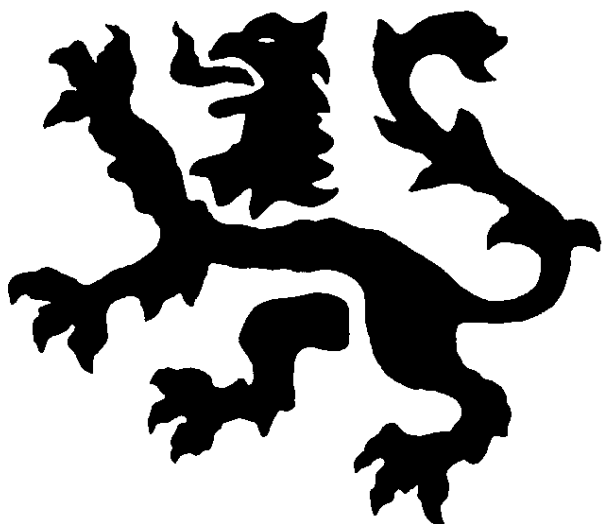




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VALUE AND INCOME TRUST PLC
ANNUAL REPORT 2011

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FINANCIAL CALENDAR

7 January 2011	Interim Ordinary dividend per share of 3.8p paid for year ended 31 March 2011
24 May 2011	Announcement of preliminary statement of annual results for year ended 31 March 2011
8 July 2011	Annual General Meeting, London (12.30pm)
15 July 2011	Proposed Final Ordinary dividend per share of 4.0p payable for year ended 31 March 2011
November 2011	Announcement of Half-Yearly Financial Report for six months ended 30 September 2011
January 2012	Interim Ordinary dividend payable for year to 31 March 2012

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Value and Income Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

CORPORATE SUMMARY

AIMS OF THE COMPANY

Value and Income Trust ('VIT') is an investment trust whose shares are listed on the London Stock Exchange. VIT invests in higher-yielding, less fashionable areas of the UK commercial property and quoted equity markets, particularly in medium and smaller sized companies. VIT aims for long term real growth in dividends and capital value without undue risk.

INVESTMENT POLICY

VIT's policy is to invest in quoted UK equities, UK commercial property and cash or near cash securities. It is VIT's policy not normally to invest in overseas shares or in unquoted companies. UK equities usually account for between half and three-quarters of the total portfolio and property for a quarter to a half but the asset allocation may go outside these ranges if relative market levels and investment value, or a desired increase in cash or near cash securities, make it appropriate.

VIT focuses on the fundamental values and incomes of the businesses in which it invests – their profitability, cashflows, balance sheets, management and products or services – and the location, tenants and leases of its property investments. The share portfolio has always yielded more than the FTSE All-Share Index. VIT has held between 30 and 40 individual shareholdings and between 20 and 30 individual properties in recent years, but both these ranges may change as market conditions or the size of each portfolio vary in future. No individual shareholding will account for more than 10% of the equity portfolio at the time of purchase.

VIT has had a long standing policy, since 1986, of increasing its exposure to equities and, particularly, to property through the judicious use of borrowings. All borrowings have been long term debentures to provide secure long term funding, avoiding the risks associated with short term funding of having to sell illiquid assets at a low point in markets if loans have to be repaid. Gearing has varied between a quarter and two-fifths of the total portfolio. VIT will not raise new borrowings if total net borrowings would then represent more than half of the total assets.

THE YEAR

- Net Asset Value total return (with debt at market value) of 10.9% over one year and 18.5% over three years.
- FTSE All-Share Index total return of 8.7% over one year and 17.0% over three years, (Source: Morningstar).
- Share price total return of 14.0% over one year and 28.6% over three years.
- Dividends for year up 2.6% – increased for the 24th consecutive year.

LONG TERM RECORD

FINANCIAL RECORD

	30 Sept 1986*	31 Mar 1987	31 Mar 2000	31 Mar 2001	31 Mar 2002	31 Mar 2003	31 Mar 2004	31 Mar 2005	31 Mar 2006	31 Mar 2007	31 Mar 2008	31 Mar 2009	31 Mar 2010	31 Mar 2011
NAV (valuing debt at par) (p)	44.0	55.1	173.3	177.4	185.3	138.8	170.9	213.9	260.6	299.0	251.0	165.6	231.8	249.1
NAV (valuing debt at market) (p)	N/A	N/A	140.3	150.9	166.3	118.8	151.9	189.0	226.9	271.1	222.7	129.6	218.3	233.7
Ordinary share price (p)	42.0	52.0	131.0	136.5	152.5	114.0	143.3	181.0	227.0	253.0	166.0	88.5	169.0	186.0
Discount of share price to NAV (valuing debt at market) (%)	–	–	6.6	9.5	8.3	4.0	5.7	4.2	0.0	6.7	25.5	31.7	22.5	20.4
Dividend per share (p)	N/A	1.3	5.2	5.4	5.6	5.8	6.0	6.2	6.4	6.7	7.4	7.5	7.6	7.8
Total assets less current liabilities (£m)	17.4	24.8	114.6	116.4	120.0	98.8	113.4	133.0	156.8	174.8	151.8	111.5	141.8	149.4

* Date from which the current investment managers were appointed.

The figures for net asset values for 2005 and thereafter reflect the restatement of the financial statements under International Financial Reporting Standards including the effect of a deduction for a potential deferred tax liability relating to the Group's investment properties.

COMPOUND ANNUAL GROWTH RATES (%)

To 31 March 2011	Net Asset Value*	FTSE All-Share Index*	Dividend	Retail Prices Index
1 Year	7.6	5.4	2.6	5.3
3 Years	(0.3)	1.6	1.8	3.1
5 Years	(0.9)	0.1	4.0	3.6
10 Years	3.5	1.2	3.7	3.0
20 Years	6.0	4.8	5.4	2.9

* Figures are Capital Return; Net Asset Value calculated with debt valued at par.
(Source: Aberdeen Asset Management PLC, Morningstar & Factset)

GROWTH IN NET ASSET VALUE*

CHAIRMAN'S STATEMENT

Value and Income Trust had a good year.

Over the 12 months to 31st March 2011 the net asset value total return per share (that is taking the growth in net asset value and dividend together) rose by 10.9% with debt valued at market, and by 12.6% with debt valued at par. The share price total return was 14.0% while the FTSE All-Share Index total return was 8.7% over the same period. This performance was sufficiently good for OLIM to earn a performance fee. As I have noted before, the formula for the fee, which is based on VIT's share price total return over 3 years, provides a testing target.

The proposed final dividend of 4.0p would make total dividends for the year of 7.8p, an increase of 2.6%. This would be payable on 15 July 2011 to shareholders on the register on 17 June 2011. The ex dividend date will be 15 June 2011. The table on page 15 shows the position of the revenue reserve after the payment of the proposed dividend.

Our two debentures have covenants attached to them. Information about these is included in note 12 to the Financial Statements; there is plenty of headroom in terms of both capital and income.

You will see from the Investment Managers' Report that we are fully invested in both equities and property. This reflects optimism about the prospects for dividend growth from our portfolio and also the attractive yield provided by the properties, with one-third of the rental income now being index-linked.

I hope that we shall see as many shareholders as possible at the Annual General Meeting on Friday 8th July 2011, which is to be held in London this year. There will be a brief presentation on the investment outlook.

James Ferguson

2 June 2011

DIRECTORS AND ADVISERS

Investment Managers

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www.olim.co.uk

Secretaries and Registered Office

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40 Princes Street
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Tel: 0131 528 4000
Registered in Scotland - SC 50366

Registrars

Computershare Investor
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The Pavilions
Bridgwater Road
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Tel: 0870 703 0168
www-uk.computershare.com/
investor

Independent Auditor

Chiene + Tait
Chartered Accountants and
Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

Property Managers

Workman & Partners
Alliance House
12 Caxton Street
London SW1H 0QS

James Ferguson

*Chairman – non-executive**

James Ferguson was appointed a non-executive director in 1986 and chairman in 1994. He joined Stewart Ivory in 1970, became chairman in 1989 and retired in 2000. He is chairman of Scottish Oriental Smaller Companies Trust, Edinburgh US Tracker Trust, Northern 3 VCT and The Monks Investment Trust. He is a director of The Independent Investment Trust. He is a former deputy chairman of the Association of Investment Companies.

David Back

*Non-executive Director**

David Back has worked within the investment sector since 1960 with a leading London based stockbroker and retired from SBC Warburg in 1998. He was appointed a non-executive director in 2000.

John Kay

*Non-executive Director**

John Kay is an economist specialising in the application of economics to business issues. He has been chairman of London Economics, has held chairs at the London Business School and Oxford University and is currently a visiting Professor of Economics at the London School of Economics. He is a director of The Law Debenture Corporation p.l.c. and Scottish Mortgage Investment Trust PLC. He was appointed a non-executive director in 1994.

Angela Lascelles

Joint Investment Manager

Angela Lascelles has been professionally engaged in investment business since graduating in philosophy from London University. She spent four years in stockbroking before becoming a fund manager, first of an investment trust, then at the Associated British Foods Pension Fund and at Courtaulds Pension Fund from 1979 until 1986. She has been an executive director of OLIM since 1986. She was appointed as an executive director on 6 March 2008.

Matthew Oakeshott

Joint Investment Manager

Matthew Oakeshott, after studying economics at Oxford University and a period as special adviser to Mr Roy Jenkins as Home Secretary, joined S.G. Warburg & Co in 1976 and became a director of Warburg Investment Management in 1978. He was Investment Manager of Courtaulds Pension Fund from 1981 to 1985. He has been an executive director of OLIM since 1986. He is a Life Peer. He was appointed an executive director on 1 April 2007.

David Smith

*Non-executive Director**

David Smith retired from the legal firm Shepherd and Wedderburn LLP in 2008 where he was a partner for 34 years, specialising in commercial property. He was appointed a non-executive director on 10 July 2009.

*Member of the Audit and Management Engagement Committee.
All Directors are members of the Nomination Committee.

INVESTMENT MANAGERS' REPORT

EQUITY PORTFOLIO

MARKET BACKGROUND

The FTSE All Share Index rose by 5.4% in the year to end March 2011, recording a rise of 54.6% in the two years since the end of March 2009, which marked the low point of the Index during the depths of the economic recession.

In the early months of the year under review the market fell heavily, amid concerns about sovereign debt in Southern Europe and Ireland, and the problems of BP following the oil spill in the Gulf of Mexico, which caused it to suspend dividends already declared and for the rest of the year. The negotiations surrounding the formation of the Coalition were an additional concern and slowing growth in America and China added to the gloom. There was a strong rebound in the second quarter as the new Government showed its commitment to reducing the fiscal deficit and global growth strengthened. The FTSE All Share Index closed the first half just 1.5% lower than its end March close.

In the second half of VIT's year the Index rose by 7%, with all the gain recorded by end December. Fears of 'double dip' recession around the world were replaced by projections of modest growth in the UK and Continental Europe in 2010 and 2011, with stronger growth in America and in the developing economies. Although there was a surprise setback in UK GDP reported for the last quarter of 2010, the cause was mainly the severe weather experienced in December. In the last quarter of our year, geopolitical events halted any further equity gains with earthquakes in New Zealand and Japan, floods in Australia and elsewhere, and political uprisings in the Arab countries of North Africa and in other parts of the Middle East.

Simon Jaffé, Angela Lascelles and Andrew Impey

Over the year as a whole, high yielding equities again underperformed with a rise of just 2% in the FTSE High Yield Index, but Mid-cap and Small-cap outperformed with rises of 14% and 12% in their respective indices. World equities overall rose by approximately the same percentage as the UK market, adjusted for the rise in sterling against the dollar over the year. Within global markets, the German DAX and the Emerging Markets Indices recorded mid teen gains, but Japan fell by 14% over the year. Despite rising levels of inflation, gilt yields closed the year marginally lower than at the beginning with ten year gilts at 3.7% and long dated stocks yielding 4.3%. In currency markets the pound strengthened by 5% against the dollar but was little changed against the euro. Most commodities strengthened over the year with the price of oil up by 40% and copper up by 20%.

SUMMARY OF PORTFOLIO

	31 March 2011		31 March 2010	
	£m	%	£m	%
UK equities	99.4	66	88.6	63
UK property	49.0	33	48.8	34
Cash	1.2	1	4.4	3
	149.6	100	141.8	100

INVESTMENT MANAGERS' REPORT

PERFORMANCE

Despite the bias towards higher yielding equities, the total return on VIT's equity portfolio in the last year was +13.0%, which compares with the total return on the FTSE All Share Index of +8.7%. Our Mid-cap holdings in the industrial sectors benefitted from global growth with particular strength in Croda (+80%), Spectris (+65%) and Rotork (+24%). Amongst companies operating mainly in the UK economy, BT Group rose by 50% and Restaurant Group rose by 29%. Forth Ports received a takeover approach and rose by 18% over the year. Performance also benefitted from VT Group, our largest holding of a year ago, which was taken over by Babcock in July. These strong performers outweighed weakness in BP, Wincanton and National Grid. The financial sectors, where we are considerably underweight, generally underperformed but Legal & General was the exception with a rise of 30%.

DISTRIBUTION OF SECURITIES

PORTFOLIO

Transactions during the year totalled £25.0m and we made net purchases of £2.16m. We continued to be fully invested throughout the year. Following the takeover of VT Group we received 730,000 Babcock shares and £3.77m in cash. We trimmed the large Babcock holding but it remains a significant holding at 4.3% of the total equity portfolio. We reduced the BP holding by a third and we sold our holdings in De la Rue and HMV, both of which encountered severe problems during the year. Late in our year we sold the holding in Marshalls and in the financial sector we switched Provident Financial into Beazley, the specialist Lloyds insurance underwriter. On the sales side of our transactions we also trimmed the holding in Informa.

In the first half we bought three new holdings. Dairy Crest sells milk and has a strong range of branded products, Halma manufactures a range of electronic sensors and operates in global markets, and Rio Tinto is one of the world's largest mining companies. In the second half we bought two further new holdings. Hansard Global provides and services life assurance products for advisers in overseas markets. John Laing Infrastructure Fund is a newly listed company which holds PFI contracts formerly held by John Laing plc. We increased the holdings in Britvic, Informa, Smiths News, Stobart, Tesco and Unilever during the year. The strategy in stock selection behind the changes to the portfolio has been to overweight the global industrial holdings and in our UK companies we have on the whole avoided those vulnerable to reduced consumer spending. At the end of March 2011 we were holding investments in 38 individual companies with an average net yield of 4.1%

INVESTMENT MANAGERS' REPORT

OUTLOOK

In the UK the Office for Budgetary Responsibility recently downgraded estimates of UK economic growth for 2011 and 2012 to 1.7% and 2.5%. Consumers are clearly under severe pressure now with steep rises in petrol and energy prices, rising food prices, higher VAT and rising unemployment. In Continental Europe the stronger nations in the North are still faced with the debts of the weaker nations in the South and some economists doubt that the euro is sustainable in its current form. The catastrophe in Japan is a short term economic disaster but will entail rebuilding in the future. Interest rates are rising already in several countries, notably China, and our Government may have to curb inflationary pressures by raising interest rates sooner than previously thought.

Despite the gloom and turbulent events so far in 2011, earnings from quoted companies are forecast to rise by 17% this year and dividends by 15%. UK plc is a global universe and well over half of earnings arise in overseas markets. Manufacturing statistics continue on a firm trend although the outlook for commodity prices may be more mixed given the general tightening of monetary policy. BP has resumed dividend payments, and these account for 6 percentage points of the projected rise in market income in 2011.

We believe that equities provide the safest home for investors during periods of rising inflation and note that gilt yields are now negative in real terms, with the latest statistics for inflation showing the CPI rising at 4.4% and the RPI at 5.5%. In comparison UK equities historically yield on average 2.9% and our portfolio yields 4.1%. The price earnings ratio on 2011 forecasts is 10 times which compares with the long term average of 14 times. We intend to remain fully invested in the current climate but we continue with a defensive theme to our stock selection of companies operating in the UK economy.

2 June 2011

INVESTMENT MANAGERS' REPORT

List of Equity Holdings as at 31 March 2011

Holding	Description	Market Value (£)
400,000 Rotork	The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries.	6,984,000
258,000 Royal Dutch Shell	A global group of energy and petrochemicals companies.	5,830,800
2,565,000 Vodafone	The leading mobile telecommunications company.	4,527,225
1,500,000 Restaurant Group	The company owns chains of restaurants in airports and leisure parks.	4,500,000
660,000 HSBC	The banking group.	4,230,600
679,242 Babcock International	An engineering support services group; the main customer is the Ministry of Defence.	4,218,093
325,000 GlaxoSmithKline	The UK's largest pharmaceutical company.	3,865,875
643,800 National Grid	One of the world's largest utilities, focused on energy transmission.	3,824,172
275,000 Spectris Group	Leading supplier of instrumentation and controls.	3,748,250
2,000,000 BT Group	The fixed-line telecommunications company.	3,712,000
184,000 Unilever	The global food, home and personal care company.	3,496,000
3,000,000 Legal & General Group	One of the UK's leading financial services companies, specialising in life assurance and pensions.	3,456,000
800,000 SThree	A staffing company, both permanent and contract.	3,274,400
931,500 Centrica	The integrated gas and electricity company.	3,030,170
61,700 Rio Tinto	One of the world's largest mining companies.	2,701,843
556,000 BP	One of the world's largest energy companies, providing fuel, retail services and petrochemicals.	2,524,240
2,530,000 Marstons	The regional brewer and pub company.	2,403,500
685,000 Halma	Operating in 22 countries, the company makes products to protect buildings and the environment.	2,400,925
391,772 United Utilities	The UK's largest listed water company.	2,317,331
855,000 N Brown Group	An on-line and catalogue retailer.	2,169,135
775,000 Interserve	The company designs, constructs and maintains buildings for the public and private sectors in the UK and Middle East.	2,133,188
126,300 Croda International	A world leader in natural based speciality chemicals which are sold to virtually every type of industry.	2,119,314
1,650,000 Beazley	A specialist international insurance company, primarily operating in Lloyds.	2,032,800
150,000 Go-Ahead Group	Operator of trains and buses.	2,010,000
510,000 Tesco	Food retailing and financial services.	1,943,100
350,000 Reed Elsevier	A publishing company specialising in professional journals, information and exhibitions.	1,890,000
114,000 Forth Ports	Operates eight ports in Dundee, the Forth Estuary and Tilbury. It also has a property development business in Edinburgh.	1,863,900
440,000 Informa	Provider of specialist information to the academic, scientific, professional and commercial communities through multiple distribution channels.	1,833,480
375,000 Britvic	Manufacturer and distributor of soft drinks in the UK and Ireland.	1,483,125
370,000 Amlin	A specialist insurance and reinsurance underwriting group.	1,412,290
380,000 Dairy Crest	Producer of milk and branded dairy products.	1,365,340
50,000 BHP Billiton	The world's largest mining company.	1,230,000
850,000 John Laing Infrastructure Fund	A closed-end investment company investing in mature infrastructure projects.	898,875
600,000 Stobart Group	Provider of multi-modal transport solutions.	871,800
725,000 Wincanton	A leading European supply chain management company.	842,813
500,000 Hansard Global	Provides, supports and services life assurance products for financial institutions and independent financial intermediaries globally.	775,000
200,000 Carillion	Support services in building contracts for the UK and Middle East.	760,000
892,000 Smiths News	Wholesalers of newspapers, books and magazines.	751,510
		99,431,094

INVESTMENT MANAGERS' REPORT

VIT PROPERTY PORTFOLIO

THE MARKET

UK commercial property showed a total return of 15.2% over calendar year 2010, with capital values up 8.5% and rental values slightly down, on the Investment Property Databank (IPD) Annual Index. Property's return was in line with UK equities and comfortably ahead of UK gilts. Central London offices recovered very strongly, returning +25% after -15% in 2009. Rental values were down 1% on average on retail and industrial property and up 2% on offices (this was simply because of Central London; office rental values fell 2% in the rest of the UK). Capital gains in all sectors were concentrated in the first half of the year and capital values are now only inching forward.

From the depths of the property crash in July 2009, capital values have recovered by 17%, and they are now 35% below their June 2007 peak. All three main property sectors have moved broadly together over this period, but with marked outperformance within each sector by large properties let to strong tenants on long leases. Banks are only lending on safe property and at relatively low loan to value ratios, and institutional demand has been patchy, and tending to chase a small range of large trophy or bond-type assets.

Tenant demand for space is patchy and cautious, with tenants slow to take on new property and often demanding long rent-free periods and break clauses to renew existing leases when they expire. Many retailers are particularly nervous after poor trading since February, but supermarkets are still keen on more space, especially in town. Government departments and other public bodies are vacating space whenever they can. Average void rates on the IPD Index are down from 13% eighteen months ago to 10% today (9% to 6% for retail, 16% to 15% for office and 18% to 13% for industrial property), but have crept up slightly so far in 2011.

Banks, especially Royal Bank of Scotland and Lloyds and the Irish banks, are now disposing of properties and property-backed loans, as they redirect lending to non-property borrowers. Cash is king, as banks will only lend on safe property at low loan to value ratios.

Matthew Oakeshott and Louise Cleary

Yields around 7% on UK commercial property are too high and capital values too low. It still yields twice as much as UK equities and over twice as much as medium term gilts. Conventional long gilts yielding less than current inflation levels, and index-linked gilts are on negligible real yields. Despite the difficult occupational market, property offers an attractive each way bet: a high running yield with some prospects of long term income growth on top.

EQUIVALENT YIELDS

Equivalent yields - end December (except 2011 - end March)	2011	2010	2009	2008	2005	1995	1990
Retail	6.8	6.9	7.7	8.1	5.5	8.1	8.6
Office	7.5	7.6	8.5	8.8	6.3	8.7	9.1
Industrial	8.4	8.5	9.1	9.3	6.9	10.4	11.2
All property	7.4	7.5	8.2	8.5	6.0	8.6	9.4
UK equities	3.0	2.9	3.2	4.5	2.9	3.8	5.5
5-15 Year gilts	3.6	3.4	3.9	3.7	4.1	7.7	10.7
Yield Gap: Property Less Gilts	3.8	4.1	4.3	4.8	1.9	0.9	-1.3
Property Less Equities	4.4	4.6	5.0	4.0	3.1	4.8	3.9

Table 1: Source: Investment Property Databank

Estimates for UK GDP growth in 2011 are being steadily downgraded. Manufacturing output is buoyant, driven by past devaluation helping on exports and import competition, and by healthy growth in overseas economies from China, India and Brazil to Germany and the USA. But services and construction are less robust. Consumer spending generally

INVESTMENT MANAGERS' REPORT

PROPERTY RENTAL VALUES - ANNUALISED GROWTH RATES % TO END MARCH 2011

	3 months	1 Year	3 Years	5 Years	10 Years
Retail	-1.0	-1.6	-3.3	-1.1	0.9
Office	1.2	1.2	-5.7	-0.9	1.3
Industrial	-1.1	-1.3	-2.5	-1.0	0.0
All property	0.0	-0.5	-3.8	-1.0	0.1

Table 2: Source: Investment Property Databank

PROPERTY CAPITAL VALUES - ANNUALISED GROWTH RATES % TO END MARCH 2011

	3 months	1 Year	3 Years	5 Years	10 Years
Retail	3.2	3.8	-7.8	-6.7	0.9
Office	1.9	4.1	-8.9	-5.5	-1.4
Industrial	0.7	1.3	-8.0	-6.3	-0.7
All property	2.4	3.5	-8.1	-6.2	-0.1

Table 3: Source: Investment Property Databank

VIT'S PROPERTY RECORD

31 March	Rental income £000	Capital value £000	Yield on valuation %	Total Return VIT %	IPD %
1987	1,155	11,375	10.2	N.A.	N.A.
1988	1,329	14,939	8.9	24	26
1989	1,915	23,475	8.2	30	30
1990	2,050	24,390	8.4	15	15
1991	2,331	23,800	9.8	2	-8
1992	2,709	25,880	10.5	10	-3
1993	2,773	26,415	10.5	12	-2
1994	2,806	29,835	9.4	23	20
1995	2,948	31,125	9.5	10	12
1996	2,840	29,440	9.6	9	4
1997	3,111	32,805	9.5	10	10
1998	3,141	34,800	9.0	15	17
1999	3,410	41,055	8.3	25	12
2000	3,054	39,800	7.7	15	15
2001	3,117	39,825	7.8	10	10
2002	3,013	38,800	7.8	13	7
2003	3,089	40,550	7.6	12	10
2004	3,052	40,375	7.5	15	11
2005	3,124	45,875	6.8	21	18
2006	3,219	52,250	6.2	21	19
2007	3,116	54,525	5.7	15	18
2008	3,261	51,000	6.4	0	-3
2009	3,278	44,850	7.3	-11	-22
2010	3,634	48,750	7.1	18	4
2011+	3,552	49,075	7.2	9	15

+ Excluding Edinburgh property sold after year-end.

held up through Christmas, but is now under serious pressure from the VAT increase to 20% and a rising tide of public sector job losses. Consumer confidence outside London and the South-East has taken a serious knock. Inflation remains stubbornly high – much of it is imported through international energy, commodity and food price increases – but retail prices increasing around 5% a year leave the Bank of England Monetary Policy Committee badly split on interest rates which must clearly rise over 2011.

Despite serious strains in the world financial system, markets trust the firm action taken on the UK public sector deficit, gilt yields are low and Britain's credit rating sound. GDP growth for 2011 now looks unlikely to beat 1.5% unless consumer confidence and bank lending to small business improve soon.

Average rental values on commercial property measured by IPD may slip a little further over 2011. The recovery in Central London office rents is starting to slow and office rents elsewhere are still under pressure. Supermarket and department store rents are still generally undervalued, and real disposable incomes will be under unprecedented pressure at least until the end of 2012.

Property capital values may rise by about 2% over 2011 as a whole. Property's yield compared with other asset classes is still near historic highs, and offers very good investment value to long term investors hungry for income, although this year is proving at least as hard as last for tenant failure and covenant deterioration. The best investments will combine strong tenants with reasonable rental growth prospects from the quality and location of the property, or index-linked rent reviews, or preferably both. Property should continue to give comparable returns to equities and outperform bonds at relatively low risk since the bulk of the expected return comes up front in rental income, rather than required capital growth.

INVESTMENT MANAGERS' REPORT

Cumnor Hill, Oxford

THE PORTFOLIO

VIT's property portfolio produced a total return of 9% over the year to March, compared with the IPD Monthly Index return of 11% over the same period. Over the longer term, VIT's property record against the main benchmark IPD Annual Index which covers calendar years and returned 15% in 2010, is shown in the table on page 10.

We concentrate on properties with strong income streams to meet the fixed interest payments on our long-term debt. These have also produced good long-term capital performance. The total return on our property portfolio has averaged 6% a year over the past 5 years, 11% over 10 years, and 14% over the 24 years since the start. These returns are all at least 3% a year above the IPD averages.

The Cask and Glass, Victoria, London

We bought three properties with R.P.I linked rent reviews during the year at Ayr, Luton and Poole for £2.4 million at a net yield of 7.9%, and sold three smaller properties with limited growth prospects at Derby, Glasgow and Gloucester for £1.5 million at a net yield of 7.5%. We have also sold the Edinburgh property since the year end at a net yield of 6.8%.

All properties are fully let on full repairing and insuring leases, with upward only rent reviews and an average unexpired lease length of 14 years. 99% of the rental income is reviewed five yearly, with one-third index-linked.

Total Annual Return (%)	VIT	IPD
3 years	5	-1
5 years	6	2
10 years	11	8
23 years	14	10

The Bishop's Finger Pub, West Smithfield, London

High Street, Godalming

INVESTMENT MANAGERS' REPORT

The property portfolio is matched with £35 million of long term, fixed rate loans - £20 million of VIT 9 3/8% Debenture Stock repayable in 2026 and £15 million of 11% Debenture Stock, issued by our subsidiary Audax Properties and repayable in 2021. Because those Debenture Stocks were issued at a premium, their effective interest cost averaged 9%. We believe this is the right way to finance long-term property investment and we do not intend to replace it with shorter term bank debt. The turmoil in markets since 2007 reinforces that view.

RESULTS OF INDEPENDENT REVALUATION

The VIT property portfolio, including properties held within our subsidiary Audax Properties plc, was subject to an independent professional revaluation by Messrs King Sturge and Co. at 31st March 2011.

The revaluation showed a value of £49,825,000; properties within VIT were valued at £16,675,000 while Audax properties totalled £33,150,000. Our properties are revalued independently every six months, at 30th September and 31st March. The portfolio showed a marginal capital gain over the past six months. Twenty-eight of the properties valued at 31 March 2011 were freehold or the Scottish equivalent and one is held on a long lease with 46 years to run.

2 June 2011

PROPERTY PORTFOLIO

BY TYPE

BY REGION

TOP TEN TENANTS – % OF TOTAL RENT

INVESTMENT MANAGERS' REPORT

Brook Street, Broughty Ferry

Buck Barn, near Horsham

The Cross, Worcester

INVESTMENT MANAGERS' REPORT

List of Properties as at 31 March 2011

Address	Tenant
Shops	
Ayr - 83 High Street	Card Factory
Ayr - 138-140 High Street	Tesco
Birmingham - 155 High Street King's Heath	New Look
Dundee - 261 Brook Street, Broughty Ferry	Mackays and Superdrug
Edinburgh - 30 North Bridge*	Ladbroke's
Elgin - 163 High Street	Poundland
Galashiels - 15-37 Channel Street	Co-op, Home Bargains and WH Smith
Godalming - 80-82 High Street	WH Smith
Haddington - 54-56 Court Street	Clydesdale Bank and solicitors
Kelso - 8-16 Horsemarket	Mackays and WH Smith
Lymington - 78-80 High Street	99p Stores
Melton Mowbray - 29-29B Market Place	WH Smith
Oban - 42 George Street	Edinburgh Woollen Mill
Poole - 140 High Street	A Plan Insurance
Sevenoaks - 87-93 High Street	Santander, Oxfam, Specsavers and insurance brokers
St. Andrews - 76 South Street	Clydesdale Bank
St. Anne's-on-Sea - The Burlington Centre, St. Anne's Road West	Thomas Cook, Julian Graves, Home Bargains, New Look, Shoezone, Signet and Superdrug
Worcester - 4 The Cross	Lloyds Banking Group
Out of Town Retail	
Hereford - Harrow Road	Magnet
Horsham - Buck Barn, Worthing Road, West Grinstead	Co-op and McDonalds
Oxford - 171-173 Cumnor Hill	Sytner
Leisure	
Canterbury - The Bishop's Finger, 13 St. Dunstan Street	Shepherd Neame
Dover - St. Margaret's Holiday Park, Reach Road	Park Resorts
London - The Bishop's Finger, West Smithfield	Shepherd Neame
London - The Cask and Glass, 39/41 Palace Street	Shepherd Neame
London - The Prince of Wales, 48 Cleaver Square	Shepherd Neame
Sherborne - The Cross Keys, 88 Cheap Street	Eldridge Pope
Industrial	
Luton - Sedgwick Road	Metalrax
Rochford - 8 Purdeys Way	Satair A/S

* Sold in April 2011.

DIRECTORS' REPORT

BUSINESS REVIEW

The Directors have prepared this Business Review in accordance with the requirements of Section 417 of the Companies Act 2006. A review of the Company's activities is given in the Corporate Summary and Long Term Record on pages 1 and 2, the Chairman's Statement on page 3 and the Investment Managers' Report on pages 5 to 14, which includes likely future developments of the business.

The Directors have identified the principal risks and uncertainties which affect the Company's business and these are detailed in Note 20 to the Financial Statements. Additional risks include:

- Discount volatility: The Company's shares may trade at a price which represents a discount to its underlying net asset value; and
- Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Sections 1158 - 1159 of Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988), the UKLA Listing Rules or the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit and Management Engagement Committee monitors compliance with regulations by reviewing internal control reports from the Administrator and the Investment Manager, OLIM Limited ("OLIM").

The Directors have identified the Company's share price total return and net asset value total return, relative to the FTSE All-Share Index (total return) and the Company's dividend growth, relative to the Retail Prices Index, as the three key performance indicators for determining the progress of the Company and the relevant figures may be found on pages 1 and 2.

RESULTS AND DIVIDEND

The Directors recommend that a final dividend of 4.0 pence per share (2010 – 3.8 pence) is paid on 15 July 2011 to shareholders on the register on 17 June 2011. The ex-dividend date is 15 June 2011. An interim dividend of 3.8 pence per share (2010 – 3.8 pence) was paid to shareholders on 7 January 2011.

Table 1 shows the revenue reserve position and dividends paid and payable by the Group and the Company, under the former basis of accounting, subject to shareholders' approval of the proposed final dividend at the forthcoming Annual General Meeting.

PRINCIPAL ACTIVITY AND STATUS

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future. The Company is registered as a public limited company in Scotland under company number SC 50366 and is an investment company as defined by Section 833 of the Companies Act 2006.

The Company has been approved by HM Revenue & Customs as an investment trust for the purposes of Sections 1158 - 1159 of Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988) for the year ended 31 March 2010. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 March 2011 so as to be able to continue to obtain approval as an investment trust under Sections 1158 - 1159 of Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988) for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporation Tax Self-Assessment regime.

	Group		Company	
	£000	Pence per share	£000	Pence per share
Revenue reserve at 31 March 2010	2,124	4.66	552	1.21
Net revenue earned in the year	3,150	6.92	3,004	6.59
Dividends paid and payable	(3,553)	(7.80)	(3,553)	(7.80)
Revenue reserve at 31 March 2011	1,721	3.78	3	–

Table 1 Group and Company revenue reserves

DIRECTORS' REPORT

The Company's affairs have also been conducted in such a way as to permit its ordinary shares to be included in Individual Savings Accounts and the Directors intend that the ordinary shares will continue to be eligible in the future.

The Company makes no political donations or expenditures or donations for charitable purposes and, in common with most investment trusts, has no employees.

SHARE CAPITAL

As at 31 March 2010 and 31 March 2011, the Company had 45,549,975 ordinary shares of 10p nominal in issue. Each ordinary share entitles the holder to one vote on a show of hands and, on a poll, to one vote for every share held.

DIRECTORS

Biographies of the current Directors are shown on page 4. The Board consists of a non-executive Chairman, James Ferguson, three non-executive Directors and two executive Directors. John Kay has been appointed Senior Independent Director.

The Company's Articles of Association require that each Director shall retire and seek re-election at every third Annual General Meeting. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting.

The Directors take the view, in line with the AIC Code on Corporate Governance ("AIC Code"), that independence is not compromised by length of service on the Board and that experience can add significantly to the Board's strength. Accordingly, with the exception of Matthew Oakeshott and Angela Lascelles, all Directors who served during the year are considered by the Board to be independent of the Company and OLIM and free of any material

relationship with OLIM. Angela Lascelles and Matthew Oakeshott, as directors of OLIM, are not considered to be independent under the UKLA Listing Rules and accordingly submit themselves annually for re-election. The Board has determined that Directors may serve for more than nine years but that any such Director should be subject to annual re-election.

The Chairman has reviewed the skills, experience and independence of David Back and John Kay and has no hesitation in recommending to shareholders their re-election as Directors at the Annual General Meeting. The Chairman has also reviewed the skills and experience of Angela Lascelles and Matthew Oakeshott and has no hesitation in recommending to shareholders their individual re-election, as Directors, at the Annual General Meeting. John Kay, as Senior Independent Director, has led the Board in reviewing the skills, experience and independence of James Ferguson as Chairman and has no hesitation in recommending to shareholders his re-election as a Director at the Annual General Meeting.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Directors for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Directors at 31 March 2011 and 1 April 2010, and their interests in the share capital of the Company, are shown in Table 2 on page 17. Subsequent to 31 March 2011, David Smith's beneficial holding increased following his purchase through the VIT ISA and Share Plan of a total of 249 Ordinary shares on 26 April 2011 and 23 May 2011 respectively. With the exception of changes to David Smith's holdings, these Directors' interests were unchanged at the date of this Report.

DIRECTORS' REPORT

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company. The Directors' interests in contractual arrangements are as shown in Note 19 to the Financial Statements. No other contracts or arrangements subsisted in which any of the Directors was materially interested.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The Company purchases and maintains liability insurance covering the Directors and Officers of the Company.

INVESTMENT MANAGEMENT

Day to day investment management of the Company's assets and responsibility for the Company's operations has been delegated to the investment manager, OLIM Limited ("OLIM"). OLIM is employed as investment manager under a contract which may be terminated by either party on giving one year's notice. OLIM receives a quarterly fee of 1/6% of the VIT Group of Companies' total assets less current liabilities. OLIM is also entitled to a performance fee, charged wholly to capital, if the total positive returns to shareholders from their investment in VIT exceed the total return on the FTSE All-Share Index by more

	31 March 2011	1 April 2010
James Ferguson	857,500	757,500
James Ferguson - Family	62,500	62,500
David Back	30,000	30,000
John Kay	139,110	139,110
John Kay - as Trustee	67,830	67,830
Angela Lascelles	500,000	500,000
Angela Lascelles - Family	250,000	250,000
Angela Lascelles - as Trustee	12,000	12,000
Matthew Oakeshott	2,689,793	2,614,793
Matthew Oakeshott - Family	2,264,792	2,189,792
David Smith	10,882	-

Table 2 Directors and their interests in Value and Income Trust PLC

than ten percentage points in any three-year period.

The objective of the performance bonus is to give the investment manager ten per cent of the additional value generated for shareholders by such out-performance. A performance fee of £109,135, excluding VAT, was payable this year (2010 - nil). An additional fee is payable to Aberdeen Asset Management PLC for company secretarial and administrative services.

The non-executive Directors review the terms and conditions of OLIM's appointment on a regular basis. Following the most recent review, the Directors are satisfied that the continuing appointment of OLIM as investment manager, on the current terms, is in the best interests of shareholders as a whole as the Company benefits from the expertise of OLIM's specialised team of investment professionals. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance and the Directors are accordingly accountable to the Company's shareholders.

DIRECTORS' REPORT

The Directors have considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') published in February 2006 and revised in March 2009. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code (revised June 2008), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Directors consider that reporting against the main principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), would provide more relevant information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below:

The Combined Code includes provisions relating to:

- the role of the chief executive;
- Executive Directors' remuneration; and
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the Pre-ambles to the Combined Code, the Directors consider that these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Chairman of the Board chairs the Audit and Management Engagement Committee.

The Executive Directors do not receive any remuneration directly from the Company and accordingly no additional report on Executive Directors' remuneration is required.

The AIC Code is available on the AIC's website at www.theaic.co.uk. The Combined Code is available from the Financial Reporting Council's website at www.frc.org.uk.

The Board normally meets at least four times each year and more frequently when business needs require. The Board sets the Company's objectives and ensures that its obligations to its Shareholders are met. The Board has formally adopted a Schedule of Matters Reserved which are required to be brought to it for decision thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The requirement for Board approval on these matters is communicated directly to the senior staff of the Manager.

The Schedule of Matters Reserved includes:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company including investment performance and revenue budgets;
- Companies Act requirements such as the approval of the periodic financial statements and approval and recommendation of any dividends;
- major changes relating to the Company's structure, including share buybacks and share issues;
- succession planning including Board appointments and removals and the related terms;
- appointment and removal of the Manager and the terms and conditions of the investment management agreement relating thereto;
- terms of reference and membership of Board Committees; and
- Stock Exchange/UK Listing Authority/ Financial Services Authority matters, including responsibility for approval of all circulars, listing particulars and approval of all releases concerning matters decided by the Board.

The Board has conducted appraisals of the Chairman, the other Directors and the Board as a whole. Table 3 shows, for the year under review, the number of Board and Committee

DIRECTORS' REPORT

meetings attended by each Director against the total number of meetings that each Director was entitled to attend.

A Nomination Committee has been established with specific terms of reference (copies of which are available from the Company on request). Every Director is a member of the Nomination Committee, which is considered appropriate given the Board's small size and composition. The Nomination Committee is responsible for considering appointments to the Board and reviewing the level of non-executive directors' fees. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary.

PROXY VOTING AND STEWARDSHIP

The Financial Reporting Council ('FRC') published "the UK Stewardship Code" for institutional shareholders on 2 July 2010. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for monitoring the activities of portfolio companies to OLIM. The Board has also reviewed the Manager's Statement of Compliance with the UK Stewardship Code, which appears on the Manager's website at http://www.olim.co.uk/downloads/uk_stewardship_code.pdf

	Board Meeting	Audit and Management Engagement Committee	Nomination Committee
James Ferguson (Chairman)	4 (4)	1 (1)	1 (1)
David Back	4 (4)	1 (1)	1 (1)
John Kay	4 (4)	1 (1)	1 (1)
Angela Lascelles	4 (4)	N/A	1 (1)
Matthew Oakeshott	4 (4)	N/A	1 (1)
David Smith	4 (4)	1 (1)	1 (1)

Table 3 Board and Committee meetings – Director eligibility and attendance
Angela Lascelles and Matthew Oakeshott, being non-independent, are not members of the Audit and Management Engagement Committee.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio companies and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE INVESTMENT

The Directors are aware of their duty to act in the best interests of the Company. They acknowledge that there are risks associated with investment in companies which fail to conduct business in a socially and environmentally responsible manner.

INTERNAL CONTROLS

The Directors are ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Following publication by the Financial Reporting Council of 'Internal Control: Revised Guidance for Directors on the Combined Code' (the 'FRC Guidance'), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is regularly reviewed by the Board and accords with the FRC Guidance.

DIRECTORS' REPORT

The Directors have reviewed the effectiveness of the system of internal controls. In particular, the Directors have reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- Financial;
- Operational; and
- Compliance.

The key components designed to provide effective internal control are outlined below:

- forecasts and management accounts are prepared which allow the Directors to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- OLIM regularly reports to the Directors on the investment portfolio;
- OLIM's Compliance Officer keeps OLIM's operations under review;
- written agreements are in place which specifically define the roles and responsibilities of OLIM and Aberdeen Asset Management PLC; and
- at its meeting in May 2011, the Audit and Management Engagement Committee carried out an annual assessment of internal controls for the year ended 31 March 2011 by considering documentation from OLIM and Aberdeen Asset Management PLC, including their respective internal audit and compliance functions and taking account of events since 31 March 2011.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed

to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

ACCOUNTABILITY AND AUDIT

The responsibilities of the Directors for the financial statements appear on page 53 and the responsibilities of the Independent Auditor for the Financial Statements appear on pages 54 and 55. The Directors have appointed an Audit and Management Engagement Committee which comprises the independent non-executive Directors and is chaired by James Ferguson; while the Directors note that this is not in compliance with AIC Code Provision C.3.1, the Directors consider that it remains appropriate for James Ferguson to continue to chair the Committee, due to its small size and composition.

Audit matters are reviewed by the Audit and Management Engagement Committee within clearly defined written terms of reference (copies of which are available from the Company on request). In summary, the main audit review functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of OLIM and the third party administrators;
- to meet, if required, with the Independent Auditor to review their proposed programme of audit work and their findings. The Directors shall also use this as an opportunity to assess the effectiveness of the audit process;

DIRECTORS' REPORT

- to develop and implement policy on the engagement of the Independent Auditor to supply non-audit services if applicable. The Directors review the level of non-audit fees in the light of the Auditor's requirement to maintain their independence, and for the year ended 31 March 2011 these amounted to £3,800 (excluding VAT) (2010 - £3,800, excluding VAT), for the Group;
- to review an annual statement from each of OLIM and Aberdeen Asset Management PLC detailing the arrangements in place within either OLIM or Aberdeen Asset Management PLC whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing');
- to make recommendations in relation to the appointment of the Independent Auditor and to approve their remuneration and terms of engagement; and
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification.

Matters related to management engagement include the review of the performance of the Manager, their remuneration and compliance with the terms of the investment management agreement.

GOING CONCERN

In compliance with the UKLA's Listing Rules and with reference to the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009, the Directors can report that, based on the Company's valuations of assets and liabilities, budgets and financial projections, they have satisfied themselves that the business is a

going concern. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of the approval of this Report.

SUBSTANTIAL INTERESTS

In addition to the Directors' interests indicated in Table 2, the Company has been notified that the shareholders listed in Table 4 are interested in 3% or more of the issued ordinary share capital of the Company as at 30 April 2011 being the latest practicable date before the approval of this Report.

Shareholder	Number of shares	% held
Alliance Trust Savings Limited	3,167,773	7.0
Brewin Dolphin Securities	2,442,884	5.4
Company ISA and Share Plan	2,405,789	5.3
Smith & Williamson Holdings Limited	1,815,388	4.0

Table 4 Substantial interests in the Company

CREDITOR PAYMENT POLICY

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. In certain circumstances, settlement terms are agreed prior to business taking place.

THE VIT SHARE PLAN, VIT ISA AND ISA TRANSFER

Further details regarding how to invest in the Company via the VIT Share Plan, VIT ISA or ISA Transfer may be found on page 56.

INDEPENDENT AUDITOR

A resolution to re-appoint Chiene + Tait, Chartered Accountants and Statutory Auditor, as Independent Auditor of the Company, will be proposed at the Annual General Meeting.

DIRECTORS' REPORT

The Directors confirm that as far as they are aware, as at the date of this Report, there is no relevant audit information of which the Company's Independent Auditor is unaware and that each Director has taken all the steps that they might reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor is aware of that information.

ADDITIONAL INFORMATION

Where not provided elsewhere in the Director's Report, the following additional information is required to be disclosed by Part 15 of the Companies Act 2006.

There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). The Company is not aware of any agreements between shareholders that may result in a transfer of securities and/or voting rights.

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Other than the investment management agreement with the Manager, further details of which are set out on page 17, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Director's Report.

RELATIONS WITH SHAREHOLDERS

The Directors and OLIM consider it important to understand the views of shareholders and both the Chairman and Senior Independent Director are available to meet with major shareholders.

Shareholders may contact the Directors by writing to the Chairman at the Registered Office; the address may be found on page 4.

ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting, which is included within the Annual Report, is normally sent out at least 20 working days in advance of the meeting.

Resolutions relating to the following three items of Special Business will be proposed at the forthcoming Annual General Meeting (see pages 58 to 64):-

(a) Authority to allot Ordinary Shares

Ordinary resolution 10 will be proposed to renew the authority of the Directors to allot unissued ordinary shares up to an aggregate nominal amount of 10% of the current ordinary share capital;

(b) Limited Disapplication of the pre-emption provisions

Special resolution 11 will be proposed to renew the authority of the Directors to allot a maximum of an additional 10% of the ordinary shares without first being required to offer these to existing shareholders; and

DIRECTORS' REPORT

(c) Repurchase of the Company's own Shares

Special resolution 12 will be proposed to authorise the Company to make market purchases of up to 14.99% of its own ordinary shares. This authority, if conferred, will only be exercised if to do so would enhance the net asset value and is in the best interests of shareholders generally.

The Annual General Meeting will be held at 12.30pm on Friday 8 July 2011 at the offices of the Secretaries, Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London EC4M 9HH.



By order of the Board,
Aberdeen Asset Management PLC
Secretaries
Edinburgh, 2 June 2011

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Schedule 421 to Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's Independent Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Independent Auditor's opinion is included in their report on pages 54 and 55.

The Company has four non-executive directors and two executive directors. The Nomination Committee of the Board fulfils the functions of a remuneration committee in relation to setting the level of non-executive directors fees.

AUDITED INFORMATION - YOUR COMPANY'S PERFORMANCE

The graph below compares the Company's share price total return (assuming all dividends are reinvested) to ordinary shareholders to the total return from the FTSE All-Share Index. This index was chosen for comparison purposes, as it is a benchmark used for investment performance measurement purposes.

POLICY ON DIRECTORS' FEES

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, be fair and comparable with that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. It is intended that this policy will continue for the year to 31 March 2012 and subsequent years.

The fees for the non-executive directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The level of directors' fees is reviewed annually and the last review in January 2011 did not result in any change.

DIRECTORS' SERVICE CONTRACTS

It is the Board's policy that none of the directors has a service contract. The terms of their appointment provide that a director shall retire and be subject to re-election at the first Annual General Meeting after their appointment, and at least every three years after that. As noted in the Directors' Report, the Board has decided that every executive director, and any other director with in excess of nine years' service, should stand for annual re-election. A director may be removed without notice and compensation will not be due on leaving office.

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION FOR THE YEAR (AUDITED)

The Directors who served in the year received emoluments in the form of fees, as described in Table 5.

APPROVAL

The Directors' Remuneration Report on pages 24 and 25 was approved by the Board of Directors on 2 June 2011 and signed on its behalf:



By order of the Board,

Aberdeen Asset Management PLC

Secretaries

Edinburgh, 2 June 2011

	2011 £	2010 £
James Ferguson (Chairman)	17,000	17,000
David Back	12,000	12,000
John Kay	12,000	12,000
David Smith	12,000	8,780
Matthew Oakeshott *	–	–
Angela Lascelles *	–	–
	53,000	49,870

Table 5 Directors' Fees

* Angela Lascelles and Matthew Oakeshott are Directors of OLIM, which received fees, including performance fees, of £1,076,000 (2010 – £832,000), in respect of investment management services for the year (all figures excluding VAT).

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Notes	Revenue £000	2011 Capital £000	Total £000	Revenue £000	2010 Capital £000	Total £000
INVESTMENT INCOME							
Dividend income	2	3,823	–	3,823	3,867	–	3,867
Rental income		3,573	–	3,573	3,634	–	3,634
Interest income on short-term deposits		2	–	2	313	–	313
Underwriting commission		–	–	–	24	–	24
OTHER OPERATING INCOME		3,575	–	3,575	3,971	–	3,971
OTHER COMPREHENSIVE INCOME							
Unrealised (losses)/gains on investment properties	9	–	(58)	(58)	–	3,009	3,009
	2	7,398	(58)	7,340	7,838	3,009	10,847
GAINS AND LOSSES ON INVESTMENTS							
Realised gains on held-at-fair-value investments	9	–	3,090	3,090	–	1,014	1,014
Unrealised gains on held-at-fair-value investments	9	–	5,743	5,743	–	26,053	26,053
TOTAL INCOME		7,398	8,775	16,173	7,838	30,076	37,914
EXPENSES							
Investment management fees	3	(290)	(786)	(1,076)	(250)	(582)	(832)
Other operating expenses	4	(457)	–	(457)	(852)	–	(852)
VAT recoverable on investment management fees	22	–	–	–	562	432	994
FINANCE COSTS	5	(3,501)	–	(3,501)	(3,501)	–	(3,501)
TOTAL EXPENSES		(4,248)	(786)	(5,034)	(4,041)	(150)	(4,191)
PROFIT BEFORE TAX		3,150	7,989	11,139	3,797	29,926	33,723
TAXATION	6	–	221	221	–	(149)	(149)
PROFIT FOR THE PERIOD		3,150	8,210	11,360	3,797	29,777	33,574
EARNINGS PER ORDINARY SHARE (PENCE)	7	6.92	18.02	24.94	8.34	65.37	73.71

The Board is proposing a final dividend of 4.0p per share, making total dividends of 7.8p per share for the year ended 31 March 2011 (2010: 7.6p per share) which, if approved, will be payable on 15 July 2011 (see note 8).

The total column of this statement represents the Statement of Comprehensive Income of the Group, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Value and Income Trust PLC, the parent company. There are no minority interests.

The notes on pages 33 to 52 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Notes	Revenue £000	2011 Capital £000	Total £000	Revenue £000	2010 Capital £000	Total £000
INVESTMENT INCOME							
Dividend income	2	4,073	–	4,073	3,867	–	3,867
Rental income		1,261	–	1,261	1,245	–	1,245
Interest income on short-term deposits		–	–	–	310	–	310
Underwriting commission		–	–	–	24	–	24
OTHER OPERATING INCOME		1,261	–	1,261	1,579	–	1,579
OTHER COMPREHENSIVE INCOME							
Unrealised (losses)/gains on investment properties	9	–	(258)	(258)	–	1,337	1,337
	2	5,334	(258)	5,076	5,446	1,337	6,783
GAINS AND LOSSES ON INVESTMENTS							
Realised gains on held-at-fair-value investments	9	–	3,116	3,116	–	806	806
Unrealised gains on held-at-fair-value investments	9	–	6,058	6,058	–	27,760	27,760
TOTAL INCOME		5,334	8,916	14,250	5,446	29,903	35,349
EXPENSES							
Investment management fees	3	(194)	(560)	(754)	(167)	(388)	(555)
Other operating expenses	4	(330)	–	(330)	(363)	–	(363)
VAT recoverable on investment management fees	22	–	–	–	562	432	994
FINANCE COSTS	5	(1,851)	–	(1,851)	(1,851)	–	(1,851)
TOTAL EXPENSES		(2,375)	(560)	(2,935)	(1,819)	44	(1,775)
PROFIT BEFORE TAX		2,959	8,356	11,315	3,627	29,947	33,574
TAXATION	6	45	–	45	–	–	–
PROFIT FOR THE PERIOD		3,004	8,356	11,360	3,627	29,947	33,574
EARNINGS PER ORDINARY SHARE (PENCE)	7	6.59	18.35	24.94	7.96	65.75	73.71

The total column of this statement represents the Statement of Comprehensive Income of the Company prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Value and Income Trust PLC, the parent company. There are no minority interests.

The notes on pages 33 to 52 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

At 31 March

	Notes	2011 £000	2010 £000
ASSETS			
NON CURRENT ASSETS			
Investments held at fair value through profit or loss	9	99,431	88,638
Investment properties held at fair value through profit or loss	9	49,825	48,750
		<u>149,256</u>	<u>137,388</u>
CURRENT ASSETS			
Cash and cash equivalents		2,344	5,670
Other receivables	10	<u>300</u>	<u>325</u>
		2,644	5,995
TOTAL ASSETS		<u>151,900</u>	<u>143,383</u>
CURRENT LIABILITIES			
Other payables	11	(2,493)	(1,629)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>149,407</u>	<u>141,754</u>
NON-CURRENT LIABILITIES			
Debenture stock	12	(35,372)	(35,396)
Deferred tax	13	<u>(572)</u>	<u>(793)</u>
		(35,944)	(36,189)
NET ASSETS		<u>113,463</u>	<u>105,565</u>
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS			
Called up share capital	14	4,555	4,555
Share premium	15	18,446	18,446
Retained earnings	16	90,462	82,564
TOTAL EQUITY		<u>113,463</u>	<u>105,565</u>
NET ASSET VALUE PER ORDINARY SHARE	17	249.10p	231.76p

These financial statements were approved by the Board on 2 June 2011 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN
MATTHEW OAKESHOTT, DIRECTOR

J.F. Ferguson
Matthew Oakeshott

The notes on pages 33 to 52 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March

	Notes	2011 £000	2010 £000
ASSETS			
NON CURRENT ASSETS			
Investments held at fair value through profit or loss	9	115,579	104,471
Investment properties held at fair value through profit or loss	9	16,675	16,675
		<u>132,254</u>	<u>121,146</u>
CURRENT ASSETS			
Cash and cash equivalents		2,384	5,551
Other receivables	10	<u>322</u>	<u>316</u>
		2,706	5,867
TOTAL ASSETS		<u>134,960</u>	<u>127,013</u>
CURRENT LIABILITIES			
Other payables	11	(1,125)	(1,052)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>133,835</u>	<u>125,961</u>
NON-CURRENT LIABILITIES			
Debenture stock	12	(20,372)	(20,396)
Deferred tax	13	<u>-</u>	<u>-</u>
		(20,372)	(20,396)
NET ASSETS		<u>113,463</u>	<u>105,565</u>
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS			
Called up share capital	14	4,555	4,555
Share premium	15	18,446	18,446
Retained earnings	16	90,462	82,564
TOTAL EQUITY		<u>113,463</u>	<u>105,565</u>
NET ASSET VALUE PER ORDINARY SHARE	17	249.10p	231.76p

These financial statements were approved and authorised for issue by the Board on 2 June 2011 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN
MATTHEW OAKESHOTT, DIRECTOR

JH Ferguson
Matthew Oakeshott

The notes on pages 33 to 52 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

		2011			
	Notes	Share capital £000	Share Premium £000	Retained earnings £000	Total £000
GROUP					
Net assets at 31 March 2010		4,555	18,446	82,564	105,565
Net profit for the year		–	–	11,360	11,360
Dividends paid	8	–	–	(3,462)	(3,462)
		<u>4,555</u>	<u>18,446</u>	<u>90,462</u>	<u>113,463</u>
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
COMPANY					
Net assets at 31 March 2010		4,555	18,446	82,564	105,565
Net profit for the year		–	–	11,360	11,360
Dividends paid	8	–	–	(3,462)	(3,462)
		<u>4,555</u>	<u>18,446</u>	<u>90,462</u>	<u>113,463</u>
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
		<u>4,555</u>	<u>18,446</u>	<u>90,462</u>	<u>113,463</u>
		2010			
	Notes	Share capital £000	Share Premium £000	Retained earnings £000	Total £000
GROUP					
Net assets at 31 March 2009		4,555	18,446	52,405	75,406
Net profit for the year		–	–	33,574	33,574
Dividends paid	8	–	–	(3,415)	(3,415)
		<u>4,555</u>	<u>18,446</u>	<u>82,564</u>	<u>105,565</u>
Net assets at 31 March 2010		4,555	18,446	82,564	105,565
COMPANY					
Net assets at 31 March 2009		4,555	18,446	52,405	75,406
Net profit for the year		–	–	33,574	33,574
Dividends paid	8	–	–	(3,415)	(3,415)
		<u>4,555</u>	<u>18,446</u>	<u>82,564</u>	<u>105,565</u>
Net assets at 31 March 2010		4,555	18,446	82,564	105,565

The notes on pages 33 to 52 form part of these financial statements.

GROUP STATEMENT OF CASHFLOWS

For the year ended 31 March

	Notes	2011 £000	2010 £000
Cash flows from operating activities			
Dividend income received		3,783	3,873
Rental received		3,595	3,892
Interest received		139	177
Other income		–	24
VAT on management fees refunded		–	994
Operating expenses paid		(1,506)	(1,234)
NET CASH FROM OPERATING ACTIVITIES	18	6,011	7,726
Cash flows from investing activities			
Purchase of investments		(15,352)	(18,426)
Sale of investments		13,002	18,407
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(2,350)	(19)
Cash flow from financing activities			
Interest paid		(3,525)	(3,525)
Dividends paid	8	(3,462)	(3,415)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(6,987)	(6,940)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,326)	767
Cash and cash equivalents at 1 April 2010		5,670	4,903
Cash and cash equivalents at 31 March 2011		2,344	5,670

The notes on pages 33 to 52 form part of these financial statements.

COMPANY STATEMENT OF CASHFLOWS

For the year ended 31 March

	Notes	2011 £000	2010 £000
Cash flows from operating activities			
Dividend income received		4,033	3,873
Rental received		1,218	1,309
Interest received		136	174
Other income		–	24
VAT on management fees refunded		–	994
Operating expenses paid		(1,025)	(881)
NET CASH FROM OPERATING ACTIVITIES	18	4,362	5,493
Cash flows from investing activities			
Purchase of investments		(14,335)	(17,243)
Sale of investments		12,143	17,744
Increase in loan to subsidiary		–	17
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(2,192)	518
Cash flow from financing activities			
Interest paid		(1,875)	(1,875)
Dividends paid	8	(3,462)	(3,415)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(5,337)	(5,290)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,167)	721
Cash and cash equivalents at 1 April 2010		5,551	4,830
Cash and cash equivalents at 31 March 2011		2,384	5,551

The notes on pages 33 to 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, and to the extent that they have been adopted by the European Union.

The functional and reporting currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates.

(a) Basis of preparation

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

The directors are of the opinion that the Group is engaged in a single segment of business, being investment business.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Business Review section of the Directors' Report on page 15. The financial position of the Group as at 31 March 2011 is shown in the Statement of Financial Position on page 28. The cash flows of the Group for the year ended 31 March 2011, which are not untypical, are set out on page 31. The Group had fixed debt totalling £35,372,000 as at 31 March 2011, as set out in Note 12 on page 43; none of the borrowings is repayable before 2021. The Group had no short term borrowings. Note 20 on pages 46 to 51 sets out the Group's risk management policies and procedures, including those covering market price risk, liquidity risk and credit risk. As at 31 March 2011, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over four. The assets of the Group consist mainly of securities and investment properties that are held in accordance with the Group's investment policy, as set out on page 1. Most of these securities are readily realisable, even in volatile markets. The directors, who have reviewed carefully the Group's forecasts for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The investment in the subsidiary is recognised at fair value in the financial statements of the Company. This is considered to be the net asset value of the shareholders' funds, as shown in its Statement of Financial Position.

Audax Properties plc, a wholly owned subsidiary of the Company, charges expenses wholly to income. On consolidation, however, an adjustment is made to charge 70% of the investment management fee paid by Audax Properties plc to capital. The allocation has no effect on the total return of the Company or the Group.

(d) Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, 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. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally the net revenue is the measure that the directors believe to be appropriate in assessing the Company's compliance with certain requirements set out in sections 1158-1160 of the Corporation Tax Act 2010.

(e) Income

Dividend income from investments is recognised as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period.

Where the Group has elected to receive dividend income in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the income statement. Interest receivable from cash and short term deposits and interest payable is accrued to the end of the period.

Rental and other income are recognised as earned.

(f) Expenses and Finance Costs

All expenses and finance costs are accounted for on an accruals basis. Expenses are presented as capital where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect, the investment management fees are allocated 30% to revenue and 70% to capital to reflect the Board's expectations of long term investment returns. Any performance fees payable are allocated to capital, reflecting the fact that, although they are calculated on a total return basis, they are expected to be attributable largely to capital performance. It is normal practice for investment trust companies to allocate finance costs to capital on the same basis as the investment management fee allocation. However as the Company has a significant exposure to property, and property companies do not charge finance costs to capital, the directors consider it inappropriate to allocate finance costs to capital.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

(g) Taxation

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the date of the Statement of Financial Position, where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the date of the Statement of Financial Position. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to obtain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

This is not the case for the subsidiary company and hence the Group where such provision is made, calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in accordance with the accounting treatment of the item which gives rise to the requirement for that provision.

(h) Dividends payable

Interim dividends are recognised as a liability in the period in which they are paid as no further approval is required in respect of such dividends. Final dividends are recognised as a liability only after they have been approved by shareholders in general meeting.

(i) Investments

All investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 constituents along with some other securities. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the retained earnings.

In respect of investment properties, fair value is established by half-yearly professional valuation on an open market basis by King Sturge and Co, Chartered Surveyors and Valuers and in accordance with the RICS Valuation Standards.

(j) Cash and cash equivalents

Cash and cash equivalents comprise deposits held with banks.

(k) Non - current liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. The costs of arranging any interest-bearing loans are capitalised and amortised over the life of the loan.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

(l) Adoption of new and revised Accounting Standards

At the date of authorisation of these financial statements, various Standards, amendments to Standards and Interpretations which have not been applied to these financial statements, were in issue but were not yet effective (and in some cases, had not yet been adopted by the EU). These have not been applied to these financial statements.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

	Group £000	2011 Company £000	Group £000	2010 Company £000
2 Income				
Investment Income				
Dividends from listed investments in UK - franked	3,715	3,715	3,842	3,842
Dividends from listed investments in UK - unfranked	108	108	25	25
Dividends from subsidiary - franked	–	250	–	–
	<u>3,823</u>	<u>4,073</u>	<u>3,867</u>	<u>3,867</u>
Other operating income				
Rental income	3,573	1,261	3,634	1,245
Interest receivable on short term deposits	2	–	313	310
Underwriting commission	–	–	24	24
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total income	<u>7,398</u>	<u>5,334</u>	<u>7,838</u>	<u>5,446</u>

	Revenue £000	2011 Capital £000	Total £000	Revenue £000	2010 Capital £000	Total £000
3 Investment management fee						
Group						
Investment management fee	290	677	967	250	582	832
Performance fee	–	109	109	–	–	–
	<u>290</u>	<u>786</u>	<u>1,076</u>	<u>250</u>	<u>582</u>	<u>832</u>
Company						
Investment management fee	194	451	645	167	388	555
Performance fee	–	109	109	–	–	–
	<u>194</u>	<u>560</u>	<u>754</u>	<u>167</u>	<u>388</u>	<u>555</u>

A summary of the terms of the management agreement is given on page 17 in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

	2011		2010	
	Group £000	Company £000	Group £000	Company £000
4 Other operating expenses				
Auditors' remuneration				
- audit	17	12	16	11
- other non-audit services	1	1	1	1
- taxation services	4	3	2	1
- out of pocket expenses	1	1	1	1
Directors' fees	53	53	50	50
Fees for company secretarial services	135	90	133	88
Other expenses	246	170	649	211
	<u>457</u>	<u>330</u>	<u>852</u>	<u>363</u>

Non executive directors' fees comprise the chairman's fees of £17,000 (2010 - £17,000) and fees of £12,000 (2010 - £12,000) per annum paid to each other non-executive director.

The executive directors who served during the year received no emoluments directly from the Company (2010 - nil).

The executive directors are shareholders and directors of OLIM Limited which received an investment management fee of £967,000 (2010 - £832,000) and a performance fee of £109,000 (2010 - £nil), the basis of calculation of which is given on page 17.

Additional information on directors' fees is given in the Directors' Remuneration Report on pages 24 to 25.

	2011		2010	
	Group £000	Company £000	Group £000	Company £000
5 Finance costs				
Interest payable on:				
11% First Mortgage Debenture Stock 2021	1,650	–	1,650	–
9.375% Debenture Stock 2026	1,875	1,875	1,875	1,875
Less amortisation of issue premium	(24)	(24)	(24)	(24)
	<u>3,501</u>	<u>1,851</u>	<u>3,501</u>	<u>1,851</u>

NOTES TO THE FINANCIAL STATEMENTS

	Revenue £000	2011 Capital £000	Total £000	Revenue £000	2010 Capital £000	Total £000
6 Taxation						
a) Analysis of the tax (credit)/charge for the year:						
Group						
Corporation tax payable	-	-	-	-	-	-
(Decrease)/increase in deferred tax provision	-	(221)	(221)	-	149	149
	<u>-</u>	<u>(221)</u>	<u>(221)</u>	<u>-</u>	<u>149</u>	<u>149</u>
Factors affecting the current tax (credit)/charge for year:						
Revenue / capital return on ordinary activities before tax			11,139			33,723
Tax thereon at 26% (2010 - 28%)			2,896			9,442
Effects of:						
Non taxable dividends			(994)			(1,083)
(Gains)/losses on investments not taxable			(2,445)			(8,213)
Excess expenses (utilised) / not utilised			379			(3)
Decrease in rate of deferred tax			(57)			-
Expenses disallowed			-			6
			<u>(221)</u>			<u>149</u>
Company						
Corporation tax credit	(45)	-	(45)	-	-	-
	<u>(45)</u>	<u>-</u>	<u>(45)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Factors affecting the current tax (credit)/charge for year:						
Revenue / capital return on ordinary activities before tax			11,315			33,574
Tax thereon at 26% (2010 - 28%)			2,942			9,401
Effects of:						
Non taxable dividends			(1,059)			(1,083)
(Gains)/losses on investments not taxable			(2,318)			(8,373)
Excess expenses not utilised			379			55
Difference in corporation tax rates			11			-
			<u>(45)</u>			<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation – continued

b) Factors affecting the tax charge for the year

The Company has losses for tax purposes arising in the year of £1,459,000 (2010 £196,000). Under current legislation, it is unlikely that these losses will be capable of offset against the Group's future taxable profits.

Audax Properties plc revalues its property portfolio on a six monthly basis and is required to recognise a deferred tax liability in respect of all unrealised gains recognised. Any movement in this provision is recognised within taxation in the Group's Statement of Comprehensive Income.

c) Factors affecting future tax charges

Both the Company and Audax Properties plc have deferred tax assets of £4,389,000 (2010 £4,318,000) and £3,000 (2010 £3,000) respectively at 31 March 2011 relating to total accumulated unrelieved tax losses carried forward. These have not been recognised in the accounts as it is unlikely that they will be capable of offset against the Group's future taxable profits.

7 Return per ordinary share

The return per ordinary share is based on the following figures:

	Group £000	2011 Company £000	Group £000	2010 Company £000
Revenue return	3,150	3,004	3,797	3,627
Capital return	8,210	8,356	29,777	29,947
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Return per share - revenue	6.92p	6.59p	8.34p	7.96p
Return per share - capital	18.02p	18.35p	65.37p	65.75p
Total return per share	24.94p	24.94p	73.71p	73.71p
		2011 £000		2010 £000

8 Dividends

Dividends on ordinary shares:

Final dividend of 3.8p per share (2010 - 3.7p) paid 16 July 2010	1,731	1,685
Interim dividend of 3.8p per share (2010 - 3.8p) paid 7 January 2011	1,731	1,731
Unclaimed dividends refunded by Registrar	–	(1)
Dividends paid in the period	3,462	3,415

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

NOTES TO THE FINANCIAL STATEMENTS

8 Dividends – continued

Set out below is the total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158 - 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £3,004,000 (2010 - £3,627,000).

	2011 £000	2010 £000
Interim dividend for the year ended 31 March 2011 - 3.8p (2010 - 3.8p) paid 7 January 2011	1,731	1,731
Unclaimed dividends refunded by Registrar	-	(1)
Proposed final dividend for the year ended 31 March 2011 - 4.0p (2010 - 3.8p) payable 15 July 2011	1,822	1,731
	<u>3,553</u>	<u>3,461</u>
	Equities £000	Investment properties £000
	Total £000	

9 Investments

Group			
Cost at 31 March 2010	71,228	32,328	103,556
Unrealised appreciation	17,410	16,422	33,832
Valuation at 31 March 2010	<u>88,638</u>	<u>48,750</u>	<u>137,388</u>
Purchases	13,595	2,500	16,095
Sales proceeds	(11,429)	(1,573)	(13,002)
Realised gains on sales	2,884	206	3,090
Movement in unrealised appreciation in year	5,743	(58)	5,685
Valuation at 31 March 2011	<u>99,431</u>	<u>49,825</u>	<u>149,256</u>
Company			
Cost at 31 March 2010	71,253	11,501	82,754
Unrealised appreciation	33,218	5,174	38,392
Valuation at 31 March 2010	<u>104,471</u>	<u>16,675</u>	<u>121,146</u>
Purchases	13,595	740	14,335
Sales proceeds	(11,429)	(714)	(12,143)
Realised gains on sales	2,884	232	3,116
Movement in unrealised appreciation in year	6,058	(258)	5,800
Valuation at 31 March 2011	<u>115,579</u>	<u>16,675</u>	<u>132,254</u>

NOTES TO THE FINANCIAL STATEMENTS

9 Investments – continued

Transaction costs

During the year expenses were incurred in acquiring and disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains and losses on investments in the Statement of Comprehensive Income. The total costs were as follows:-

	2011 £000	2010 £000
Purchases	71	200
Sales	15	33
	<u>86</u>	<u>233</u>

10 Other receivables

Amounts falling due within one year:

	Group £000	2011 Company £000	Group £000	2010 Company £000
Dividends receivable	212	212	172	172
Amounts due from subsidiary	–	45	–	–
Prepayments and accrued income	88	65	153	144
	<u>300</u>	<u>322</u>	<u>325</u>	<u>316</u>

The amount due from the subsidiary relates to an inter-company adjustment for group relief. (2010 - nil).

11 Other payables

	Group £000	2011 Company £000	Group £000	2010 Company £000
Value Added Tax payable	136	56	149	51
Amounts due to OLIM Limited	191	164	74	49
Accruals and other creditors	2,166	905	1,406	952
	<u>2,493</u>	<u>1,125</u>	<u>1,629</u>	<u>1,052</u>

The amounts due to OLIM Limited comprise management fees for the month of March 2011 and a performance fee for the year to 31 March 2011, subsequently paid in April 2011.

NOTES TO THE FINANCIAL STATEMENTS

	Group £000	2011 Company £000	Group £000	2010 Company £000
12 Non-current liabilities				
9.375% Debenture Stock 2026	20,000	20,000	20,000	20,000
Add:- Balance of premium less issue expenses	396	396	420	420
Less : Credit to income for the year	(24)	(24)	(24)	(24)
	<u>20,372</u>	<u>20,372</u>	<u>20,396</u>	<u>20,396</u>
11% First Mortgage Debenture Stock 2021	15,000	–	15,000	–
	<u>35,372</u>	<u>20,372</u>	<u>35,396</u>	<u>20,396</u>

The 11% First Mortgage Debenture Stock 2021 issued by Audax Properties plc is repayable at par on 31 March 2021 and is secured over specific assets of Audax Properties plc and the Company.

The Trust Deed of the Audax Properties plc Debenture Stock contains four covenants with which the Company must comply; the assets which are subject to charge and which secure the Debenture Stock may be owned by either Audax Properties plc or its parent company, Value and Income Trust PLC.

Firstly, the value of the assets should not be less than one and one-half times the amount of the Debenture Stock; secondly, the rental income from the assets should not be less than one and one-half-times the annual interest of the Debenture Stock (£1.65 million); thirdly, not more than 20 per cent. of the total value of the assets should be attributable to a single property; and finally, not more than 10 per cent. of the assets should be attributable to leaseholds having an unexpired term of less than 50 years.

The 9.375% Debenture Stock 2026 issued by Value and Income Trust PLC is repayable at par on 30 November 2026 and is secured by a floating charge over the property and assets of the Company.

The Trust Deed of the Value and Income Trust PLC Debenture Stock contains restrictions and events of default. The restrictions require that the aggregate group borrowings, £35 million, must not at any time exceed the total group capital and reserves (equivalent to net assets of £113.46 million as at 31 March 2011).

NOTES TO THE FINANCIAL STATEMENTS

	Group £000	2011 Company £000	Group £000	2010 Company £000
13 Deferred tax				
Opening balance at 31 March 2010	793	–	644	–
(Decrease)/increase in deferred tax provision (see note 6)				
- effect of reduction in tax rate on opening balance	(57)	–	–	–
- current year movement	(164)	–	149	–
Closing balance at 31 March 2011	572	–	793	–
Calculated as follows:				
Unrealised gains subject to tax on realisation	2,744	–	3,223	–
Less capital losses previously realised	(544)	–	(392)	–
	2,200	–	2,831	–
Whereof 26% (2010 - 28%)	572	–	793	–

Under IAS 12, provision must be made for any potential tax liability on revaluation surpluses. As an investment trust, the Company does not incur capital gains tax. However, some properties are owned by Audax Properties plc, a subsidiary of the Company, either to ensure that the investment trust status tests are not breached or for other commercial reasons. Provision for capital gains tax has therefore been made for the revaluation surpluses on property assets held by the subsidiary to the extent that the gain cannot be sheltered by capital losses brought forward.

	2011 £000	2010 £000
14 Ordinary share capital		
Authorised:		
56,000,000 ordinary shares of 10p each (2010 - 56,000,000)	5,600	5,600
Called up, issued and fully paid:		
45,549,975 ordinary shares of 10p each (2010 - 45,549,975)	4,555	4,555

NOTES TO THE FINANCIAL STATEMENTS

	2011 Group £000	Company £000	2010 Group £000	Company £000
15 Share premium				
Opening balance	18,446	18,446	18,446	18,446

	2011 Group £000	Company £000	2010 Group £000	Company £000
16 Retained Earnings				
Opening balance at 31 March 2010	82,564	82,564	52,405	52,405
Profit for the period	11,360	11,360	33,574	33,574
Dividends paid (see note 8)	(3,462)	(3,462)	(3,415)	(3,415)
Closing balance at 31 March 2011	90,462	90,462	82,564	82,564

The table below shows the movement in retained earnings analysed between revenue (distributable) and capital (non-distributable) items:

	Revenue £000	2011 Capital £000	Total £000	Revenue £000	2010 Capital £000	Total £000
Group						
Opening balance at 31 March 2010	3,855	78,709	82,564	3,473	48,932	52,405
Profit for the period	3,150	8,210	11,360	3,797	29,777	33,574
Dividends paid (see note 8)	(3,462)	–	(3,462)	(3,415)	–	(3,415)
Closing balance at 31 March 2011	3,543	86,919	90,462	3,855	78,709	82,564
Company						
Opening balance at 31 March 2010	2,283	80,281	82,564	2,071	50,334	52,405
Profit for the period	3,004	8,356	11,360	3,627	29,947	33,574
Dividends paid (see note 8)	(3,462)	–	(3,462))	(3,415)	–	(3,415)
Closing balance at 31 March 2011	1,825	88,637	90,462	2,283	80,281	82,564

NOTES TO THE FINANCIAL STATEMENTS

17 Net asset value per equity share

The net asset value per ordinary share is based on Group's net assets attributable of £113,463,000 (2010 - £105,565,000) and on 45,549,975 (2010 - 45,549,975) ordinary shares in issue at the year end.

The net asset value per ordinary share, based on the net assets of the Group adjusted for borrowings at market value (see note 20) is 233.67p (2010 - 218.29p).

	2011		2010	
	Group £000	Company £000	Group £000	Company £000
18 Reconciliation of income from operations before tax to net cash inflow from operating activities				
Income from operations before tax	16,173	14,250	37,914	35,349
Gains and losses on investments	(8,775)	(8,916)	(30,076)	(29,903)
Investment management fee	(1,076)	(754)	(832)	(555)
Other operating expenses	(457)	(330)	(852)	(363)
Recoverable VAT	–	–	994	994
(Decrease)/increase in receivables	25	39	201	(117)
Increase in other payables	121	73	377	88
Net cash from operating activities	6,011	4,362	7,726	5,493

19 Related Party Transactions

Angela Lascelles and Matthew Oakeshott are directors of OLIM Limited which has an agreement with the Company to provide investment management services, the terms of which are outlined on page 17 and in Note 3 on page 37).

Audax Properties plc is a wholly owned subsidiary of Value and Income Trust PLC and accordingly the latter is the ultimate controlling party. Details of the year end financial relationship between Audax Properties plc and Value and Income Trust PLC may be found in Note 10 on page 42.

20 Financial instruments

Risk management

The Group's financial instruments comprise securities, property and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement or debtors for accrued income.

The Manager has a dedicated investment management process which ensures that the Investment Policy set out on page 1 is achieved. Stock selection procedures are in place based on active portfolio management and the identification of stocks. The portfolio is reviewed on a periodic basis by a senior investment manager and also by the Manager's Investment Committee.

Additionally, the Manager's Compliance Officer continually monitors the Group's investment and borrowing powers and reports to the Manager's Risk Management Committee.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

The main risks that the Group faces from its financial instruments are:

- (i) market risk (comprising price risk, interest rate risk and currency risk)
- (ii) liquidity risk
- (iii) credit risk

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors.

(i) Market risk

The fair value of, or future cash flows from, a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises three elements - price risk, interest rate risk and currency risk.

Price risk

Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the Group's investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. Asset allocation and stock selection, as set out in the Investment Policy on page 1, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Group are listed on the UK Stock Exchange and all investment properties are commercial properties located in the UK with long strong income streams.

Price risk sensitivity

If market prices at the date of the Statement of Financial Position had been 10% higher or lower, while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 March 2011 would have increased/decreased by £14,003,000 (2010 - increase/decrease of £12,841,000) and equity reserves would have increased/ decreased by the same amount.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in property; and
- the level of income receivable on cash deposits

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise debenture stock, providing secure long term funding. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of between 25% and 40%. Details of borrowings at 31 March 2011 are shown in note 12 on page 43.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the balance sheet date was as follows:

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 March 2011				
Assets:				
Sterling	–	–	–	2,344
Total assets	–	–	–	2,344
At 31 March 2011				
Liabilities:				
Sterling	13	10.07	35,000	–
Total liabilities	13	10.07	35,000	–
At 31 March 2010				
Assets:				
Sterling	–	–	–	5,670
Total assets	–	–	–	5,670
At 31 March 2010				
Liabilities:				
Sterling	14	10.07	35,000	–
Total liabilities	14	10.07	35,000	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on debentures is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Group's loans are shown in note 12 on page 43.

The non-interest bearing assets represent the equity element of the portfolio and other receivables. The floating rate assets consist of cash deposits on call earning interest at prevailing market rates. The Group's equity and property portfolios and short term receivables and payables have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- profit for the year ended 31 March 2011 would increase/decrease by £57,000 (2010 - increase/decrease by £49,000). This is mainly attributable the Group's exposure to interest rates on its floating rate cash balances.
- the Group holds no financial instruments that will have an equity reserve impact.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Group's objectives.

Currency risk

A small proportion of the Group's investment portfolio is invested in securities whose fair value and dividend stream are affected by movements in foreign exchange rates. It is not the Group's policy to hedge this risk.

Currency sensitivity

There is no sensitivity analysis included as the Group has no outstanding foreign currency denominated monetary items. Where the Group's equity investments (which are non-monetary items) are affected, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

(ii) Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The Group's assets comprise of readily realisable securities which can be sold to meet commitments if required and investment properties which, by their nature, are less readily realisable. The maturity of the Group's existing borrowings is set out in the interest risk profile section of this note.

(iii) Credit risk

This is the failure of a counterparty to a transaction to discharge its obligations under that transaction that could result in the Group suffering a loss.

The risk is not significant and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager and limits are set on the amount that may be due from any one broker.
- the risk of counterparty exposure due to failed trades causing a loss to the Group is mitigated by the review of failed trade reports on a daily basis. In addition, a stock reconciliation to third party administrators' records is performed on a daily basis ensures that discrepancies are picked up on a timely basis. The Manager's Compliance Officer carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held.
- cash is held only with reputable banks with high quality external credit ratings.

None of the Group's assets is secured by collateral or other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

Credit risk exposure

In summary, compared to the amounts on the balance sheet, the maximum exposure to credit risk at 31 March was as follows:

	Balance Sheet £'000	2011 Maximum exposure £'000	Balance Sheet £'000	2010 Maximum exposure £'000
Non-current assets				
Investments held at fair value through profit or loss	149,256	148,572	137,388	137,388
Current assets				
Cash and cash equivalents	2,344	5,887	5,670	5,828
Other receivables	300	715	325	1,447
	<u>151,900</u>	<u>155,174</u>	<u>143,383</u>	<u>144,663</u>

(iv) Property Risk

The Group's commercial property portfolio is subject to both market and specific property risk. Since the UK commercial property market has been markedly cyclical for many years, it is prudent to expect that to continue. The price and availability of credit, real economic growth and the constraints on the development of new property are the main influences on the property investment market.

Against that background, the specific risks to the income from the portfolio are tenants being unable to pay their rents and other charges, or leaving their properties at the end of their leases. All leases are on full repairing and insuring terms, with upward only rent reviews and the average unexpired lease length is 14 years (2010 - 14 years). Details of the tenant and geographical spread of the portfolio are set out on pages 12 to 14. The long term record of performance through the varying property cycles since 1987 is set out on page 10. OLIM is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM's supervision.

None of the Group's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

All assets and liabilities of the Group other than the debenture stock are included in the balance sheet at fair value.

(i) Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 7 Fair Value hierarchy:-

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2011				
Equity investments	99,431	–	–	99,431
Investment properties	–	49,825	–	49,825
	<u>99,431</u>	<u>49,825</u>	<u>–</u>	<u>149,256</u>
At 31 March 2010	£'000	£'000	£'000	£'000
Equity investments	88,638	–	–	88,638
Investment properties	–	48,750	–	48,750
	<u>88,638</u>	<u>48,750</u>	<u>–</u>	<u>137,388</u>

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:-

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

Level 1 - valued using quoted prices in an active market for identical assets

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

There were no transfers between levels during the year.

(ii) Borrowings

The fair value of borrowings has been calculated at £42,401,000 as at 31 March 2011 (2010 - £41,529,000) compared to a balance sheet value in the financial statements of £35,372,000 (2010 - £35,396,000) per note 12.

The fair values of the debentures are determined by comparison to the fair values of equivalent gilt edged securities, discounted to reflect the differing levels of credit worthiness of the borrowers.

All other assets and liabilities of the Group are included in the balance sheet at fair value.

	Fair value		Carrying value	
	2011	2010	2011	2010
	£000	£000	£000	£000
11% First Mortgage Debenture Stock 2021	19,063	18,778	15,000	15,000
9.375% Debenture Stock 2026	23,338	22,751	20,372	20,396
	<u>42,401</u>	<u>41,529</u>	<u>35,372</u>	<u>35,396</u>

21 Events after the Balance Sheet Date

On 15 April 2011, the property at 30 North Bridge, Edinburgh owned by Audax Properties PLC was sold at a price of £820,000. The property was valued at £750,000 at the year end.

22 Value added tax recoverable on investment management fees

On 28 June 2007, the European Court of Justice ruled that management fees payable by investment trust companies should be exempt from VAT. HMRC announced on 5 November 2007 its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company have been processed by HMRC with our Manager, OLIM Limited.

OLIM, which has been the Company's sole investment manager since September 1986, has been able to reclaim from H.M. Revenue & Customs (HMRC), on behalf of the Company, elements of previously irrecoverable VAT, together with simple interest thereon. The recoveries have been apportioned between revenue and capital respectively in the same proportions as the original irrecoverable VAT was expensed.

As the basis of allocation has altered over the period, the apportionment reflects this.

	Revenue £000	Capital £000	Total £000
Years 1990 - 1996	268	-	268
Years 2001 - 2004	206	226	432
Years 2004 - 2007	88	206	294
	<u>562</u>	<u>432</u>	<u>994</u>

NOTES TO THE FINANCIAL STATEMENTS

23 Capital management policies and procedures

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and regulations.

The financial statements are published on the Company's website which is maintained by the Manager, OLIM Limited: www.olim.co.uk. The maintenance and integrity of the corporate and financial information relating to the Company is the joint responsibility of the Directors and the Manager. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements

in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance statement that comply with that law and those regulations.

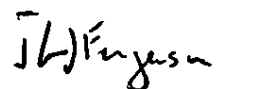
The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge, that:

- the Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the Group together with a description of the principal risks and uncertainties that the Company and the Group faces.

For and on behalf of the Board of Value and Income Trust PLC.

James Ferguson
Chairman
2 June 2011



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VALUE AND INCOME TRUST PLC

We have audited the Group and parent company financial statements of Value and Income Trust PLC for the year ended 31 March 2011 which comprise the Group and parent company statements of comprehensive income, the Group and parent company statements of financial position, the Group and parent company cash flow statements, the Group and parent company statement of changes in equity and the notes to the financial statements. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities on page 53, 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 web-site at 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 group's and the parent company's affairs as at 31 March 2011 and of the group's and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we note the treatment of finance costs as detailed in note 1(e), as this does not comply with the 2009 Statement of Recommended Practice (Financial Statements of Investment Trust Companies and Venture Capital Trusts).

INDEPENDENT AUDITORS' REPORT

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

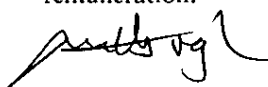
We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 21, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to Shareholders by the Board on director's remuneration.



Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

for and on behalf of Chiene + Tait, Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

2 June 2011

HOW TO INVEST IN VALUE AND INCOME TRUST PLC

DIRECT

Investors can buy and sell shares in Value and Income Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought through the Value and Income Trust Share Plan or Value and Income Trust ISA.

VALUE AND INCOME TRUST SHARE PLAN

The Company offers a Share Plan (the "Plan") through which shares in Value and Income Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250 while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchasing shares. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Plan, and regular savers can stop or suspend participation by instructing the Administrators in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

VALUE AND INCOME TRUST ISA

Through the Value and Income Trust ISA (the "ISA"), an investment of up to £10,680 in Value and Income Trust PLC may be made in the 2011/2012 tax year.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA TRANSFER

You can choose to transfer previous tax year investments which can be invested in Value and Income Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to an additional minimum lump sum of £250.

LITERATURE REQUEST SERVICE

Please download literature and application forms for the Plan and ISA from www.olim.co.uk or call 0500 00 40 00 and quote "Value and Income Trust". Alternatively, please email your request to the Administrator at aam@lit-request.com including in the Subject line, "Value and Income Trust".

It is not possible for either Value and Income Trust or the Administrator to offer financial advice regarding the suitability or otherwise of these products for individual circumstances.

HOW TO INVEST IN VALUE AND INCOME TRUST PLC

KEEPING YOU INFORMED

For internet users, the net asset value per ordinary share of the Company is calculated and published monthly on the London Stock Exchange where the latest ordinary share price is also displayed, subject to a delay of 15 minutes. "VIN" is the Code for the ordinary shares which may be found at www.londonstockexchange.com. Additional data on the Company and other investment trusts may be found at www.trustnet.co.uk.

The net asset value (with debt at market value) and share price are quoted daily in The Financial Times. The Daily Telegraph, The Herald, The Independent and The Scotsman also quote the share price.

CUSTOMER SERVICES

For enquiries regarding an existing Plan or ISA, please contact the Administrators:

Value and Income Trust PLC
Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP

Telephone: 0500 00 40 00
(Monday - Friday, 9am - 5pm)

For enquiries in relation to ordinary shares held in certificated form, please contact the Company's registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ
Telephone: 0870 703 0168
www-uk.computershare.com/investor
(Calls to the above number cost 10 pence per minute plus network extras.)

For email, select 'Contact Us', via the above website.

NOTE

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Value and Income Trust PLC (the "Company") will be held at Bow Bells House, 1 Bread Street, London, EC4M 9HH on Friday 8 July 2011 at 12.30pm, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 10 inclusive will be proposed as ordinary resolutions and resolutions 11 and 12 inclusive will be proposed as special resolutions:

ORDINARY BUSINESS

1. To receive the reports of the Directors and Independent Auditor and the accounts for the year ended 31 March 2011.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2011.
3. To approve a final dividend of 4.0p payable on the Ordinary shares.
4. To re-elect Angela Lascelles as a Director of the Company.
5. To re-elect Matthew Oakeshott as a Director of the Company.
6. To re-elect James Ferguson as a Director of the Company.
7. To re-elect David Back as a Director of the Company.
8. To re-elect John Kay as a Director of the Company.
9. To re-appoint Chiene + Tait as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the Independent Auditor for the year to 31 March 2012.

SPECIAL BUSINESS

10. Authority to Allot Shares

That the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £455,499 (representing 10 per cent. of the ordinary share capital in issue as at the date of this Notice) provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2012 or on 30 September 2012 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

11. Disapplication of Pre-emption Rights

That, subject to the passing of resolution number 10 set out above, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 ("the Act"), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 10 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if Section

NOTICE OF ANNUAL GENERAL MEETING

561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

- (i) (otherwise than pursuant to subparagraph (ii) below) up to an aggregate nominal value of £455,499 (representing 10 per cent. of the ordinary share capital in issue as at the date of this Notice); and
- (ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of ordinary shares held by them on a record date fixed by the directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2012, or on 30 September 2012 (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make

offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

12. Authority to Make Market Purchases of Shares

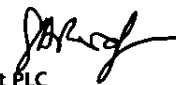
That, the Directors be and are hereby generally and unconditionally authorised, for the purposes of Section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of Section 693(4) of the Act) of fully paid ordinary shares of 10p each in the capital of the Company ("ordinary shares") on such terms as the Directors of the Company think fit provided that:

- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
- (ii) the minimum price which may be paid for an ordinary share shall be 10p (exclusive of expenses);
- (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of:
 - (a) 5% above the average of the middle market quotations of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the higher of the price of the last independent trade in ordinary shares and the highest current independent bid for ordinary shares on the London Stock Exchange; and
- (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2012 or on 30 September 2012 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement; and
- (v) any ordinary shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Act and any applicable regulations of the United Kingdom Listing Authority, be held or otherwise dealt with as permitted by the Companies Act 2006 as Treasury Shares.

By order of the Board
Aberdeen Asset Management PLC



Secretaries
2 June 2011

Registered office:
7th Floor
40 Princes Street
Edinburgh EH2 2BY

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

- (i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Computershare Investor Services PLC on 0870 703 0168 (calls to this number are charged at 10p per minute from a BT landline. Other telephony providers' costs may vary). In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).

A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

- (ii) A personalised form of proxy, and reply-paid envelope, is enclosed for ordinary shareholders. For holders of shares in the Company via the VIT Share Plan or the VIT ISA, a personalised form of direction is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive not less than forty eight hours (excluding non-working days) before the time fixed for the meeting.
- (iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST

NOTICE OF ANNUAL GENERAL MEETING

sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

- (v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

NOTICE OF ANNUAL GENERAL MEETING

- (ix) The right to vote at a meeting is determined by reference to the Company's register of members as at 6 p.m. on 6 July 2011 or if this meeting is adjourned, at 6 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting
- (x) As at 2 June 2011 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 45,549,975 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company, as at 2 June 2011, was 45,549,975.
- (xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- (xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.
- (xiii) Biographical details of the Directors standing for re-election are set out on page 4 of this Report.
- (xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number or website address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- (xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the

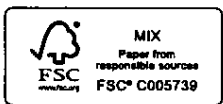
NOTICE OF ANNUAL GENERAL MEETING

Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

(xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xvii) Information regarding the Annual General Meeting is available from the Company's website, hosted by the Manager, at www.olim.co.uk

(xviii) Pursuant to Section 319A of the Companies Act 2006, as a member, you have the right to put questions at the meeting relating to business being dealt with at the meeting.



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