
<u>Electricity Generation</u>								
<u>Solar</u>								
Green Energy for Education Ltd	500	2.26	500	2.65	500	2.31	500	2.58
Convertibox Services Ltd	500	2.26	500	2.65	500	2.31	500	2.58
<u>Anaerobic Digestion</u>								
Biomass Future Generation Ltd	1,050	4.75	1,050	5.57	500	2.31	500	2.58
GreenTec Energy Ltd	500	2.26	500	2.65	-	-	-	-
Katharos Organic Ltd	500	2.26	500	2.65	500	2.31	500	2.58
	14,835	67.13	14,582	77.33	14,474	66.82	14,474	74.61

Financial assets are measured at fair value through profit or loss. The initial best estimate of fair value of these investments that are either quoted or not quoted on an active market is the transaction price (i.e. cost). The fair value of these investments is subsequently measured by reference to the enterprise value of the investee company, which is best deemed to reflect the fair value. Where the Board considers the investee company's enterprise value to remain unchanged since acquisition, investments continue to be held at cost less any loan repayments received.

**Report of the Directors - Investment Portfolio (continued)**

	31 March 2012				31 March 2011			
	Cost		Valuation		Cost		Valuation	
	£'000	%	£'000	%	£'000	%	£'000	%
<b>Unquoted Non-qualifying Holdings</b>								
<i>Investment holding</i>								
Lorngreen Limited *	3,318	15.02	2,038	10.81	3,307	15.26	2,158	11.12
	<u>3,318</u>	<u>15.02</u>	<u>2,038</u>	<u>10.81</u>	<u>3,307</u>	<u>15.26</u>	<u>2,158</u>	<u>11.12</u>
<b>Unquoted Non-qualifying Holdings (in liquidation) **</b>								
Meaujo 732 Ltd	255	1.15	12	0.06	-	-	-	-
WAN Solutions Ltd	128	0.58	-	-	-	-	-	-
Wide Area Network Solutions Ltd	86	0.39	-	-	-	-	-	-
	<u>469</u>	<u>2.12</u>	<u>12</u>	<u>0.06</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Money Market Funds</b>								
Deutsche Global Liquidity Managed Sterling Fund	-	-	-	-	230	1.06	230	1.19
Ignis Liquidity Fund	-	-	-	-	231	1.07	231	1.19
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>461</u>	<u>2.13</u>	<u>461</u>	<u>2.38</u>

\* The 50% holding in Lorngreen has not been accounted for as a subsidiary as the Company does not have control over it, as described on page 32. In accordance with the exception within IAS 28, "Investments in Associates", those undertakings in which the Company holds more than 20% of the equity are not regarded as associated undertakings. They are instead treated as portfolio investments. Therefore these investments are measured at fair value in accordance with IAS 39, "Financial Instruments, Recognition and Measurement". Lorngreen holds 50% of the Company's exposure to GAM Diversity 2 5XL GBP.

\*\* During the period these companies made realisations and are now in voluntary liquidation.

## Report of the Directors - Investment Portfolio – Additional Information

		Investee Company Financial Statements											
		31 March 2012					Ending in 2011**					Ending in 2010**	
Initial Investment Date	Income recognised by TP70 2008(l) VCT plc for the year	Equity held by TP70 2008 (l) VCT plc *	Equity held by all funds managed by TPIM LLP	Revenues	Profit/loss before interest and tax	Net assets before VCT loans	Net assets	Revenues	Profit/loss before tax	Net assets	Revenues	Profit/loss before tax	Net assets
	£'000	%	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Qualifying Holdings</b>													
Broadsword Satellite Communications Ltd	41	49.90	95.70	1,606	311	1,652	309	180	(122)	226			
Meaujo 732 Ltd	-	49.97	49.97	371	4	3	2	448	(99)	28			
Per Port Services Ltd	7	47.50	95.00	229	17	471	99	229	(74)	95			
WAN Solutions Ltd	-	47.50	95.00	476	(56)	65	63	574	(12)	157			
Wide Area Network Solutions Ltd	-	47.50	95.00	426	59	78	52	513	(92)	27			
21 Century Cinema Ltd	94	24.52	98.08	297	(338)	5,418	378	-	(725)	328			
Big Screen Digital Services Ltd	94	26.81	97.91	275	(104)	5,379	1,179	-	(318)	888			
Cinematic Services Ltd	48	12.26	98.08	354	(273)	6,439	839	-	(332)	721			
Digma Ltd	97	24.52	98.08	380	(95)	5,355	1,155	-	(318)	888			
Digital Screen Solutions Ltd	97	24.52	98.08	438	(66)	5,386	1,186	-	(165)	888			
Two For Joy Digital Ltd	4	46.38	92.76						n/a				
Furnace Management Services Ltd	55	24.50	49.00	284	102	1,679	182	285	149	415			
MGS North West Ltd	3	24.49	48.98	705	214	988	781	639	166	820			
MGS West Midlands Ltd	2	24.50	49.00	906	(33)	670	507	769	286	791			
Green Energy For Education Ltd	6	14.92	98.78	-	(69)	3,244	927		n/a				
Convertbox Services Ltd	21	24.76	99.51	-	(77)	2,837	737		n/a				
Biomass Future Generation Ltd	4	26.31	96.44	-	(51)	1,257	547		n/a				
GreenTec Energy Ltd	-	-	98.00										
Katharos Organic Ltd	7	11.75	98.68	-	(27)	521	136		(29)				

The basis of valuation for all investments is the transaction price. Financial assets are measured at fair value.

\* The Equity held by the VCT is equal to their voting rights.

\*\* Companies that were not incorporated until 2011 will not produce financial statements until accounting dates ending no earlier than in 2012.

## ***Report of the Directors - Directors' Report***

The Directors present their report and the audited Financial Statements for the year ended 31 March 2012

This report has been prepared in accordance with the requirements of S417 of the Companies Act 2006 and forms part of the Report of the Directors to shareholders. The Company's independent auditor is required by law to report on whether the information given in the Report of the Directors (including the business review) is consistent with the Financial Statements. The auditor's opinion is given on pages 24 to 25

### ***Activities and Status***

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

The Directors are required by S417 of the Companies Act 2006 to provide a review of the business. The business review is set out below which should be read in conjunction with the Chairman's Statement on pages 1 to 2 and the Investment Manager's Review on pages 6 to 8

The Directors have managed the affairs of the Company with the intention of maintaining its status as an approved Venture Capital Trust for the purposes of S274 of the Income Tax Act 2007. The Company was not at any time up to the date of this report a close company within the meaning of S439 of the Corporation Tax Act 2010. In the opinion of the Directors the Company has managed its affairs so as to enable it to continue to maintain VCT status

With the exception of the qualifying investments made since the year end detailed in the Investment Managers' Review on page 6, there have been no other post balance sheet events

### ***Business Review and Key Performance Indicators***

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

The Board has evaluated the performance of the Investment Manager based on the returns generated since taking on the management of the Fund and a review of the management contract and the services provided in accordance with its terms. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Investment Manager for the forthcoming year

### ***Investment Policy***

To comply with VCT rules, the Company has acquired (and intends to maintain) a portfolio of VCT qualifying investments equivalent to a minimum of 70% of the value of its investments. Prior to the investment in VCT qualifying investments, approximately 70% of the value of its investments was held in highly liquid interest-bearing instruments, this now equates to just 1%. In addition to VCT qualifying investments, the Company will maintain exposure, directly or indirectly, in respect of up to 30% of its investments to the performance of GAM Diversity 2 5XL, this now equates to 22%

The strategy is to deliver capital appreciation through a leveraged exposure to a fund of hedge funds and more secure returns from qualifying investments than is generally the case in venture capital investments

In seeking to achieve the Company's objectives, TPIM was mandated to source investments on the basis of certain conservative principles in relation to both venture capital investments and fund of hedge fund investments

**Report of the Directors - Directors' Report (continued)***Investment Policy (continued)*

In respect of Venture Capital Investments (which represent qualifying investments under the tax rules applying to VCTs) TPIM sought

- investments where robust due diligence has been undertaken on target investments,
- investments where there is a high level of access to material financial and other information on an ongoing basis,
- investments where the risk of losses is minimised through careful analysis of the collateral available to investee companies, and
- investments where there is a strong relationship with the key decision makers

In respect of fund of hedge fund investments (which represent non-qualifying investments under the tax rules applying to VCTs) GAM was appointed as TPIM's sub-adviser to advise on the selection of GAM funds of hedge funds

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

The Company's investment policy and strategy are discussed in the Investment Manager's review on page 6

*Directors*

The Directors of the Company during the year and to the date of this report were

David Frank (Chairman)  
 Ian McLennan (resigned 19 May 2011)  
 Simon Acland  
 Philip Marsden (appointed 19 May 2011)

The Directors held no shares in the Company in respect of which transactions are notifiable to the Company under Disclosure and Transparency Rule 3.1.2R

The Board regularly reviews the independence of its members and as a result of their review a decision was taken that the TPIM appointee should be replaced by a director who is independent of TPIM. Therefore Ian McLennan resigned as a Director and Philip Marsden was appointed on 19 May 2011

Under the Listing Rules any Directors that are not deemed independent must offer themselves for re-election. Therefore Simon Acland, who is also a Director of other TPIM managed VCT's, will retire and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting

*Directors' and Officers' Liability Insurance*

The Company has, as permitted by S232 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company

*Policy on Payment of Payables*

The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice. At 31 March 2012 there were no overdue trade payables

**Report of the Directors - Directors' Report (continued)***Substantial Shareholdings*

As at the date of this report no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules)

*Annual General Meeting*

Notice convening the 2012 Annual General Meeting of the Company and a form of proxy in respect of that meeting can each be found at the end of this document

*Financial Risk Management Objectives and Policies*

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

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

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

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

**Credit risk.** Financial Instrument risks are described in note 16

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

**Foreign currency risk** the Company does not have exposure to material foreign currency risks

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

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

**Report of the Directors - Directors' Report (continued)**

**Environmental, social and employee issues** due to the nature of the Company's activities, employee issues do not apply to it directly and therefore no disclosures in respect of these matters have been included in the Financial Statements. Its investment in companies engaged in energy generation from renewable sources means it will contribute to the reduction in carbon emissions.

**Share Capital, Rights Attaching to the Shares and Restrictions on Voting and Transfer**

The Company's share capital is £500,000 divided into 50,000,000 shares of 1p each, of which 23,099,898 shares were in issue at 31 March 2012. As at that date none of the issued shares were held by the Company as treasury shares. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's articles of association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

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

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

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

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's articles of association with a notice pursuant to S793 of the Companies Act 2006 (notice by a Company requiring information about interests in its shares), the Company can until the default ceases suspend the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

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

A member may choose whether his or her shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his or her shares, subject in the case of certificated shares to the rules set out in the Company's articles of association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out), the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell-out rules relating to the shares in the Company's articles of association, shareholders are subject to the compulsory acquisition provisions in S974 to S991 of the Companies Act 2006.

## ***Report of the Directors - Directors' Report (continued)***

### ***Amendment of Articles of Association***

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

### ***Appointment and Replacement of Directors***

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

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

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

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

### ***Powers of the Directors***

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

### ***Auditor***

Grant Thornton UK LLP offer themselves for reappointment as auditor. In accordance with S489(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting

On behalf of the Board



David Frank  
Chairman  
18 June 2012

## Report of the Directors - Directors' Remuneration Report

### Introduction

This report is submitted in accordance with schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, in respect of the period ended 31 March 2012. The information included in this report is not subject to audit except where specified. This report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration.

### Consideration by the Directors of Matters Relating to Directors' Remuneration

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

### Statement of the Company's Policy on Directors' Remuneration

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

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

The information within this table is audited					
	Date of Contract	Unexpired Term of Contract	Annual rate of Directors' fees	Emoluments for the year ended 31 March 2012	Emoluments for the year ended 31 March 2011
			£	£	£
D Frank	11-Nov-10	N/A	15,000	15,000	5,829
S Acland	13-Mar-09	N/A	12,500	12,500	12,500
P Marsden	19-May-11	2 months	12,500	10,852	-
M Sherry	14-Dec-07	N/A	12,500	-	6,250
I McLennan	14-Dec-07	N/A	15,000	1,648	14,028
				40,000	38,607
Employer's National Insurance				2,477	2,410
<b>Total Emoluments</b>				<b>42,477</b>	<b>41,017</b>

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited.

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

Insurance cover has been provided by the Company to indemnify the Directors against certain liabilities which may be incurred by the Directors in relation to the Company.

**Report of the Directors - Directors' Remuneration Report**  
*(continued)*

*Remuneration Committee*


Since the Company consists solely of Non-Executive Directors, a Remuneration Committee is not considered necessary

*Share Dealings*

There have been no trades in the Company's shares to date. Therefore no performance graph comparing the share price of the Company over the year ended 31 March 2012 with the return from a notional investment in the FTSE all-share index over the same period has been included.

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

On behalf of the Board



David Frank  
Chairman  
18 June 2012

## ***Report of the Directors - Corporate Governance***

The Board of TP70 2008(I) VCT plc has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting in accordance with principles and recommendations of the AIC Code, by reference to the AIC Guide which incorporates the UK Corporate Governance Code (June 2010), will provide better information to shareholders.

The Company is committed to maintaining high standards of corporate governance and has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code (June 2010), except as set out and explained at the end of this report in the Compliance Statement.

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

### ***Board of Directors***

The Company has a Board of three Non Executive Directors. The Board regularly reviews the independence of its members and as a result of its review a decision was taken that the TPIM appointee should be replaced by a Director who is independent of TPIM. Therefore Ian McLennan resigned as a Director and Philip Marsden was appointed on 19 May 2011.

The Directors who own shares in the Company are considered independent under the Listing Rules. Since all Directors are Non-Executive and day-to-day management responsibilities are sub-contracted to the Investment Manager, the Company does not have a Chief Executive Officer. The Directors have a range of business and financial skills which are relevant to the Company, these are described on page 3 of this report. Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, by the Investment Manager. The Board has direct access to company secretarial advice and compliance services provided by the Investment Manager, which is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties.

Any appointment of new Directors to the Board is conducted, and appointments made, on merit, with due regard for the benefits of diversity on the board, including gender. All directors are able to allocate sufficient time to the Company to discharge their responsibilities.

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

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

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

## ***Report of the Directors - Corporate Governance (continued)***

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day to day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

### ***Board of Directors (continued)***

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

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

The Company's articles of association require that one third of the Directors should retire by rotation each year and seek re-election at the annual general meeting, and that Directors newly appointed by the Board should seek re-appointment at the next Annual General Meeting. The Board complies with the requirement of the UK Corporate Governance Code (June 2010) that all Directors are required to submit themselves for re-election at least every three years and where a Director is not considered to be independent submit themselves for re-election every year.

During the year ended 31 March 2012 the following meetings were held

Directors present	9 Board Meetings	2 Audit Committee Meetings
D Frank (Chairman)	7	2
P Marsden (appointed 19 May 2011)	8	1
S Acland	7	2
I McLennan (resigned 19 May 2011)	1	1

### ***Audit Committee***

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

The Audit Committee safeguards the objectivity and independence of the auditor by reviewing the nature and extent of non-audit services supplied by the external auditors of the Company, seeking to balance objectivity and value for money.

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

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

## ***Report of the Directors - Corporate Governance (continued)***

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

The Board considers that the members of the committee collectively have the skills and experience required to discharge their duties effectively, and that the chairman of the committee meets the requirements of the UK Corporate Governance code (June 2010) as to relevant financial experience.

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

During the year ended 31 March 2012, the audit committee discharged its responsibilities by

- reviewing and approving the external auditor's terms of engagement and remuneration,
- reviewing the external auditor's plan for the audit of the Financial Statements, including identification of key risks and confirmation of auditor independence,
- reviewing internal controls operated in relation to the Company's business and assessing those controls in minimising the impact of key risks,
- reviewing periodic reports on the effectiveness of TPIM's compliance procedures,
- reviewing the appropriateness of the Company's accounting policies.

### ***Internal Control***

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable, such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. As part of this process an annual review of the internal control systems is carried out. The review covers all material controls including financial, operational and risk management systems. The Directors regularly review financial results and investment performance with the Investment Manager.

The Directors have established an ongoing process designed to meet the particular needs of the Company in identifying, evaluating and managing risks to which it is exposed. The process adopted is one whereby the Directors identify all of the risks to which the Company is exposed including, among others, market risk, VCT qualifying investment risk and operational risks which are recorded on a risk register. The controls employed to mitigate these risks are identified and the residual risks are rated taking into account the impact of the mitigating factors. The risk register is updated once a year. TPIM is engaged to provide administrative services including accounting services and retains physical custody of the documents of title relating to investments.

Internal control systems include the production and review of quarterly bank reconciliations and management accounts. The VCT is subject to a full annual audit. The auditors are the same auditors as employed by other VCTs managed by the Investment Manager. The Audit Partner has access to the Directors of the VCT. The Investment Manager's procedures are subject to internal compliance checks.

### ***Risk Management***

TPIM carries out management of liquid funds in accordance with the policy guidelines laid down and regularly reviewed by the Board. In general the guidelines require that un-invested cash will be held in money market funds. The particular risks they have identified are detailed in the Directors' Report on page 14. The Company has entered into a derivative transaction, further details of which are given in the Chairman's Statement and in note 10 to the Financial Statements.

## ***Report of the Directors - Corporate Governance (continued)***

### *Going Concern*

After making the necessary enquiries, the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The Directors therefore believe that it is appropriate to continue to apply the going concern basis in preparing the Financial Statements. There are no borrowings or banking facilities in place nor are they anticipated to be required in future.

### *Relations with Shareholders*

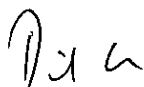
The Board recognises the value of maintaining regular communications with shareholders. In addition to the formal business of the Annual General Meeting, an opportunity is given to all shareholders to question the Board and the Investment Manager on matters relating to the Company's operation and performance.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

### *Compliance Statement*

The Listing Rules require the Board to report on compliance with the UK Corporate Governance code (June 2010) provisions throughout the accounting year. With the exception of the limited items outlined and explained below, the Directors consider that the Company has complied throughout the year under review with the provisions set out in the UK Corporate Governance Code.

- 1 New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise (B 4 1)
- 2 Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its committees, the individual Directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise (B 6, B 6 3)
- 3 The Company does not have a senior Independent Director. The Board does not consider such an appointment appropriate for the Company (A 4 1)
- 4 The Company does not conduct a formal review as to whether there is a need for an internal audit function. The Directors do not consider that an internal audit would be an appropriate control for a venture capital trust (C3 5)
- 5 As all the Directors are Non-Executive, it is not considered appropriate to appoint a Nomination or Remuneration Committee (D 2 1 and B 2 1)
- 6 A smaller company should have at least two independent Non-Executive Directors and the Audit committee should consist of at least two independent Non Executive Directors. The Board regularly reviews the independence of its members and as a result of their review a decision was taken that the TPIM appointee should be replaced by a director who is independent of TPIM (B 1 2, C 3 1)

On behalf of the Board



David Frank  
Chairman  
18 June 2012

## ***Report of the Directors - Directors' Responsibility Statement***

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Financial Statements for each financial year Under that law the Directors elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period In preparing these Financial Statements, the Directors are required to

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

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

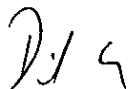
In so far as each of the Directors is aware

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

The Company's Financial Statements are published on the TPIM website, [www.triplepoint.co.uk](http://www.triplepoint.co.uk) The maintenance and integrity of this website is the responsibility of TPIM and not of the Company Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions

To the best of our knowledge

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



On behalf of the Board  
 David Frank  
 Chairman  
 18 June 2012

## ***Independent auditor's report to the members of TP70 2008(I) VCT plc***

We have audited the Financial Statements of TP70 2008(I) VCT plc for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 23 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the Financial Statements**

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

### **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Directors 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

***Independent auditor's report to the members of TP70 2008(I) VCT plc***

Under the Listing Rules, we are required to review

- the Directors' statement, set out on page 22, 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 (June 2010) specified for our review, and
- certain elements of the report to the shareholders by the Board on Directors' remuneration



Tracey James  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
OXFORD  
18 June 2012

**Statement of Comprehensive Income**

for the year ended 31 March 2012

	Note	Year ended 31 March 2012			Year ended 31 March 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Income</b>							
Investment income	4	581	-	581	547	-	547
Gain/(loss) arising on the disposal of investments		-	616	616	-	(5)	(5)
Loss arising on the revaluation of investments at the year end		-	(840)	(840)	-	(198)	(198)
Loss arising on the revaluation of derivative transactions at the year end		-	(122)	(122)	-	(186)	(186)
Investment return		<u>581</u>	<u>(346)</u>	<u>235</u>	<u>547</u>	<u>(389)</u>	<u>158</u>
<b>Expenses</b>							
Investment management fees	5	83	248	331	85	254	339
Financial and regulatory costs		26	-	26	23	-	23
General administration		9	-	9	15	-	15
Legal and professional fees	6	32	-	32	34	-	34
Directors' remuneration	7	40	-	40	39	-	39
Operating expenses		<u>190</u>	<u>248</u>	<u>438</u>	<u>196</u>	<u>254</u>	<u>450</u>
Profit/(loss) before taxation		391	(594)	(203)	351	(643)	(292)
Taxation charge/(credit)	8	79	(50)	29	69	(54)	15
Profit/(loss) after taxation		<u>312</u>	<u>(544)</u>	<u>(232)</u>	<u>282</u>	<u>(589)</u>	<u>(307)</u>
Profit and comprehensive income/(loss) for the year		<u>312</u>	<u>(544)</u>	<u>(232)</u>	<u>282</u>	<u>(589)</u>	<u>(307)</u>
Basic and diluted earnings/(loss) per share	9	<u>1 35p</u>	<u>(2 35p)</u>	<u>(1 00p)</u>	<u>1 22p</u>	<u>(2 55p)</u>	<u>(1 33p)</u>

The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards (IFRS). The supplementary revenue return and capital return columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

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

This Statement of Comprehensive Income includes all recognised gains and losses.

The accompanying notes are an integral part of this statement.

**Balance Sheet**

as at 31 March 2012

	Note	31 March 2012 £'000	31 March 2011 £'000
<b>Non current assets</b>			
Financial assets at fair value through profit or loss	10	<u>18,685</u>	<u>19,268</u>
<b>Current assets</b>			
Receivables	12	21	53
Cash and cash equivalents	13	<u>174</u>	<u>131</u>
		<u>195</u>	<u>184</u>
Total Assets		<u>18,880</u>	<u>19,452</u>
<b>Current liabilities</b>			
Payables and accrued expenses	14	46	44
Current taxation payable		<u>29</u>	<u>20</u>
		<u>75</u>	<u>64</u>
Net Assets		<u>18,805</u>	<u>19,388</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	15	231	231
Special distributable reserve		21,777	21,777
Capital reserve		(3,448)	(2,904)
Revenue reserve		<u>245</u>	<u>284</u>
Total equity		<u>18,805</u>	<u>19,388</u>
Net asset value per share	17	<u>81 41p</u>	<u>83 93p</u>

The statements were approved by the Directors and authorised for issue on 18 June 2012 and are signed on their behalf by



David Frank  
Chairman  
18 June 2012

Company registration number 6421083

The accompanying notes are an integral part of this statement

**Statement of Changes in Shareholders' Equity**

for the year ended 31 March 2012

	Issued Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
<b>Year ended 31 March 2012</b>					
Opening balance	231	21,777	(2,904)	284	19,388
Dividend paid	-	-	-	(351)	(351)
Transactions with owners	-	-	-	(351)	(351)
(Loss)/profit for the period	-	-	(544)	312	(232)
Total comprehensive (loss)/income for the period	-	-	(544)	312	(232)
Balance at 31 March 2012	231	21,777	(3,448)	245	18,805
Capital reserve consists of					
Investment holding (losses)			(3,229)		
Other realised losses			(219)		
			<u>(3,448)</u>		
<b>Year ended 31 March 2011</b>					
Opening balance	231	21,777	(2,315)	279	19,972
Dividend paid	-	-	-	(277)	(277)
Transactions with owners	-	-	-	(277)	(277)
(Loss)/profit for the period	-	-	(589)	282	(307)
Total comprehensive (loss)/income for the period	-	-	(589)	282	(307)
Balance at 31 March 2011	231	21,777	(2,904)	284	19,388
Capital reserve consists of					
Investment holding (losses)			(2,266)		
Other realised losses			(638)		
			<u>(2,904)</u>		

The capital reserve represents realised and unrealised gains/(losses) on investments and the proportion of Investment Management fees charged against capital. The special distributable reserve was created on court cancellation of the share premium account. The revenue and special distributable reserve are distributable by way of dividend.

The accompanying notes are an integral part of this statement.

**Statement of Cash Flows**  
for the year ended 31 March 2012

	31 March 2012	31 March 2011
	£'000	£'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(203)	(292)
(Gain)/loss arising on the disposal of investments in the year	(616)	5
Loss arising on the revaluation of investments at the year end	962	384
Cashflow generated by operations	143	97
Decrease/(increase) in receivables	32	(1)
Increase/(decrease) in payables	2	(320)
Taxation paid	(20)	(20)
Net cash flows from operating activities	157	(244)
<b>Cash flow from investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(2,561)	(7,223)
Proceeds of sale of financial assets at fair value through profit or loss	2,798	6,304
Net cash flows from investing activities	237	(919)
<b>Cash flows from financing activities</b>		
Dividends paid	(351)	(277)
Net cash flows from financing activities	(351)	(277)
Net Increase/(decrease) in cash and cash equivalents	43	(1,440)
<b>Reconciliation of net cash flow to movements in cash and cash equivalents</b>		
Opening cash and cash equivalents	131	1,571
Net Increase/(decrease) in cash and cash equivalents	43	(1,440)
Closing cash and cash equivalents	174	131

The accompanying notes are an integral part of this statement

## ***Notes to the Financial Statements***

### **1. Corporate Information**

The Financial Statements of the Company for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Directors on 18 June 2012

The Company was admitted for listing on the London Stock Exchange on 6 February 2008

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

The Company's Financial Statements are presented in Pounds Sterling (£) which is also the functional currency of the Company

The principal activity of the Company is investment. The Company's investment strategy is to offer combined exposure to a leveraged version of GAM Diversity and venture capital investments focused on companies with contractual revenues from financially secure counterparties

### **2. Basis of Preparation and Accounting Policies**

#### ***Basis of Preparation***

After making the necessary enquiries, the Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The Directors therefore believe that it is appropriate to continue to apply the going concern basis in preparing the Financial Statements. There are no borrowings or banking facilities in place nor are they anticipated to be required going forward.

The Financial Statements of the Company for the year ended 31 March 2012 have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (IFRS) adopted for use in the European Union and comply with the Statement of Recommended Practice ("SORP"), "Financial Statements of Investment Companies and Venture Capital Trusts" issued by the Association of Investment Companies ("AIC") in January 2009, in so far as this does not conflict with IFRS.

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

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to

- the valuation of unlisted financial investments held at fair value through profit or loss, which are valued on the basis noted below (in the section headed Non-current asset investments)
- the recognition or otherwise of accrued income on loan notes and similar instruments granted to investee companies, which are assessed in conjunction with the overall valuation of unlisted financial investments as noted above,

The appropriateness of the allocation of management expenses between revenue and capital, which is based on the split of the long-term anticipated return between revenue and capital of net income, will impact on the value of distributable reserves.

## ***Notes to the Financial Statements (continued)***

### **2. Basis of Preparation and Accounting Policies (continued)**

#### ***Basis of Preparation (continued)***

The key judgements made by Directors are in the valuation of non-current assets. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period or in the period of revision and future periods if the revision affects both current and future periods. The carrying value of investments is disclosed in note 10.

Another key judgement made by the Board is that the Company owns 50% of the issued share capital of Lorngreen Ltd but does not have control over the company as it does not have influence over the Board. Therefore the Company does not consolidate the results of Lorngreen Ltd.

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

These accounting policies have been applied consistently for the purposes of preparation of these Financial Statements.

#### ***Standards Issued but not yet Effective***

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2012, and have not been applied in preparing these Financial Statements:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)

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

#### ***Presentation of the Statement of Comprehensive Income***

In order better to reflect the activities of a Venture Capital Trust, and in accordance with the guidance issued by the Association of Investment Companies, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Prior to 6 April 2012 in accordance with the Company's status as a UK Investment Company under S833 of the Companies Act 2006, net capital returns could not be distributed by way of dividend. This restriction has been removed which means that distributions can now be made from capital returns.

#### ***Capital Management***

Capital management is monitored and controlled in accordance with the internal control procedures referred to on page 22. The capital being managed includes equity and fixed interest VCT qualifying investments, hedge fund exposure, cash balances and liquid resources including debtors and creditors.

The Company's objectives when managing capital are:

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

## ***Notes to the Financial Statements (continued)***

### **2. Basis of Preparation and Accounting Policies (continued)**

The Company has no external debt, consequently all capital is represented by the value of share capital, distributable and other reserves. Total Shareholder equity at 31 March 2012 was £18.8million (2011 £19.4million)

#### ***Non-current Asset Investments***

The Company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis in accordance with a documented investment strategy detailed on page 12, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly upon initial recognition the investments and loan notes are designated as "at fair value through profit or loss" ("FVTPL") and included initially at fair value which is taken to be their cost (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income and allocated to "capital" at the time of acquisition). Subsequently investments are valued at "fair value" which is measured as follows:

- Unlisted investments are fair valued by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines and IAS 39. Fair value is established by using measurements of value such as price of recent transactions, earnings multiples and net assets.
- Listed investments are fair valued at bid price on the relevant date.

Where securities are designated upon initial recognition as at fair value through profit or loss, gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income for the period as a capital item in accordance with the AIC SORP. The profit or loss on disposal is calculated net of transaction costs of disposal.

Money market funds are designated as non-current asset investments at fair value through profit or loss due to the Company's investment policy of holding a combination of VCT qualifying holdings and monetary assets. Money market funds are valued based on the bid price quoted on the balance sheet date.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

The 50% shareholding in Lorngreen has not been accounted for as a subsidiary as TP70 2008(I) VCT plc does not have control over the company. In accordance with the exception within IAS 28, "Investments in Associates", those undertakings in which the Company holds more than 20% of the equity are not regarded as associated undertakings. Therefore these investments are measured at fair value in accordance with IAS 39, "Financial Instruments, Recognition and Measurement".

Derivatives, comprising income swaps, are classified at fair value through profit or loss. Whether gains or losses on derivative transactions fall to be treated as capital or revenue will depend on the nature of the transaction. Both the underlying motives of the transaction and its circumstances are considered to be important in determining whether changes in its value are of a capital or revenue nature. In some circumstances gains or losses may have to be apportioned between capital and revenue to reflect the nature of the transaction.

#### ***Income***

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

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

## ***Notes to the Financial Statements (continued)***

### **2. Basis of Preparation and Accounting Policies (continued)**

#### *Expenses*

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

#### *Taxation*

Corporation Tax payable is applied to profits chargeable to Corporation Tax, if any, at the current rate in accordance with IAS 12 "Income Taxes". The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended by the SORP.

In accordance with IAS 12, deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The Directors have considered the requirements of IAS 12 and do not believe that any provision should be made.

#### *Financial Instruments*

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

#### *Provisions*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

#### *Issued Share Capital*

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

#### *Cash and Cash Equivalents*

Cash and cash equivalents represent cash available at less than 3 months' notice and are classified as loans and receivables under IAS 39, "Financial Instruments: Recognition and Measurement".

#### *Receivables*

Receivables are classified as loans and receivables under IAS 39 and are recognised at fair value on initial recognition and subsequently at amortised cost. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

**Notes to the Financial Statements (continued)****2. Basis of preparation and accounting policies (continued)***Trade and Other Payables*

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

*Reserves*

The capital reserve represents realised and unrealised gains/(losses) on investments and the proportion of Investment Management fees charged against capital. The special distributable reserve was created on court cancellation of the share premium account. The revenue and special distributable reserve are distributable by way of dividend.

**3. Segmental Reporting**

The Company only has one class of business, being investment activity. All revenues and assets are generated and held in the UK.

**4. Investment Income**

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Loan stock interest	580	-	580	528	-	528
Interest receivable on money market funds	1	-	1	19	-	19
<b>Total</b>	<b>581</b>	<b>-</b>	<b>581</b>	<b>547</b>	<b>-</b>	<b>547</b>

**5. Investment Management Fees**

TPIM provides investment management and administration services to the Company under an Investment Management Agreement effective 6 February 2008 which runs until 6 February 2013 and may be terminated at any time thereafter by not less than twelve months' notice given by either party and which provides for an administration and investment management fee of 1.75% per annum of net assets payable quarterly in arrears. Should such notice be given the Investment Manager would continue to perform its duties under the investment management agreement and to receive its management fee during the notice period.

**6. Legal and Professional Fees**

Legal and professional fees include the following remuneration paid to the Company's auditor, Grant Thornton UK LLP.

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees payable to the Company's auditor						
• for the audit of the Company accounts	18	-	18	19	-	19
• Other services related to taxation	3	-	3	4	-	4
<b>Total</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>23</b>	<b>-</b>	<b>23</b>

## Notes to the Financial Statements (continued)

### 7. Directors' Remuneration

The only remuneration received by the Directors was their Directors' fees. The Company has no employees other than the Non-Executive Directors. The average number of non-executive Directors in the year was 3. The Directors are considered to be the Company's key management personnel. Full disclosure of key management personnel's remuneration is included in the Directors' Remuneration Report.

	Year ended 31 March 2012			Year ended 31 March 2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
David Frank	15	-	15	6	-	6
Simon Acland	12	-	12	13	-	13
Philip Marsden	11	-	11	-	-	-
Michael Sherry (Chairman)	-	-	-	6	-	6
Ian McLennan	2	-	2	14	-	14
<b>Total</b>	<b>40</b>	<b>-</b>	<b>40</b>	<b>39</b>	<b>-</b>	<b>39</b>

### 8. Taxation

	Year ended 29 February 2012			Year ended 28 February 2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) on ordinary activities before tax	391	(594)	(203)	351	(643)	(292)
Corporation tax @ 20% (2011 21%)	78	(119)	(41)	74	(135)	(61)
Effect of						
Non taxable (gains) / losses	-	69	69	-	81	81
Prior year adjustment	1	-	1	(5)	-	(5)
<b>Tax charge/(credit) for the period</b>	<b>79</b>	<b>(50)</b>	<b>29</b>	<b>69</b>	<b>(54)</b>	<b>15</b>

Capital gains and losses are exempt from Corporation Tax due to the Company's status as a Venture Capital Trust.

### 9. Loss per Share

The loss per share is based on the loss after tax of £232,000 (2011 loss £307,000) and on the weighted average number of shares in issue during the period of 23,099,898 (2011 23,099,898).

No new shares were issued during the year and so the weighted average shares in issue during the year is equal to the number of shares in issue at both 31 March 2012 and 31 March 2011.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted return per share figures are included in these Financial Statements.

## ***Notes to the Financial Statements (continued)***

### **10. Financial Assets at Fair Value through Profit or Loss**

#### *Investments*

##### Fair Value Hierarchy

Level 1 quoted prices on active markets for identical assets or liabilities. The fair value of financial instruments traded on active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2 the fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 the fair value of financial instruments that are not traded on an active market (for example, investments in unquoted companies) is determined by using valuation techniques. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period and the movement in Level 3 instruments is disaggregated below. The change in fair value is recognised through the Statement of Comprehensive Income.

Further details of these investments are provided in the Investment Manager's Review and Investment Portfolio.

All items held at fair value through profit or loss were designated as such upon initial recognition.

Level 3 valuations include assumptions based on non-observable data, such as discounts applied either to reflect revaluation of the financial assets of the investee company, the price of recent investments, or valuations of investments based on their net asset values.

**Notes to the Financial Statements (continued)****10. Financial Assets at Fair Value through Profit or Loss (continued)**

Movements in investments held at fair value through profit or loss during the year to 31 March 2012 and included in profit or loss were as follows

<b>Year ended 31 March 2012</b>	<b>Level 1 Money Market Funds £'000</b>	<b>Level 2 Derivative Transaction £'000</b>	<b>Level 3 Unquoted Investments £'000</b>	<b>Total Investments £'000</b>
Opening cost	461	3,292	17,781	21,534
Opening investment holding losses	-	(1,117)	(1,149)	(2,266)
<b>Opening fair value at 1 April 2011</b>	<b>461</b>	<b>2,175</b>	<b>16,632</b>	<b>19,268</b>
Purchases at cost	-	-	2,561	2,561
Disposal proceeds	(461)	-	(2,337)	(2,798)
Realised gains	-	-	616	616
Investment holding losses	-	(122)	(840)	(962)
<b>Closing fair value at 31 March 2012</b>	<b>-</b>	<b>2,053</b>	<b>16,632</b>	<b>18,685</b>
Closing cost	-	3,292	18,622	21,914
Closing investment holding losses	-	(1,239)	(1,990)	(3,229)

<b>Year ended 31 March 2011</b>	<b>Level 1 Money Market Funds £'000</b>	<b>Level 2 Derivative Transaction £'000</b>	<b>Level 3 Unquoted Investments £'000</b>	<b>Total Investments £'000</b>
Opening cost	3,910	3,292	13,419	20,621
Opening investment holding losses	-	(931)	(952)	(1,883)
<b>Opening fair value at 1 April 2010</b>	<b>3,910</b>	<b>2,361</b>	<b>12,467</b>	<b>18,738</b>
Purchases at cost	1,220	-	6,003	7,223
Disposal proceeds	(4,669)	-	(1,635)	(6,304)
Realised losses	-	-	(5)	(5)
Investment holding losses	-	(186)	(198)	(384)
<b>Closing fair value at 31 March 2011</b>	<b>461</b>	<b>2,175</b>	<b>16,632</b>	<b>19,268</b>
Closing cost	461	3,292	17,781	21,534
Closing investment holding losses	-	(1,117)	(1,149)	(2,266)

Included in the above is an investment of £2,053,527 (2011 £2,175,243) in the derivative transaction with Bank Julius Baer described in note 11

Further details of these investments are provided in the Investment Portfolio Review

## Notes to the Financial Statements (continued)

### 10. Financial Assets at Fair Value through Profit or Loss (continued)

All investments are designated as fair value through profit or loss at the time of acquisition and all capital gains or losses arising on investments are so designated. Given the nature of the Company's venture capital investments, the changes in fair values of such investments recognised in these Financial Statements are not considered to be readily convertible to cash in full at the balance sheet date and accordingly any gains or losses on these items are treated as unrealised.

The initial best estimate of fair value for the investments made during the year is the transaction price which is cost. The Investment Manager has considered the impact of the reasonably possible movement in key inputs on the fair value of its investments in Cinema Digitisation, based on another Company managed by them realising their investment in the same companies. The impact on the value was not material and therefore no adjustment has been made. The Company has an investment in Broadword Satellite Communications Ltd, a company that provides satellite capacity. During the year the Company received realisations against its investment but it will not receive any further funds. Therefore a full provision for £177,000 has been made against the holding value of the remaining investment.

Money market funds are offshore funds which invest in money markets and distribute all net income. The value of the investments remains constantly at par and they are realisable on demand.

### 11. Derivative Transaction

The Company has made a payment of £3,292,500 to Bank Julius Baer and in return will receive back an equivalent sum plus or minus the performance in the intervening time of GAM Diversity GBP 2 5XL. The transaction will run for a maximum of five years but may be terminated by the Company on three months' notice before the period expires. The loss on this investment in the period is deemed to be a capital item and is therefore included in the capital column of the income statement.

The value shown for the derivative transaction represents the amount payable to the Company if the derivative transaction were closed on the balance sheet date.

### 12. Receivables

	31 March 2012	31 March 2011
	£'000	£'000
Receivables	7	51
Prepayments and accrued income	14	2
Total	<u>21</u>	<u>53</u>

### 13. Cash and Cash Equivalents

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

### 14. Payables

	31 March 2012	31 March 2011
	£'000	£'000
Payables	23	26
Accrued expenses	23	18
Total	<u>46</u>	<u>44</u>

**Notes to the Financial Statements (continued)****15. Share Capital**

	31 March 2012	31 March 2011
Ordinary Shares of 1p		
Authorised		
No Of Shares	50,000,000	50,000,000
Par Value £'000	500	500
Issued & Fully Paid		
No Of Shares	23,099,898	23,099,898
Par Value £'000	231	231

**16. Financial Instruments and Risk Management**

The Company's financial instruments comprise VCT qualifying investments, exposure to a hedge fund, money market instruments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy detailed in the Directors' Report on page 12.

The following table discloses the financial assets and liabilities of the Company in the categories defined by IAS 39, "Financial Instruments, Recognition & Measurement."

	Total value	Held for Trading	Loan and receivables	Financial liabilities held at amortised cost	Designated at Fair value through profit or loss
<b>2012</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	16,632	-	-	-	16,632
Derivative	2,053	2,053	-	-	-
Receivables	7	-	7	-	-
Cash and cash equivalents	174	-	174	-	-
	<u>18,866</u>	<u>2,053</u>	<u>181</u>	<u>-</u>	<u>16,632</u>
<b>Liabilities.</b>					
Other payables	23	-	-	23	-
Taxation payable	29	-	-	29	-
Accrued expenses	23	-	-	23	-
	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>
<b>2011</b>					
<b>Assets.</b>					
Financial assets at fair value through profit or loss	16,632	-	-	-	16,632
Derivative	2,175	2,175	-	-	-
Money market funds	461	-	-	-	461
Receivables	51	-	51	-	-
Cash and cash equivalents	131	-	131	-	-
	<u>19,450</u>	<u>2,175</u>	<u>182</u>	<u>-</u>	<u>17,093</u>
<b>Liabilities</b>					
Other payables	26	-	-	26	-
Taxation payable	20	-	-	20	-
Accrued expenses	18	-	-	18	-
	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>

## Notes to the Financial Statements (continued)

### 16. Financial Instruments and Risk Management (continued)

Fixed Asset Investments (see note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets at the year end is equal to their book value.

In carrying out its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The Company's approach to managing its risks is set out below together with a description of the nature of the financial instruments held at the balance sheet date.

#### Market Risk

The Company's VCT qualifying investments are held in small and medium-sized unquoted investments which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a spread of holdings in terms of industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis. Details of the Company's investment portfolio at the balance sheet date are set out on page 9.

An increase of 1% in the value of investments would increase the capital profits for the period and the net asset value at 31 March 2012 by £186,000. A decrease of 1% would reduce the capital profits and net asset value by the same amount. A movement of 1% is used as it is easy to use this as a multiple to demonstrate the impact of varying changes on the capital profits and net asset value of the Company.

The Company has an investment in a leveraged note issued by Bank Julius Baer which, after leverage, delivers exposure to GAM's Diversity fund of hedge funds. This exposure is subject to market fluctuations affecting the underlying hedge fund investments. In turn the effect of such fluctuations is magnified by the leverage in the note. Both the Board and the Investment Manager receive regular written reports and oral briefings from GAM.

The Company through its holding in Lorngreen has a direct holding in GAM Diversity 2 5XL, which carries the equivalent risks.

#### Interest Rate Risk

Some of the Company's financial assets are interest bearing, of which some are at fixed rates and some at variable rates. As a result, the Company is exposed to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Investments made into qualifying holdings are part equity and part loan. The loan element of investments totals £9,682,889 and is subject to a fixed interest rate for five years and therefore other than fair value risk there is not an interest rate risk associated with these loans.

The amounts held in variable rate investments at the balance sheet date are as follows:

	31 March 2012	31 March 2011
	£'000	£'000
Cash on deposit	174	131
Money market funds	-	461
	<u>174</u>	<u>592</u>

An increase in interest rates of 1% would not have a material effect on the revenue profits for the period and the net asset value at 31 March 2012. The Board believes that in the current economic climate a movement of 1% is a reasonable illustration.

## Notes to the Financial Statements (continued)

### 16. Financial Instruments and Risk Management (continued)

#### Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying value of the financial assets represent the maximum credit risk exposure at the balance sheet date.

	31 March 2012	31 March 2011
	£'000	£'000
Qualifying Investments - Loans	9,683	9,366
Cash on deposit	174	131
Money market funds	-	461
Receivables	7	51
GAM Diversity GBP 2 5XL	2,038	2,158
Bank Julius Baer Note	2,053	2,175
	13,955	14,342

The Company's bank accounts are maintained with The Royal Bank of Scotland plc ("RBS"). Should the credit quality or financial position of RBS deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

The Company is exposed to GAM Diversity GBP 2 5XL through its holding in Lorngreen Ltd.

Credit risk relating to listed money market funds is mitigated by the funds themselves investing in a portfolio of investment instruments of high credit quality.

Credit risk arising on unquoted loan stock held within unlisted investments is considered to be part of market risk as disclosed above.

The Company is exposed to the credit risk of the Bank Julius Baer through the leveraged note. Should the credit quality or financial position of the Bank Julius Baer deteriorate significantly the Investment Manager could (subject to notice periods) terminate the note.

#### Liquidity Risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which are illiquid. As a result the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements.

The Company's money market funds were considered to be readily realisable as they were of high credit quality as outlined above.

The GAM exposure may have redemption periods that result in investments being illiquid and not readily realisable, and which could result in the premature realisation of other investments of such GAM fund in order for the Company to meet its liquidity requirement.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored by the Board on a quarterly basis.

The Board maintains a capital management policy in which sufficient investments in cash and readily realisable money market funds will be available to pay expenses. At 31 March 2012 these amounted to £174,000 (31 March 2011 £592,000).

## ***Notes to the Financial Statements (continued)***

### **17. Net Asset Value per Share**

The calculation of net asset value per share is based on Net Assets of £18,805,000 (2011 £19,388,000) divided by the 23,099,898 (2011 23,099,898) Ordinary Shares in issue

### **18. Related Party Transactions**

Ian McLennan is a member of TPIM. During the year TPIM provided investment management and administration services to the Company amounting to £331,000 (2011 £339,000). £3,000 was due to TPIM at 31 March 2012 (2011 £10,000).

### **19. Contingent Liabilities**

The Company has no outstanding contingent liabilities at 31 March 2012 or 31 March 2011.

### **20. Capital Commitments**

The Company has no outstanding commitments other than the additional VCT qualifying investments detailed in the Investment Manager's Review on page 6.

### **21. Post Balance Sheet Events**

The additional VCT qualifying investments detailed in the Investment Manager's Review on page 6 are the only post balance sheet events.

### **22. Dividends**

During the year a dividend of 1.52p per share was paid on 23,099,898 shares, which totalled £351,000.

The Board has resolved to pay a dividend to shareholders of £312,000 or 1.35p per share on 19 October 2012 to shareholders on the register on 12 October 2012.

## **Notice of Annual General Meeting**

NOTICE is hereby given that the 2012 Annual General Meeting of TP70 2008(I) VCT plc will be held at 4-5 Grosvenor Place, London SW1X 7HJ at 11 30am on 19 September 2012 for the following purposes

### *Ordinary Business*

1 To receive, consider and adopt the Report of the Directors and Financial Statements for the year ended 31 March 2012 (**Ordinary Resolution**)

2 To approve the Directors' Remuneration Report for the year ended 31 March 2012 (**Ordinary Resolution**)

3 To re-appoint Simon Acland as a Director of the Company

4 To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration (**Ordinary Resolution**)

5 That the Company be and is hereby authorised in accordance with S701 of the Companies Act 2006 (the "Act") to make one or more market purchases (as defined in S693(4) of the Act) of ordinary shares of 1 pence each in the Company provided that

(i) the maximum aggregate number of ordinary shares authorised to be purchased is an amount equal to 10 per cent of the issued capital as at the date hereof,

(ii) the minimum price which may be paid for an ordinary share is 1 pence, and

(iii) the maximum price, exclusive of expenses, that may be paid for an ordinary share shall not be more than 105% of the average of the middle market prices for the ordinary shares as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which the ordinary share is purchased

This authority shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months following the date of the passing of this Resolution, whichever is the first to occur (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired (**Special Resolution**)

6 That subject to and in accordance with the provisions of the Companies Act 2006, the Company be permitted to send, convey, and/or supply, all types of notices, documents or information to the members by means of electronic equipment for the processing (including, without limitation, by means of digital compression), storage and transmission of data, using wires, radio, optical technologies, or any other electronic means, including, without limitation, by making such notices, documents or information available on a website (**Ordinary Resolution**)

By Order of the Board

Peter Hargreaves  
Company Secretary  
Registered Office  
4-5 Grosvenor Place  
London, SW1X 7HJ

June 2012

## **Notice of Annual General Meeting**

### Notes

- (i) A member entitled to vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company.
- (ii) A form of proxy is enclosed. To be effective, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority) must be completed and deposited at or posted to the office of the registrars of the Company, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, so as to be received not less than 48 hours before the time fixed for the Meeting. Completion and return of the form of proxy will not preclude a member from attending or voting at the Meeting in person if he or she so wishes.
- (iii) Members who hold their shares in uncertificated form must be entered in the Company's register of Members 48 hours before the Meeting to be entitled to attend or vote at the Meeting. Such shareholders may only cast votes in respect of Ordinary Shares held by them at such time.
- (iv) Copies of the service contracts of each of the Directors, and the register of Directors' interests in shares of the Company under S809 of the Companies Act 2006, will be available for inspection at the registered office of the Company during usual business hours on any week day (Saturdays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

## Form of Proxy

Relating to the 2012 Annual General Meeting of TP70 2008(I) VCT plc

I/We

BLOCK CAPITALS PLEASE – Name in which shares registered

of

hereby appoint

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11 30am on 19 September 2012, notice of which was sent to shareholders with the Directors' Report and the Financial Statements for the year ended 31 March 2012, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting

Resolution number	For	Against	Withheld
1 To receive, consider and adopt the Report of the Directors and Financial Statements for the year ended 31 March 2012			
2 To approve the Directors' Remuneration Report for the year ended 31 March 2012			
3 To re-elect Simon Acland as a Director			
4 To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration			
5 To authorise the Directors to make market purchases of the Company's own shares (special resolution)			
6 To authorise the provision of information to shareholders by electronic means (Ordinary Resolution)			

Signed

Dated

2012

### Notes

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



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BUSINESS REPLY SERVICE  
Licence No

**Neville Registrars Limited**  
**Registrars for TP70 2008(I) VCT**  
**plc**  
**Neville House**  
**18 Laurel Lane**  
**Halesowen**  
**West Midlands B63 3DA**

First Fold

Second