VALUE AND INCOME TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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Financial Calendar

25 October 2019	First quarterly dividend of 2.9p per share for the year ended 31 March 2020
1 November 2019	Announcement of Half-Yearly Financial Report for the six months to 30 September 2019
31 January 2020	Second quarterly dividend of 2.9p per share for the year ended 31 March 2020
24 April 2020	Third quarterly dividend of 2.9p per share for the year ended 31 March 2020
29 July 2020	Announcement of Annual Financial Report for the year ended 31 March 2020
28 August 2020	Fourth quarterly dividend of 3.4p per share payable for the year ended 31 March 2020
3 September 2020	Annual General Meeting, Glasgow (10:00am)
30 October 2020	First quarterly dividend payable for the year ending 31 March 2021
November 2020	Announcement of Half-Yearly Financial Report for the six months ending 30 September 2020
29 January 2021	Second quarterly dividend payable for the year ending 31 March 2021

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 financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) 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 transmission to the purchaser or transferee.

Value and Income Trust PLC (VIT or the Company) is an investment trust company and its Ordinary Shares are listed on the Premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is registered as a public limited company in Scotland under company number SCO50366. VIT is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has one class of share. VIT is a member of the Association of Investment Companies (AIC).

Investment Aims

VIT invests in higher yielding UK commercial property and quoted equities, 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 not normally VIT's policy to invest in overseas shares or in unquoted companies. Further information on VIT's investment policy is detailed in the Business Review on page 24.

The Board's Duty and Stakeholder Engagement

The Board has discussed the Directors' duty under Section 172 of the Companies Act and how the interests of key stakeholders have been considered in Board discussions and decision making during the year on page 41.

Capital Structure

As at 31 March 2020, VIT's share capital consisted of 45,549,975 Ordinary Shares of 10p nominal value 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.

Share Dealing

Shares in VIT can be purchased and sold in the market through a stockbroker, or indirectly through a lawyer, accountant or other professional adviser. Further information on how to invest in VIT is detailed on page 102.

Recommendation of Non-Mainstream Investment Products

VIT currently conducts its affairs so that the shares issued by it can be recommended by independent financial advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products and intends to do so for the foreseeable future. VIT's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust company and the returns to investors are based on investments in publicly quoted securities and directly held property.

Alternative Investment Fund Managers Directive

In accordance with the Alternative Investment Fund Managers Directive (AIFMD), VIT has appointed its wholly owned subsidiary, Value and Income Services Limited (VIS), as its Alternative Investment Fund Manager (AIFM) and has appointed BNP Paribas Securities Services as its Depositary.

Financial Highlights and Long-Term Record

Highlights of the Year

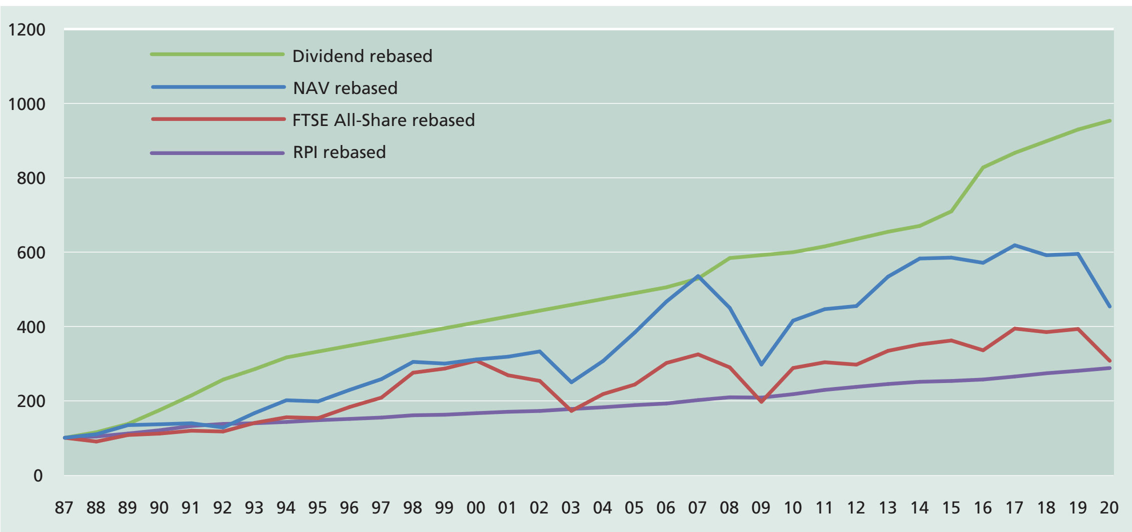
- Net Asset Value total return (with debt at par)** of -21.8% over one year and -19.8% over three years.
- Share Price total return** of -30.7% over one year and -25.7% over three years.
- FTSE All-Share Index total return of -18.5% over one year and -12.2% over three years.
- Dividends for year up 2.5% - increased for the 33rd consecutive year.

Financial Record

	30 Sept 1986*	31 Mar 1987	31 Mar 2005	31 Mar 2006	31 Mar 2007	31 Mar 2008	31 Mar 2009	31 Mar 2010	31 Mar 2011	31 Mar 2012	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019 Restated ***	31 Mar 2020
NAV (valuing debt at par) (p)	44.0	55.1	213.9	260.6	299.0	251.0	165.6	231.8	249.1	253.8	298.2	325.5	326.9	319.0	345.5	330.5	332.5	253.1
NAV (valuing debt at market) (p)**	N/A	N/A	189.0	226.9	271.1	222.7	129.6	218.3	233.7	227.6	269.8	304.3	299.5	299.2	318.1	309.2	312.2	232.7
Ordinary share price (p)	42.0	52.0	181.0	227.0	253.0	166.0	88.5	169.0	186.0	181.5	210.8	265.0	254.3	221.8	255.0	262.0	251.0	165.0
Discount of share price to NAV (valuing debt at market) (%)	–	–	4.2	0.0	6.7	25.5	31.7	22.5	20.4	20.3	21.9	12.9	15.1	25.9	19.8	15.3	19.6	29.1
Dividend per share (p)	N/A	1.25	6.20	6.40	6.70	7.40	7.50	7.60	7.80	8.05	8.30	8.50	9.00	10.50	11.00	11.40	11.80	12.10
Total assets less current liabilities (£m)	17.4	24.8	133.0	156.8	174.8	151.8	111.5	141.8	149.4	151.3	171.2	183.6	189.0	185.5	207.3	200.4	205.6	176.2

* Date from which the current Investment Managers were appointed.
** This is an Alternative Performance Measure (APM) which has been explained in the Glossary on page 105.
*** Please see Note 22 to the Financial Statements for details of the restatement.

Growth In Net Asset Value*



* Net Asset Value calculated with debt valued at par; rebased to 100 as at 31 March 1987.
(Source: Maven Capital Partners UK LLP, London Stock Exchange & Office for National Statistics)

James Ferguson
Chairman
James Ferguson was appointed as a Director in 1986 and as Chairman in 1994. He joined Stewart Ivory in 1970, became chairman in 1989 and retired in 2000. He is chairman of The Scottish Oriental Smaller Companies Trust PLC, The North American Income Trust PLC (formerly Edinburgh US Tracker Trust PLC), Northern 3 VCT PLC and The Monks Investment Trust PLC. He is the senior independent director of The Independent Investment Trust PLC. He is a former deputy chairman of the Association of Investment Companies.

John Kay

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 Scottish Mortgage Investment Trust PLC and was formerly a director of The Law Debenture Corporation PLC. He was appointed as a Director on 4 February 1994 and is the Company's Senior Independent Director.

Dominic Neary

Dominic Neary was appointed as a Director on 26 January 2018. Dominic is currently a non-executive director of JPMorgan US Smaller Companies Investment Trust PLC and was previously Head of the Global Income Growth team at Baillie Gifford & Co. until August 2017 where he was also the manager of The Scottish American Investment Company PLC (SAINTS). He previously held various fund management roles at Stewart Ivory & Co., Henderson Global Investors and Insight Investment and holds an MSc and PhD in Statistics.

David Smith

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 as a Director on 10 July 2009. David is Chair of the Audit and Management Engagement Committee.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee.
All Directors are also directors of Value and Income Services Limited.

Chairman's Statement

As this is written, markets are dominated by the development of COVID-19. This pandemic has already plunged the United Kingdom and much of the rest of the world into deep recession. It is still far too early to try to predict when and where our economy will recover and how many jobs and how many businesses will be lost. VIT's income is therefore under severe short-term pressure from cut and cancelled equity dividends, and tenants struggling to pay rent on closed properties. However, you will see from our Investment Managers' reports that there are reasons for cautious optimism in the longer term when the crisis is past.

The Board has declared a fourth interim dividend of 3.4p per share making total dividends of 12.1p per share for the year to 31 March 2020 compared to 11.8p in the previous year, an increase of 2.5%. The fourth interim dividend will be paid on 28 August 2020 to all Shareholders on the register as at 31 July 2020. We are proud of the fact that this will be the 33rd year of dividend increases following the reconstruction of VIT. It is our present intention to preserve this record if possible, by using our powers to distribute part of our capital reserves of 154.4p per share if necessary. But keeping up that record will require dividend cover to be rebuilt in the years ahead.

The prospect of the repayment of the £15 million 11% Debenture stock in March 2021 gives the Board encouragement for the growth of income in the longer term. In order to secure the refinancing of this in good time, we drew down in November 2019 a £22 million loan expiring on 30 November 2026 at a net interest rate of 3.1%. 95% of the interest payable is at a fixed rate and 5% at a floating rate. The proceeds of this loan have been placed on accessible deposit, pending repayment of the Debenture and investment of the additional £7 million less costs.

Over the year, VIT's NAV total return (with debt at par) was -21.8% and the Share Price total return was -30.7%. This compares with the FTSE All-Share Index total return of -18.5%.

As noted in previous statements, the difference between the fair value and the nominal value of our two debenture stocks and our bank loans is reducing over the life of the instruments, which will be repaid at their nominal value. The figures are set out in Note 17 to the Financial Statements on page 82. The two debentures have covenants attached to them and information about them is included in Note 12 on pages 79 and 80; there is plenty of headroom in terms of both capital and income.

I would remind shareholders that new Articles of Association were adopted in July 2016. These included a requirement for the Board to put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for any Shareholders to realise their investment in full at NAV, less costs, by March 2027 at the latest. The details of this are shown on page 35.

This year's AGM will be held in the offices of Maven Capital Partners UK LLP, First Floor, Kintyre House, 205 West George Street, Glasgow G2 2LW on Thursday, 3 September 2020 at 10:00 am. However, in light of the Government advice against all non-essential travel and maintaining social distancing, Shareholders will be unable to attend the AGM in person. The Notice of

Annual General Meeting can be found on pages 106 to 111 of this Annual Report. The Board encourages Shareholders to vote using the Proxy Form, which can be submitted to Computershare, the Company's Registrar. Proxy Forms should be completed and returned in accordance with the instructions thereon and the latest time for the receipt of Proxy Forms is 10:00am on Tuesday, 1 September 2020. Proxy votes can be also be submitted by CREST or online using the Registrar's Share Portal Service at **www.investorcentre.co.uk/eproxy**. The Board would also encourage Shareholders to submit any questions for the Board and Manager by email or by letter in advance of the AGM. Shareholders wishing to submit a question should write to: The Company Secretary, Value and Income Trust PLC, c/o Maven Capital Partners UK LLP, First Floor Kintyre House, 205 West George Street, Glasgow G2 2LW or email to: **CoSec@mavencp.com**.

James Ferguson
Chairman
29 July 2020

Summary of Portfolio

	31 March 2020		31 March 2019* (Restated)	
	£m	%	£m	%
UK Equities	90.8	51.5	128.7	62.6
UK Property	74.5	42.3	73.1	35.6
Cash	10.9	6.2	3.8	1.8
	176.2	100.0	205.6	100.0

* Restated to reflect prior year adjustment. Please see Note 22 to the Financial Statements for details.

UK Equities

Market Background

The coronavirus COVID-19 outbreak has had a major effect on world stock markets and on the returns generated for investors in VIT's financial year, despite the virus only becoming prevalent in the final weeks of the period. Global equities had gained ground steadily during the first ten months of VIT's financial year to the end of March 2020, before dropping precipitously from the middle of February as the severe economic impact of the virus and the resultant lockdown measures became clearer. Up until that point, markets had taken heart as the economic outlook had stabilised after growth had slowed through the first half of 2019 due to the monetary and fiscal tightening seen around the world in 2018. Those circumstances changed abruptly in mid-February 2020 as it became clear that the virus had spread around the world and that draconian lockdown measures would be needed to prevent health systems from being overwhelmed. The severe impact of the virus is illustrated by the fact that the UK stock market rose by 5.5% in the first nine months of VIT's financial year, before falling 26.0% in the three months to the end of March 2020. Overall, the UK stock market, as measured by the FTSE All-Share Index, fell by 21.9% in the twelve-month period.

It is difficult to remember now but the UK stock market had actually entered 2020 on a relatively optimistic note after months of tortuous Brexit stalemate. The Conservatives had just won an unexpectedly large majority at the December general election, preventing the economically destructive manifesto put forward by the Labour Party from being implemented. The election result had also brought certainty to the Brexit process, with many accepting that breaking the Brexit logjam would aid businesses even if there was likely to be some economic costs associated with leaving the EU. All this now seems a distant memory with governments around the world on an effective war footing and everyday life put on hold for literally billions of people.

Patrick Harrington

As noted above, the FTSE All-Share Index fell substantially in the twelve-month reporting period by 21.9% and, including income, the total return was -18.5%. The MSCI World Index, which is measured in dollars, was much more resilient, falling by just 12.1%, and to UK based investors the fall was limited to just 7.7% as the pound weakened from \$1.30 to \$1.24 during the year. The UK stock market underperformed other world markets due to its high weightings in commodity and financial stocks, which have generally been poor performers in the sell-off. Within the UK market, large defensive global companies and utilities have been the only real safe havens during the last quarter. These types of companies tend to be amongst the very largest in the market and, consequently, the FTSE 100 Index of largest companies outperformed the more domestically focused FTSE 250 Index of mid-sized companies by over 5% in the final quarter. High yielding companies, which have an over representation in the commodity and financial sectors of the market, were also hard hit, with the FTSE Higher Yield Index falling by 28.2% over the year, performing well behind the wider market.

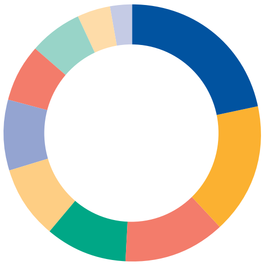
In the bond market, ten-year gilt yields ended VIT's year at 0.4%, down from 1.0% a year earlier, whilst twenty-year gilt yields fell to just 0.8%. The ten-year gilt yield actually traded below 0.2% during the last quarter, which is the lowest level recorded for well over 50 years and reflects the safe haven status of gilts. The total return on the FTSE All Stocks Gilt Index over the year was +9.9%, meaning the return differential between equities and gilts was almost 30% in gilts' favour. Commodities reflected the general background in financial markets and were extremely weak in the final three months of VIT's financial year. Perhaps the most dramatic fall was seen in the oil market where the price of a barrel of oil fell by two thirds over the course of the year to end at $23, down from $68 a year earlier. Anticipated falls in the demand for oil as a result of the economic lockdown were compounded by the decision of the Saudi Arabians to launch a price war after OPEC failed to agree production cuts in early March. Metal prices were also weak but the decline in the price of copper for example, at 23.6%, was nowhere near that recorded for oil.

Prior to the coronavirus outbreak the UK economy had actually been performing reasonably well. The UK economy grew by 1.1% in 2019, which was ahead of expectations that had been downgraded because of Brexit-related uncertainty. Entering 2020, growth expectations were rising along with business confidence, which had been buoyed by the election result. Expectations for global economic growth had also been stabilising, responding to interest rate reductions made by many central banks worldwide in the second half of 2019. Entering 2020, economists were expecting global growth of around 3% for the year, but those forecasts have been rendered irrelevant by the coronavirus outbreak.

Performance

VIT's equity portfolio underperformed the FTSE All-Share Index significantly during the reporting period. For the first ten months of the year the holdings generally performed well but they underperformed sharply during the coronavirus inspired sell-off in February and March. The total return recorded by VIT's equity portfolio was -23.7%, well behind the -18.5% recorded by the FTSE All-Share Index. As noted above, higher yielding shares, on which the portfolio is

Distribution of Securities at 31 March



	2020 %	2019 %
Financials	**21.8**	**20.8**
Industrials	**16.5**	**13.1**
Consumer Goods	**12.7**	**13.7**
Basic Materials	**10.2**	**12.0**
Oil and Gas	**9.2**	**9.6**
Utilities	**8.8**	**6.6**
Consumer Services	**7.4**	**14.8**
Health Care	**6.5**	**4.8**
Telecommunications	**4.2**	**4.6**
Technology	**2.7**	**0.0**
	100.0	**100.0**

focused, underperformed the market sharply over the year, falling by 28.2% in capital terms and generating a total return of -23.8%, as measured by the FTSE Higher Yield Index. The portfolio was further hindered by its overweight positions in Travel & Leisure and Life Assurance. In particular, Cineworld (-58% to sale), Restaurant Group (-77% to sale) and Marston's (-60%) were substantial fallers in the sell-off as the government forced the shutdown of their operations in the lockdown period. The Life Assurance sector underperformed with other financial sectors as the market became concerned about their exposure to corporate credit defaults and their ability to pay dividends. Other notable underperformers included Go-Ahead (-58%), ITV (-48%) and Crest Nicholson (-51% to sale) which are all largely exposed to the UK economy. Go-Ahead has had to cope with the severe curtailment of its rail and bus networks, ITV has seen a significant drop in advertising revenues as many companies have simply stopped spending in this area and Crest Nicholson will have to cope with a UK housing market that has ground to a complete halt. There were some bright spots in the portfolio, including Pennon (+46%), United Utilities (+11%), Spectris (-2%) and Unilever (-7%), but these were not enough to offset the weakness seen elsewhere. Pennon, United Utilities and Unilever all benefited from investors' flight to safety with Pennon's share price also being aided by the £4.2bn disposal of its Viridor waste and recycling operation to KKR. The portfolio is under-represented in these types of large global and defensive businesses, which tended to outperform in the sell-off, as they are generally much lower yielding than average. Spectris also benefited from a fortuitously-timed disposal, which left its balance sheet ungeared and the company well-placed to navigate the current difficulties.

Portfolio

The last twelve months saw sales of equities of £17.2m and purchases of £13.9m giving total transactions of £31.1m, with net sales of £3.3m. During the period prior to the coronavirus sell-off, we continued to reorganise the portfolio, selling those companies with challenged business models such as BT, Centrica and Eddie Stobart Logistics. We also made a complete disposal of Johnson Matthey, where we became concerned about the company's exposure to diesel engines. The monies raised were reinvested in new holdings in PayPoint and FDM. Both companies have attractive growth opportunities, strong balance sheets and generate cash. PayPoint is a transaction services business focused on the convenience retail store sector, whilst FDM is a global IT services business. During the year M&G, the well-known UK-based savings and investment business, demerged from the Prudential and we made a significant addition to this holding, attracted by the strong cash flows emerging from its life assurance book. We also made additions to the Vodafone, Lloyds Banking Group, DS Smith, ITV and Royal Dutch Shell holdings in this period.

As the severe economic consequences of coronavirus lockdown became clearer, we reassessed the portfolio and sold those holdings where the impact on the business was large, any possible recovery was going to be drawn out and their balance sheet positions meant that they were likely to need further equity finance to survive. As a result, we made the difficult decision to sell the portfolio's holdings in Cineworld, Restaurant Group and Crest Nicholson. We invested some of the money raised by topping up existing holdings in BHP, Royal Dutch Shell, PayPoint and M&G, where we felt that the companies were well-placed to survive the downturn and there was a good chance that they would continue to pay dividends. The equity portfolio was left with a small effective cash balance at the end of March 2020 and we will look to invest this in due course.

At the end of the year the portfolio had 31 investments. On a historic basis the yield of the portfolio was approaching 6%. However, dividends are being suspended by a wide range of companies in an effort to preserve cash resources and it is possible that dividends from the UK stock market could fall by up to 40% in 2020 and investment income from VIT's equity portfolio is likely to reflect this trend. It is to be hoped that dividend payments will bounce back in 2021, but it is likely that this will not cover 2020's shortfall. Any recovery in dividend payments will be crucially dependent on the speed with which lockdown measures can be eased so that companies can resume trading on a more normal basis.

Outlook

The outlook for equities has rarely been as difficult to foresee. On the one hand, the scale of economic contraction caused by the coronavirus could be at least double that caused by the financial crisis in 2008/09. Many companies have been severely affected by the virus lockdown containment measures and, in many cases, have stopped trading altogether. In response, a large number of UK companies have announced that they will be suspending dividend payments in order to preserve cash resources on their balance sheets. Large numbers have even resorted to cancelling previously declared payments, which is a sign of how fast the situation is changing. Corporate profit forecasts are meaningless at the time of writing and the dividend base of the market is subject to a high degree of uncertainty, although it is probable that UK stock market dividends will fall substantially in 2020. On the other hand, the scale of government responses around the world has been unprecedented. Measures including state support of wages, funding packages for businesses impacted by a lack of trade and other support programmes have been announced with potential costs running into the hundreds of billions of pounds in the UK alone. Worldwide, similar measures worth literally trillions of dollars have been announced and governments will be running fiscal deficits at levels never seen outside of times of war. On top of this, central banks around the world have cut interest rates sharply and many, including the Bank of England, the European Central Bank and the US Federal Reserve, have announced new quantitative easing measures or similar asset purchase programmes, which have flooded the world with liquidity. This seems to have halted the decline in share prices for the time being, which have bounced off the bottom. Whether this proves to be of only temporary relief, or the start of the recovery will be dependent on the future path of the virus, the success or otherwise of efforts to contain it and the speed with which the lockdown measures can be eased. Nonetheless, following the stock market falls and despite the uncertainty regarding corporate dividend payments, share valuations on most measures are now low and judicious investment in companies able to survive without dilutive rescue fundraising should prove profitable from here.

Patrick Harrington
OLIM Limited
29 July 2020

Holding		Description	Market Value (£)
160,000	Unilever	The global food, home and personal care products company. Its profits and cash flows should prove resilient in the current conditions. Unilever is likely to be in the minority of companies that continue paying dividends through the pandemic. When conditions return to normal Unilever will be well-placed to benefit from the recovery of emerging markets.	6,512,800
389,000	GlaxoSmithKline	The UK's 2nd largest pharmaceutical company. The business should be relatively immune to the economic contraction caused by the coronavirus. GlaxoSmithKline has been restructuring and cutting costs and its underlying cash generation has been improving, which has supported its dividend. The company is looking to separate its consumer healthcare division to generate value for shareholders.	5,890,238
411,400	Pennon	Operates and invests in water and sewerage services and waste management in the UK. Water companies are a safe haven during the current economic uncertainty. Pennon's balance sheet has been greatly strengthened by the recent £4.2bn disposal of Viridor, its commercial waste business. This has also underwritten its dividend paying capacity.	4,465,747
1,246,000	BP	One of the world's largest energy companies, providing fuel, retail services and petrochemicals. Although the oil price has fallen substantially, the company has a strong balance sheet and has the ability to continue paying dividends through the crisis.	4,279,387
300,000	Royal Dutch Shell	A global group of energy and petrochemical companies, which is focused on natural gas. The company entered the coronavirus crisis with a strong balance sheet having restructured and cut costs. Royal Dutch Shell is in a strong position to continue paying dividends even at a reduced level.	4,078,800
95,000	Croda International	A world leader in naturally derived speciality chemicals which are sold to virtually every type of industry. Croda has a defensive, cash generative business model that should enable it to withstand any coronavirus inspired weakness in its end markets. Its balance sheet is strong and it has ample dividend paying capacity, even in these difficult times.	4,056,500
160,000	Spectris	Leading supplier of instrumentation and controls. Although exposed to a number of cyclical markets, Spectris was fortunate to have made a substantial disposal prior to the pandemic outbreak that left its balance sheet ungeared and meant the business was well-placed to withstand the current economic difficulties.	3,924,800
3,400,000	Vodafone	The leading mobile telecommunications company. Vodafone's revenues should be relatively unaffected by the virus. The company is looking to strengthen its balance sheet by disposing of its tower assets, which should reduce any uncertainty over its dividend.	3,841,320
790,000	HSBC	The global banking group. Although HSBC has been instructed by the PRA to suspend dividends, it is well capitalised and was cutting costs before the virus struck. It seems likely that the Far East will recover first from the economic effects of the pandemic and HSBC is well-placed to benefit from this.	3,588,575
391,772	United Utilities	The UK's largest listed water company has proved a safe haven for investors through the crisis. Having recently agreed a new five-year settlement with its regulator the company is well-placed to reward its shareholders with dividend income even in the current climate.	3,536,918
1,720,000	Legal & General	One of the UK's leading financial services companies, specialising in life assurance and pensions. The company has a strong solvency ratio and has committed to paying its dividend at the present time. The company's fund management business, LGIM, is a valuable asset even in these difficult times for stock markets.	3,333,360
845,000	Beazley UK	A specialist international insurance company, primarily operating in the Lloyds insurance market. Beazley has recently strengthened its balance sheet via an equity placing and announced that it is suspending its dividend to further conserve cash. Its strong balance sheet should enable it to benefit from the likely premium increases following the pandemic and it is expected to resume dividend payments in due course.	3,295,500
1,150,000	DS Smith	A leading cardboard packaging manufacturer with operations in Europe and the USA. Trading has held up well in spite of the coronavirus impact with the company benefiting from the surge in online retailing. Its balance sheet has been strengthened by the recent disposal of its one remaining plastic packaging business. Although its dividend has been suspended, DS Smith is well-placed to resume payments when the economic situation is clearer.	3,164,800
460,000	Phoenix Group	A leading consolidator of closed life assurance businesses. Phoenix operates a low risk business model that focuses on long-term cash flows. Much of its balance sheet risk is hedged, meaning that its dividend paying potential has been little damaged by the coronavirus impact on financial markets.	2,881,900
220,000	BHP	The world's largest mining company. BHP's low-cost mines should help it stay profitable although commodity prices are weak. BHP should continue to pay an attractive dividend even in these difficult times, aided by its strong balance sheet.	2,753,960

Holding		Description	Market Value (£)
255,500	Prudential	Insurance company with interests in North America and Asia. Prudential is financially strong with long-term growth opportunities. The company is examining the potential demerger of its US operations. Its financial strength has meant that the company still intends to pay dividends at the time of writing.	2,636,760
375,000	Britvic	Manufacturer and distributor of soft drinks in the UK and Ireland. Britvic has been impacted by the suspension of much of its "on-trade" in pubs and restaurants, but the rest of its business is resilient and the company has a strong management team to guide it through the crisis.	2,623,125
1,200,000	Rotork	The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries. Although this high quality business is cyclical and has suspended its dividend, it has net cash on its balance sheet and will be well placed to benefit when markets recover.	2,581,200
66,000	Rio Tinto	One of the world's largest mining companies. Copper and iron ore are the company's most important commodities, which have been relatively resilient in the face of the economic downturn. Rio Tinto has some of the lowest cost mines in the world and a strong balance sheet that should ensure that it remains profitable and able to pay dividends. Rio Tinto would benefit from an economic recovery in the Far East.	2,453,550
331,000	FDM	FDM is an IT staffing business that operates worldwide. The company has suspended its dividend to conserve cash, has a cash generative model and has cash on its balance sheet that ensures this cyclical business will survive the current downturn. Previous downturns have usually resulted in the company taking market share from competitors.	2,446,090
550,000	Informa	A media company which specialises in events, conferences, business intelligence, academic publishing and technology. Informa's events business has been hard hit by the virus outbreak, but it has many cost cutting options and the ability to postpone events until the lockdown conditions are eased. Its balance sheet was recently strengthened by a £1bn equity placing and the decision to suspend dividend payments to conserve cash.	2,427,700
1,550,000	Devro International	The world's second largest manufacturer of edible food casings largely used in sausage production. The business is resilient in the current market with food production a critically important industry. The company's balance sheet has been strengthening due to the company's cash generative qualities. Although the company has suspended dividend payments temporarily, Devro has the potential to return to the dividend list even in the current difficult circumstances.	2,408,700
7,500,000	Lloyds Bank	A provider of financial services to individual and business customers in the United Kingdom. Lloyds is well capitalised but was prevented from paying its dividend by Prudential Regulation Authority (PRA) intervention. Its shares are trading well below book value and are already anticipating a severe recession.	2,399,625
885,000	SThree	A staffing company, both permanent and temporary, focusing on STEM (Science, Technology, Engineering and Mathematics) professionals. Traditionally a very cash generative business, SThree has suspended its dividend to conserve cash and the company entered the pandemic period with cash on its balance sheet that should help protect it in the downturn.	2,026,650
475,000	Babcock International	An engineering support services group; the main customer is the Ministry of Defence. The business should be relatively well insulated from the economic difficulties caused by the virus with a large proportion of its revenues coming from the UK government. Its balance sheet has been strengthening and the critical nature of its services should ensure government support in these difficult times.	1,816,875
2,600,000	ITV	Television broadcaster with revenues from its valuable archive, advertising and video streaming services. Although advertising revenues will have been hard hit during the pandemic, the company has a strong balance sheet, has suspended dividends to conserve cash and has many cost-cutting options. The company has a valuable library of programmes and films and its production business has made many renowned TV series.	1,716,520
1,400,000	M & G	M&G, the well-known savings and investment business, recently de-merged from the Prudential. Its UK life assurance business will produce reliable cash flows that should support an attractive dividend stream in normal times.	1,576,400
270,000	PayPoint	The company operates payments and transactions services operations for convenience store retailers in the UK and Romania. The company has the ability to continue paying dividends in these difficult times.	1,433,700
3,130,000	Marstons	The regional brewer and pub company. Its pubs have recently re-opened and the business has been supported by government furlough programmes and its brewery operations.	1,290,812
150,000	Go-Ahead Group	Operator of trains and buses. The business was recovering strongly from problems in its rail franchises before the coronavirus outbreak. Its balance sheet is strong and 90% of its revenues are contracted from government or quasi-government bodies.	1,239,750
256,011	Hansard Global	Provides, supports and services life assurance products for financial institutions and independent financial intermediaries globally.	75,267
			90,757,329

Property Portfolio

The Market

Average capital values of UK commercial property slipped by almost 4% on Brexit–blighted low transaction volumes over 2019, giving a total return of 0.7% including rental income for the MSCI (ex-IPD) Annual Index. This average, however, masks a sharp divergence between modest growth in industrial/warehouse and alternative sector values versus double-digit declines in all types of retail property except supermarkets. Offices showed little change. UK institutional investors were net sellers of property for most of 2019 with only occasional large overseas purchases of trophy buildings lightening the general gloom.

This year started with more optimism in the market for both property values and transaction volumes, following the decisive Conservative election victory, with the medium term outlook for both property rents and prices depending on avoiding a hard Brexit. Capital values showed little change in January and February 2020. In March that all changed. World equity markets collapsed and the UK property market froze as the COVID-19 pandemic forced many businesses to close.

Matthew Oakeshott and Louise Cleary

UK Commercial Property – Average Annual % Growth Rates to March 2020

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Capital Values	-10.4	-7.4	-5.1	-0.1	+1.0	+2.5
Rental Values	-1.6	-1.6	-0.9	+0.4	+1.4	+1.2
Total Returns	-5.6	-2.8	-0.6	+4.5	+5.8	+7.9

Source: MSCI Quarterly Index – Annualised

COMPARATIVE YIELDS – END DECEMBER (EXCEPT END MARCH 2020*)

		2020*	2019	2018	2017	2016	2011	2008	2006
Property (Equivalent Yield)		5.7	5.6	5.4	5.5	5.7	6.8	8.1	5.4
Long Gilts:	Conventional	0.5	1.0	1.5	1.4	1.5	2.5	3.7	4.6
	Index Linked	-2.2	-2.0	-1.8	-1.8	-1.8	-0.2	0.8	1.1
UK Equities		5.5	4.1	4.5	3.6	3.5	3.5	4.5	2.9
R.P.I. (Annual Rate)		2.6	2.2	3.2	4.1	2.5	4.8	0.9	4.4
Yield Gaps:	Property less Conventional Gilts	5.2	4.6	3.9	4.1	4.2	4.3	4.4	0.8
	less Index Linked Gilts	7.9	7.6	7.2	7.3	7.5	7.0	7.3	4.4
	less Equities	0.2	1.5	0.9	1.9	2.2	3.3	3.6	2.5

Source: MSCI and ONS

The UK economy is now in a slump, with 2020 certain to show the sharpest full year drop in GDP since 1921. Property rents will fall, valuation yields will rise and capital values will be down, in many cases well down, when the market reopens over the next few months. Property investors are firefighting, ensuring tenants who can pay their rent, do; agreeing phased payment plans with tenants who are basically sound but temporarily closed; and judging which weaker tenants really cannot pay and need relief to avoid the costs of an empty property until there is a realistic chance of reletting.

There are vast variations between tenants, sectors and property types and the immediate and longer-term effects of this crisis. It is likely to accelerate and bring into ever sharper focus the structural changes in property use which are ruining so many high streets and shopping centres. Some sectors have emerged strongly from the crisis so far – notably supermarkets and convenience stores, which were already outperforming with their strong covenants and long leases and are well placed to deliver further rental and capital growth in the years ahead. Others, like pubs, are hard hit now but should still see the main players emerge in a sound long-term competitive position after the crisis is over as they gain market share from their weaker rivals who have gone under.

Overall, lease lengths in property will now shorten further, break clauses will abound, upwards only rent reviews will be under extreme pressure, either outright on new leases or indirectly through break clauses, and open market rent reviews will be almost impossible to achieve until the economy is well into recovery – and definitely not in 2020 or 2021. Meanwhile the Government, under tenant pressure, is suspending landlords' traditional tools for enforcing rent collection – eviction orders, use of Commercial Rent Arrears Recovery (CRAR) bailiffs and statutory demands for winding up.

This property crisis differs from the two previous serious downturns in VIT's history, the early 1990's and 2008-10, because for the first time strong tenants are trying not to pay their rent although they can. After tough discussions with robust and well-advised landlords, they are mostly still paying, but with some phasing where necessary. The key message for property owners now, which will ring ever louder in investors' ears after the crisis is over, is to stick to strong tenants paying realistic rents on long, index-linked, leases like VIT's, with our 15 year average unexpired lease length and 86% of rental increases index-linked. Safe, long income of that type will be valued highly after the crisis is over in a world of negative real interest rates and lacerated equity dividends.

Offices

The most profound and long-lasting effect of the pandemic will be a reduction in demand for office space, especially high value large corporate offices. The well-established trend towards hot-desking and remote working will zoom upwards. Large and medium sized companies will still keep some office space, for essential meetings from time to time at their corporate centre, but several months' experience of most people working productively and efficiently from home will lead to savage reappraisals of whether so much expensive office space is really necessary at a time when many companies will be facing an existential cash crisis. Office tenants will be extremely reluctant to renew office leases as they expire, or to resume paying full rent if they have received concessions from landlords during the crisis.

Offices in expensive big city centre locations will be worst hit, especially London where the value of its unique locational advantage in many sectors will be seriously undermined. Serviced office operators may see some additional demand for short term space for new tenants, but this will be swamped by their existing tenant base cutting back or going under, and yet again their flawed business model of taking long leases and granting short licences will prove fatal for most of them as it does in every serious downturn.

Office rents and rental values will fall far and fast right across the UK and office capital values may fall even faster. Valuation yields have been forced down, in London and the main provincial cities, to historic lows, driven by the weight of money from overseas investors in general, and the Far East in particular. Most overseas buyers will not commit to new purchases here while they are unable to travel so the office market will re-open at levels well below pre-pandemic valuations, where bottom fishers and vulture funds are actually prepared to buy.

Retail

Coronavirus will speed up the structural changes which were already revolutionising retail property. Many bricks and mortar retailers in high streets and shopping centres were already on their last legs and will never re-open. This lockdown is opening the eyes of many older consumers, in particular, to the ease of buying online and the range of goods and services and speed of delivery.

Property valuers have been persistently behind the downward curve of most retail property rental and capital values all over the UK for the past three years. Many obsolete shops and shopping centres must now be valued from their site value up, not the former retail value down. Retail warehouse values will also come under downward pressure, but the falls may be limited, in prosperous parts of Southern England at least, by their potential alternative use values, for industrial or distribution purposes, low-rent food stores for Aldi or Lidl, or even, if the site is right, residential development. However, most of those options will still be painful and slow.

The only bright light shining through the general retail property gloom is on supermarkets and convenience stores, which have seen their turnover increase by as much as 20% to 30% during this crisis. The large supermarket chains have growing on-line operations but online penetration remains far lower than in non-food retail, and many consumers still prefer the choice and convenience of their local physical food shop, and have relied on it during the lockdown. Supermarket investments, with their long and often index-related leases have massively outperformed other retail investments in recent years and that outperformance will continue.

Warehouse/Industrial Property

Warehouse and industrial properties have enjoyed a historic re-rating in recent years, so that they are now valued on yields comparable to traditional office property and well below retail property, investors' traditional favourite, for the first time since reliable property valuation records began in Britain after the Second World War. Warehouse and industrial property generally will maintain and consolidate that premium rating among the three traditional commercial property sectors, as office capital values plummet and valuation yields move out and the non-food property crash goes from bad to worse.

Although warehouse/industrial property may be more resilient, rental and capital values will still slip from their current optimistic valuations. With a wave of bankruptcies and rapidly rising unemployment, multi-let industrial estates in particular will see vacancies soar and values fall. Projected rental increases, which over-optimistic investors and valuers have had to factor in to justify buying these estates at eye-wateringly low interest yields, will just not happen.

Well-let and located distribution warehouses should hold their value better and will benefit from an accelerated trend towards online retailing, but they will still suffer a higher rate of tenant failures in this economic crash. As with supermarkets, carefully chosen warehouse investments let on long leases at realistic rents to strong tenants will continue to outperform short let sheds with shaky tenants.

Alternatives

The "Alternative" property sector (properties other than shops, industrial and offices) has been growing rapidly in importance for institutional investors in particular in recent years, to the point where it now accounts for 15% - 20% of the main UK commercial property market indices and 35% of all investment property transactions in 2019. It covers a very wide range of property types and tenants, some of whom will be hit much harder than others by the crisis, but most alternative sector investments have relatively long, often indexed leases, so the tenant's ability to pay is crucial for valuation purposes. Despite the lockdown, alternative sector tenants are major beneficiaries from the business rates holiday and the Government's furlough scheme for their generally low-paid employees, and alternative investments may outperform the more traditional sectors of the property market over the next year, but with wide variations.

Leisure

Pubs will suffer in the short term from a prolonged shutdown and slow recovery with social distancing required and only minimal income now from takeaways to offset their fixed costs. Pubcos with tied sub-tenants face a particular squeeze with rent still owed to their landlords on their leased pubs although their sub-tenants can pay no rent to them, and sell none of their beer. But, unlike restaurants, where most multiple chains were already drowning in debt, many of the leading pubcos, as well as the traditional regional brewers, have strong balance sheets with plenty of freehold assets and very long-standing banking relationships. So most profitable pubs will survive and re-open, but many individual pubs and less well-funded operators will not, as in retail and restaurants. The well-established trend of smaller pubs closing and larger and better-run pubs gaining market share should continue.

Drinking patterns will have changed during the lockdown, with Majestic for example reporting their growth in home deliveries has made up for the loss of sales from their shops, which have all closed. That is, however, unlikely to cause a long-term structural change in consumer behaviour because a visit to a pub, especially a food-led pub like many institutionally-owned managed houses, cannot really be replicated on-line or at home. Some suburban and rural pubs were doing good business with people newly working from home until they were forced to close. Most pubs also benefit from some underlying alternative use value, usually for residential purposes, because they were typically built to serve customers living nearby.

The two leading ten pin bowling companies have both raised fresh equity during the crisis and are well placed to reopen when they are allowed. Bingo halls, however, may suffer more from a switch to online because their customer base is ageing fast and more likely to stay at home. Cinemas will also suffer from the lockdown boost to home entertainment operators like Netflix and Amazon Prime.

Caravan Parks

Caravan parks may be the biggest winner from the crisis in the leisure sector. They essentially offer their customers an affordable second home and a cheap domestic holiday option. Both should prove attractive in these times of great uncertainty and squeezed incomes when the lockdown ends, with many Britons cautious about taking foreign holidays for some time to come, combined with lack of airline and tour operator capacity as many go under.

Health and Fitness

Health and Fitness clubs have had to close but have generally frozen their memberships. They should be able to re-open rapidly for their existing customers when permission is given, but on a limited basis with machines well apart and restricted admissions. They will also suffer some erosion of membership from job losses and reduced consumer spending. However, better financed high-quality operators like David Lloyd and Nuffield should survive but will need to discount for some time as most people can't swim or play tennis at home. Virgin Active has a problem with weak private equity owners, but their properties are generally profitable at the operating level. The low-cost operators, like Pure Gym, will gain some members trading down, but will be more vulnerable because their basic operation is more replicable at home with online help.

Hotels

Hotel values in and after the crisis will vary dramatically by tenant and location. Premier Inn (the well-funded Whitbread plc) should benefit from the woes of its principal competitor, the highly-geared and private-equity funded Travelodge. Hotels in London and other large city centres relying heavily on overseas tourists or big corporate customers will do far worse than provincial hotels serving British travellers and holidaymakers.

Care Homes

Care homes will be hard hit by the pandemic. Care home vacancy rates will shoot up as residents succumb to Coronavirus and new admissions slow right down – several of the main private-equity backed care homes providers are chronically over-geared and will not survive without recapitalisations and rent cuts. High quality homes with self-funded residents will continue to outperform those dependent on public funding.

Conclusion

Most sectors of the UK commercial property market face a very difficult 2020, with many still struggling in 2021 if the lockdown lasts much longer. Offices and non-food retail will suffer most, with industrial/warehouse property and supermarkets less severely affected.

Performance

VIT's property portfolio produced a total return of 6.3% over the year to March, against -0.6% for the MSCI (formerly IPD) Index, the main benchmark for commercial property performance. VIT's property record is shown in the table on page 19.

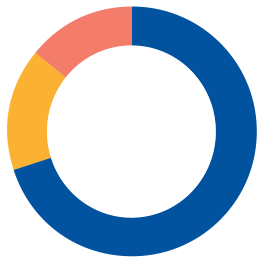
We specialise in UK commercial properties with long, strong, index-related income streams to deliver above average long-term real returns. The total returns on our property portfolio have been between 8% and 12% a year over the past 3, 5, 10, 20 years and 33 years and are above the MSCI averages over all these periods. The real returns above the Retail Price Index from VIT's property portfolio were 3% last year (across six diversified sub-sectors) and between 6% and 9% a year over all cumulative periods from 3 to 33 years since the inception of our management.

Properties

All 26 properties are let on full repairing and insuring leases (tenants are responsible for repair, maintenance and outgoings), with upward only rent reviews and an average unexpired lease length now of over 15 years (17 years if the break options are not exercised). 23 of the properties valued at 31 March 2020 are freehold and 3 are long leasehold with 111, 59 and 37 years to run (Doncaster, Fareham and Horsham).

The portfolio has been fully let throughout the year, with 86% (up from 79% this time last year and up from 35% eight years ago) of the portfolio's net rental income now from index-related leases, which are either Retail Price Index-linked or with fixed rental uplifts.

Index Related Rent Reviews %



Retail Price Index - (36% Reviewed Annually, 34% Five Yearly)	**70%**
Fixed Increases - (6% Reviewed Annually, 10% Five Yearly)	**16%**
Open Market - (7% Three Yearly, 7% Five Yearly)	**14%**

Purchases and Sales

Five new properties were purchased over the year, all with RPI-linked rent reviews: a Government let driving test centre in Aberdeen, two industrial units in Thirsk and Thetford, a bowling alley in Doncaster and a pub in Newcastle upon Tyne for £10.8 million in total, at an average net initial yield on purchase of 6.9%; their average unexpired lease length was 15 years (if the break options are exercised). Over the course of the year the sales of five properties completed: a short-let industrial unit in Luton, and the last three high street shops in Godalming, Lymington and Sudbury, plus a restaurant in Brentwood let to Prezzo for £9.2 million in total (3% above valuation) at a net sale yield of 7.4%. The property portfolio was fully invested at the year end.

Due to our strategic sales programme over the last 10 years the Company is now no longer invested in high street shops or retail warehouses.

Rental Payments

We have been working closely with our tenants during this unprecedented period, engaging and agreeing phased payment plans for temporary rental concessions, changing quarterly payments to monthly or rent deferments. As at early June, 64% of the March quarter's rent had been paid with 36% on Agreed Payment Plans, including 8% from Adelie Foods, the tenant at Milton Keynes which went into administration on 28 May 2020.

Results of Independent Revaluation

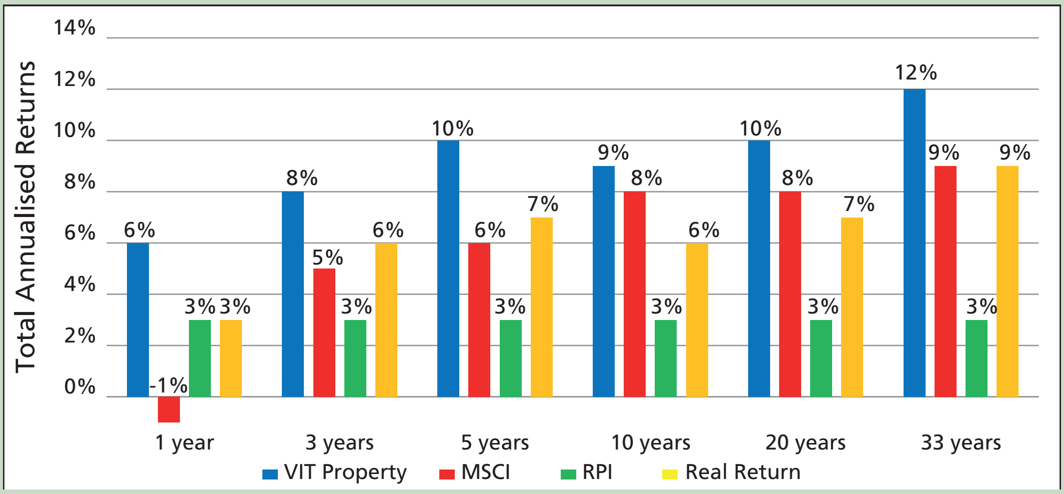
The VIT property portfolio was subject to an independent professional revaluation at 31 March 2020 by Savills. The revaluation showed a value of £70,200,000 (before taking into account the right of use asset classified as investment property related to properties held under leasehold). Our properties are revalued every six months, at 30 September and 31 March. Given the unknown future impact that COVID-19 might have on the UK property market, the leading commercial valuers (also as per the current RICS Valuation Standard) have introduced an industry-agreed "material uncertainty" clause into their valuation reports from March 2020 until further notice.

The capital value of properties held throughout the year rose by 2.7% and rental income rose by 1.4%. Higher value properties, especially Industrials and the Caravan Park performed best, but Pubs and Leisure properties were down. Of the held properties, 5 gained, 10 fell and 6 were unchanged in value. The combined total of the capital values of the 5 new purchases were 8.0% above their purchase prices excluding costs and 3.0% including costs of purchase.

Safe, long let indexed property like the VIT Property Portfolio has weathered previous downturns well (as the Property Record Table shows on page 19) and should prove resilient again once all our tenants are allowed to reopen and trade.

Louise Cleary
OLIM Property Limited
29 July 2020

VIT'S PROPERTY TOTAL RETURNS (%P.A) – TO 31 MARCH 2020



VIT'S PROPERTY RECORD

31 March	Rental Income £000	Capital Value £000	Yield on Valuation %	Total Return VIT %	Total Return MSCI (ex IPD) Quarterly Index*
2020	4,482	70,200	6.4	6	-1
2019	4,372	68,800	6.4	8	5
2018	4,329	68,700	6.3	11	10
2017	4,480	66,775	6.7	13	4
2016	3,940	55,125	7.2	10	11
2015	4,019	54,500	7.4	13	17
2014	3,552	46,475	7.6	11	14
2013	3,543	46,225	7.7	4	3
2012	3,537	48,250	7.3	7	6
2011	3,552	49,075	7.2	9	11
2010	3,463	48,750	7.1	18	17
2009	3,278	44,850	7.3	-11	-25
2008	3,261	51,000	6.4	0	-9
2007	3,116	54,525	5.7	15	16
2006	3,219	52,250	6.2	21	21
2005	3,124	45,875	6.8	21	17
2004	3,052	40,375	7.5	15	12
2003	3,089	40,550	7.6	12	9
2002	3,013	38,800	7.8	13	7
2001	3,117	39,825	7.8	10	10
2000	3,054	39,800	7.7	15	15
1999	3,410	41,055	8.3	25	11
1998	3,141	34,800	9.0	15	17
1997	3,111	32,805	9.5	10	12
1996	2,840	29,440	9.6	9	5
1995	2,948	31,125	9.5	10	6
1994	2,806	29,835	9.4	23	26
1993	2,773	26,415	10.5	12	-1
1992	2,709	25,880	10.5	10	-3
1991	2,331	23,800	9.8	2	-10
1990	2,050	24,390	8.4	15	15 *
1989	1,915	23,475	8.2	30	30 *
1988	1,329	14,939	8.9	24	26 *
1987	1,155	11,375	10.2	N/A	N/A

*MSCI (ex IPD) Quarterly Index 12 months total returns to 31 March: except 1988 – 2002. IPD Annual Index

PROPERTY PORTFOLIO AT 31 MARCH 2020

INDUSTRIALS

- 6 Properties
- £1,479,569 Rent
- WAULT* 12 Years
  (to the first break)

PUBS

- 11 Properties
- £1,305,504 Rent
- WAULT* 19 Years
  (to the first break)

LEISURE

- 4 Properties
- £669,199 Rent
- WAULT* 21 Years
  (to the first break)

ROADSIDE

- 2 Properties
- £323,848 Rent
- WAULT* 7 Years
  (to the first break)

OTHER

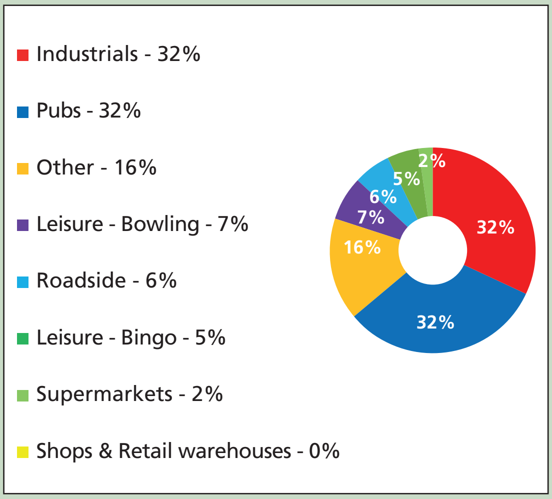
- 2 Properties
- £638,481 Rent
- WAULT* 13 Years
  (to the first break)

SUPERMARKETS

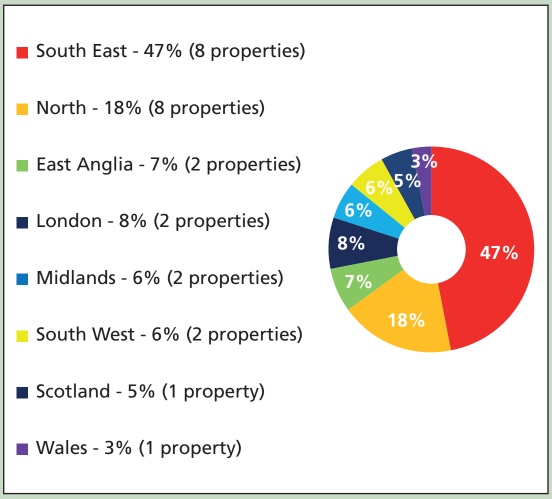
- 1 Property
- £65,000 Rent
- WAULT* 11 Years
  (to the first break)

PORTFOLIO HIGHLIGHTS	31 MARCH 2020
Portfolio Value:	£70,200,000
Total Number of Properties:	26
Income as a % of Portfolio Value:	6.4%
Total Number of Tenants:	28
Index-Related Rent:	86%
*Weighted Average Unexpired Lease Term:	17 years
(WAULT if all tenants exercise break options):	15 years
Annual Total Return March 2019 to 2020:	6.3%
Growth on held properties:	
Capital	2.7%
Income	1.4%

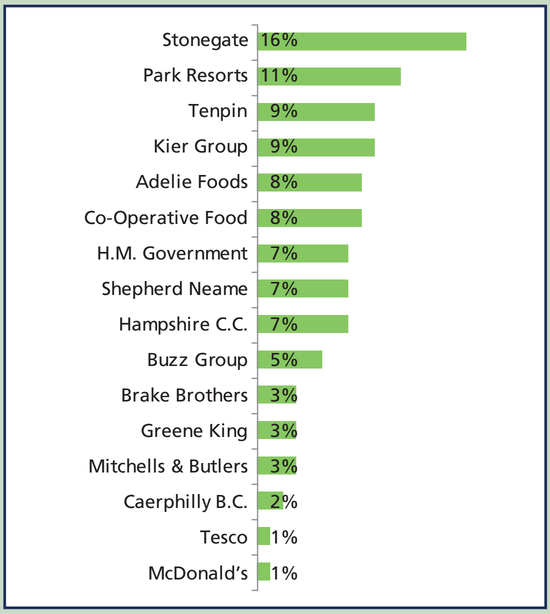
PORTFOLIO SECTOR WEIGHTING %



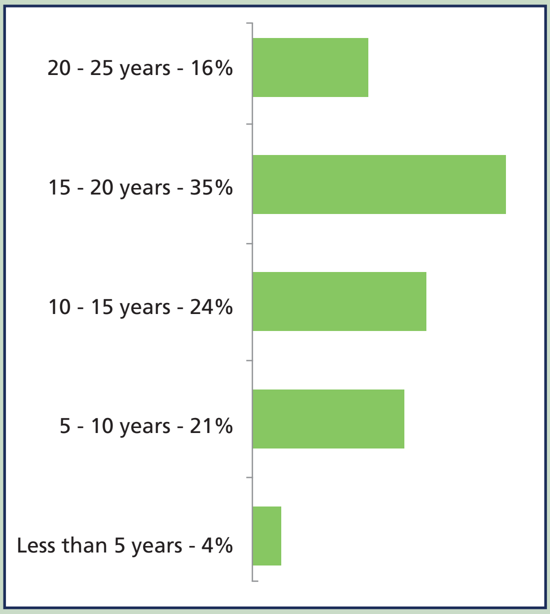
PORTFOLIO BY REGION CAPITAL VALUE %



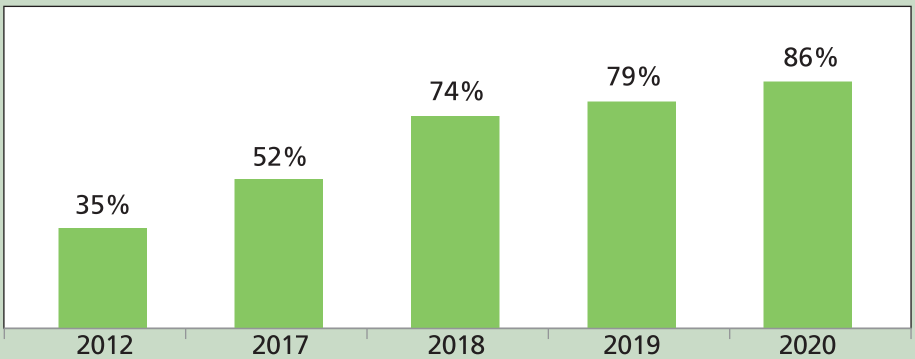
INCOME BY TENANT %



INCOME BY LEASE EXPIRY % (IF ALL BREAKS EXERCISED)



INDEX-RELATED SHARE OF RENTAL INCOME %



List of Properties as at 31 March 2020

Address	Tenants
Industrials	
Aberdeen – Gateway Business Park, Moss Road	H.M. Government*
Aylesford – Broadmead House, Bellingham Way, New Hythe	Kier Group*
Fareham – Mitchell Close, Segensworth East	Hampshire County Council
Milton Keynes – Wimblington Drive	Adelie Foods**
Thetford – Units 1-4 Baird Way, Fison Way Industrial Estate	Brake Bros*
Thirsk – Dalton Airfield Industrial Estate	H.M. Government*
Pubs	
Bedford – The Rose, 45 High Street	Stonegate*
Bournemouth – Slug & Lettuce, 2 Dean Park Crescent	Stonegate*
Canterbury – The Bishops Finger, 13 St Dunstans St	Shepherd Neame*
Cheltenham – The Spectre, 73-75 High Street	Stonegate*
Coventry – Castle Grounds, 7 Little Park Street	Stonegate*
London – The Bishop's Finger, West Smithfield, EC1	Shepherd Neame*
London – The Prince of Wales, 48 Cleaver Square, SE11	Shepherd Neame*
Newcastle – The Percy Arms, Percy Street	Stonegate*
Oxted – The Old Bell, 68 High Street	Greene King**
Selby – The George Inn, Market Place	Stonegate*
Thornton-Cleveleys – The Tramway, 165-169 Victoria Road West	Mitchells & Butlers
Other	
Dover – St Margaret's Holiday Park, Reach Road	Park Resorts*
Risca – 75/77 Tredegar Street	Caerphilly Borough Council** Tesco*
Leisure	
Bradford – Tong Street	Buzz Group*
Doncaster – The Leisure Park, Bawtry Road	Tenpin*
Manchester – Kirkmanshulme Lane	Buzz Group*
Stafford – Tenpin, Greyfriars Place	Tenpin*
Roadside	
Horsham – Buck Barn, Worthing Road, West Grinstead	Co-operative Food McDonald's
Southampton – Applegreen, Swaythling Road	Co-operative Food**
Supermarket	
Harrogate – Skipton Road	Co-operative Food*

* RPI-linked rent reviews
** Fixed rent reviews

Purchases & Sales 2020

Purchases

Price: £10.8m (5 properties)
Average Net Initial Yield: 6.9%
Weighted Average Unexpired Lease Term: 21 years (15 years if break options exercised)
Rent Reviews: Index-Related 100%

Industrial – Aberdeen

Heritable (Scottish freehold) Driving test centre let to HM Government until 2048, with a tenant's option to break in 2028 and 2038, at £215,629 a year with 5 yearly rent reviews index-linked to open RPI.

Industrial – Thirsk

Freehold warehouse let to HM Government until 2023, at £79,954 a year with 5 yearly rent reviews index-linked to RPI.

Industrial – Thetford

Freehold cold storage and distribution warehouse let to Brake Bros until 2037 at £125,775 a year with 5 yearly rent reviews index-linked to RPI max 6% p.a. Tenant has an option to renew until 2047.

Leisure – Doncaster

Long leasehold until 2131 at a peppercorn rent let to Tenpin / Bowling Alley until 2039, at £185,425 (now £189,270) a year with annual rent reviews index-linked to RPI (min 2% p.a. and max 4% p.a.).

Pub – Newcastle

Freehold pub let to Stonegate until 2039 at £130,925 a year with annual rent reviews index-linked to RPI (min 2% p.a. and max 4% p.a.).

Sales

Price: £9.2m (5 properties)
5% above valuation
Average Net Initial Sale Yield: 7.4%
Weighted Average Unexpired Lease Term: 9 years
Rent Reviews: 51% of total rents with open market reviews

Properties

Luton (Industrial): Short lease and covenant concerns

Sudbury (Shop): Short lease and high street shop

Lymington (Shop): Short lease and high street shop

Brentwood (Restaurant): Covenant concerns

Godalming (Shop): Short lease and high street shop

Business Review

This Business Review is intended to provide an overview of the strategy and business model of the Company as well as the key measures used by the Directors in overseeing its management. The Company is an investment trust company which invests in accordance with the investment aims and investment policy below.

The Group

Value and Income Services Limited (VIS), a wholly owned subsidiary of the Company, is authorised by the Financial Conduct Authority to act as the Company's Alternative Investment Fund Manager (AIFM).

Investment Aims

The Company invests in higher yielding UK commercial property and quoted equities, particularly in medium and smaller sized companies. The Company aims to achieve long-term real growth in dividends and capital value without undue risk.

Investment Policy

The Company's policy is to invest in quoted UK equities, UK commercial property and cash or near cash securities. It is not normally the Company's policy 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.

The Company focuses on the fundamental values and incomes of businesses in which it invests – their profitability, cash flows, balance sheets, management and products or services - and the location, tenants and leases of its property investments. The equity portfolio has generally yielded more than the FTSE All-Share Index. The Group has held between 30 and 40 individual shareholdings and between 20 and 30 individual properties in recent years. These ranges may change as market conditions or the size of each portfolio varies in future. In order to limit the risk to the equity portfolio that is derived from any particular investment, no individual shareholding will account for more than 10% of the equity portfolio at the time of purchase.

Since 1986, the Company has had a longstanding policy of increasing its exposure to equities and to property through the judicious use of borrowings. Until 2015, all borrowings had been long-term debentures to provide secure long-term funding, and avoiding the risks associated with short-term funding of having to sell illiquid assets at a low point in markets if loans had to be repaid. On 26 February 2015, a five year secured term loan facility of £5m was arranged at a five year fixed interest rate of 4% p.a. including all costs. This loan was refinanced on 12 May 2016 and a new ten year secured term loan facility of £15m was arranged at a ten year interest rate of 4.4% p.a. including all costs to replace the original £5m loan arranged in February 2015.

On 28 November 2019, the Company entered into a seven year secured term loan of £22m at a fixed interest rate of 3.1% per annum (3.3% per annum after all expenses) on £20.9m and at a floating rate of Libor plus 2.35% on the balance of £1.1m. The net proceeds will be held on accessible deposit until 31 March 2021 to refinance the Company's £15m 11% First Mortgage Debenture Stock 2021 which expires on that date and to support the acquisition of further UK properties and equities in accordance with the Company's investment policy.

Gearing has varied between 25% and 40% of the total portfolio. The Company will not raise new borrowings if total net borrowings would then represent more than 50% of the total assets.

No material changes may be made to the Company's investment policy described above without the prior approval of Shareholders by the passing of an Ordinary Resolution. In the year to 31 March 2020, no material changes were made to the Company's investment policy.

Performance, Results and Dividend

As at 31 March 2020, the Net Asset Value (NAV) total return (with debt at par) over one year was -21.8% and the Share Price total return over one year was -30.7%. This compares to the FTSE All-Share Index total return over one year of -18.5%. Total assets less current liabilities was £176.2 million. The first quarterly dividend for the year to 31 March 2020 of 2.9p per share was paid on 25 October 2019, the second quarterly dividend of 2.9p per share was paid on 31 January 2020 and the third quarterly dividend of 2.9p per share was paid on 24 April 2020.

A review of the performance of the equity and property portfolios is detailed in the Chairman's Statement on pages 4 and 5 and in the Investment Managers' Reports on pages 6 to 23. The Directors have declared that a fourth interim dividend of 3.4p per Ordinary Share (2019 final: 3.4p) is paid on 28 August 2020 to Shareholders on the register on 31 July 2020. The ex-dividend date is 30 July 2020. This represents an annual increase in dividends of 2.5% as compared with the 1.5% and 2.6% respective annual increases in the Consumer Price and Retail Price Indices as at the end of March 2020. This continues the Company's strong long-term record of real growth in dividends, as detailed in the Financial Highlights on page 2 of this Annual Report.

The table below shows the revenue reserve position and dividends paid and payable by the Company.

Company Reserves With Dividends Payable

	Revenue Reserve		Capital Reserve - Distributable	
	£000	Pence per share	£000	Pence per share
Reserves at 31 March 2019	31	0.07	75,039	164.74
Net revenue earned in the year	4,682	10.28	(3,928)	(8.62)
Dividends paid and payable	(4,713)	(10.35)	(799)	(1.75)
Reserves at 31 March 2020	-	-	70,312	154.37

Principal and Emerging Risks and Uncertainties

The Board has an ongoing process for identifying, evaluating and monitoring the principal and emerging risks and uncertainties facing the Group and the Parent Company. The risk register forms a key part of the Group and the Parent Company's risk management framework used to carry out a robust assessment of the risks, including a significant focus on the controls in place to mitigate them. The principal and emerging risks and uncertainties which affect the Group's and the Company's business are:

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

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. For equities, asset allocation and stock selection, as set out in the Investment Policy on page 24, both act to reduce market risk.

VIS delegates its portfolio management responsibilities to the Investment Managers, OLIM Limited (OLIM) and OLIM Property Limited (OLIM Property) (collectively, the Investment Managers) who actively monitor market prices throughout the year and report to VIS and to the Board, which meet regularly in order to review investment strategy. The equity investments held by the Group are listed on the London Stock Exchange. All investment properties held by the Group are commercial properties located in the UK with long, strong income streams.

Interest rate risk

Interest rate movements may affect:

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

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 that gearing levels are appropriate to market conditions and reviews these on a regular basis. Current borrowings comprise debenture stocks, a ten year secured term loan and a seven year secured term loan, 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%.

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 Company's policy to hedge this risk.

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 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 Company's existing borrowings is set out in the interest rate risk profile section of Note 21 to the Financial Statements.

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 number of brokers, whose credit standing is reviewed periodically by OLIM (which reports to VIS) 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 to ensure that discrepancies are picked up on a timely basis. VIS carries out periodic reviews of the Depositary's operations and reports its findings to the Company. This review also includes checks on the maintenance and security of investments held.
- cash is held only with reputable banks with high quality external credit ratings which are monitored on a regular basis.

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 property valuation as at 31 March 2020 by the Independent Valuers, Savills, is subject to a material uncertainty clause due to the coronavirus pandemic.

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 17 years (up from 16 years in 2019) and 15 years if break options are exercised. Details of the tenant and geographical spread of the portfolio are set out on page 21. The long-term record of performance through the varying property cycles since 1987 is set out on page 19. OLIM Property is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM Property's supervision.

Political risk

The full political, economic and legal consequences of the UK's decision to leave the European Union (EU) are not yet known.

It is possible that investments in the UK may be more difficult to value and assess for suitability of risk, harder to buy or sell and may be subject to greater or more frequent rises and falls in value. In the longer term there is likely to be a period of uncertainty as the UK seeks to negotiate its ongoing relationship with the EU and other global trade partners. The UK's laws and regulations, including those relating to investment companies, may in future, diverge from those of the EU.

The Board reviews regularly the political situation, together with any associated changes to the economic, regulatory and legislative environment, to ensure that any risks arising are mitigated as effectively as possible.

An explanation of certain economic and financial risks and how they are managed is contained in Note 21 to the Financial Statements.

Climate Change and Social Responsibility Risk

The Board recognises that climate change is an important emerging risk that all companies should take into consideration within their strategic planning. As referred to elsewhere in this Strategic Report and in the Statement of Corporate Governance in this Annual Report, the Company has little direct impact on environmental issues. As an investment trust company, the Company has no direct employee or environmental responsibilities. The Board is aware that the Manager continues to take into account environmental, social and governance matters when considering investment proposals.

Other Emerging Risks

The Directors are cognisant of the potential impact of the coronavirus (COVID-19) outbreak and its implications for the activities of the Manager and on the performance of investee companies and assets. This is covered in more detail in the Chairman's Statement on pages 4 and 5 and in the Investment Managers' Reports on pages 6 to 23.

While VIT's property portfolio is sufficiently robust to withstand the current market impacts of the pandemic, there is a risk that, as noted in the Investment Managers' Report on page 13, property values may fall and tenants may struggle to pay rent. If this happens, there is a risk that loan to value and interest cover covenants could be breached. If this were to occur, VIT has sufficient cash and liquid equity investments to cover any loan repayments triggered by covenant breaches. However, as noted in the Investment Managers Report on page 18, safe, long let property like the VIT Property Portfolio should prove resilient again once all our tenants are allowed to reopen and trade.

Additional risks and uncertainties include:

- **Discount volatility:** The Company's shares may trade at a price which represents a discount to its underlying net asset value.

- **Regulatory risk:** The Group operates in a complex regulatory environment and therefore faces a number of regulatory risks. A breach of Section 1158 of the Corporation Tax Act 2010 would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations, including but not limited to, the Companies Act 2006, the FCA Listing Rules, the FCA Disclosure, Guidance and Transparency Rules, the Market Abuse Regulation, the Foreign Account Tax Compliance Act, the Common Reporting Standard, the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation and the Second Markets in Financial Instruments Directive (MiFID II), could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers to the Company could also lead to reputational damage or loss. The Audit and Management Engagement Committee monitors compliance with regulations by reviewing internal control reports from the Administrator and from the Investment Managers.

  The Alternative Investment Fund Managers Directive (AIFMD) introduced a new authorisation and supervisory regime for all managers of authorised investment funds in the EU.

  In accordance with the requirements of the AIFMD, the Company appointed VIS as its Alternative Investment Fund Manager (AIFM) and BNP Paribas Securities Services as its Depositary. The Board has controls in place in the form of regular reporting from the AIFM and the Depositary to ensure that both are meeting their regulatory responsibilities in relation to the Company.

  The Company must also comply with the General Data Protection Regulation (GDPR) which came into force on 25 May 2018, replacing the Data Protection Act 1998. This regulation enforces the principle of 'privacy by design and by default' and enshrines new rights for individuals, including the right to be forgotten and to data portability. The Directors have worked with the third parties that process Shareholders' personal data to ensure that their rights under the new regulation are protected.

The Company's privacy policy is available to view on the Managers' websites **www.olim.co.uk** and **www.olimproperty.co.uk**.

Key Performance Indicators

At each Board Meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives and which also enable Shareholders and prospective investors to gain an understanding of its business.

A historical record of these performance measures, with comparatives, together with the Alternative Performance Measures (APMs) are shown in the Financial Highlights and Long-Term Record on page 2. Definitions of the APMs can be found in the Glossary on page 105.

In addition, the Board have identified the three key performance indicators below to determine the performance of the Company:

- Net asset value total return relative to the FTSE All-Share Index (total return);
- Share price total return relative to the FTSE All-Share Index (total return); and
- Dividend growth relative to the Retail Prices Index.

The net asset value (NAV) total return is considered to be a more appropriate long-term measure of Shareholder value as it includes the current NAV per share and the sum of dividends paid to date.

The share price total return relative to the FTSE All-Share Index (total return) is the theoretical return including reinvesting each dividend in additional shares in the Company at the current mid-market price on the day that the shares go ex-dividend.

Dividend growth relative to the Retail Prices Index is included to track performance against inflation.

The Board reviews the Company's investment income and operational expenses on a quarterly basis, as the Directors consider that both of these elements are important components in the generation of Shareholder returns. Further information can be found in Notes 2 and 4 to the Financial Statements on pages 71 and 72.

The Board consider that the FTSE All-Share Index is the most appropriate index to use as a comparison to the performance of its equity portfolio and the MSCI (formerly IPD) Index as the main benchmark for commercial property performance. The Investment Managers' Reports on pages 6 to 23 report on how the Company performed during the year under review against the FTSE All-Share Index and the MSCI Index. In addition, the Directors will consider economic, regulatory and political trends and factors that may impact on the Company's future development and performance.

Statement of Compliance with Investment Policy

The Company is adhering to its stated investment policy and managing the risks arising from it. This can be seen in various tables and charts throughout this Annual Report, and from the information provided in the Chairman's Statement (pages 4 and 5), and the Investment Managers' Reports (pages 6 to 23).

Employee, Environmental and Human Rights Policy

As an investment trust company, the Company has no direct employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to Shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and accordingly, has no requirement to report separately on employment matters.

Management of the investment portfolio is undertaken by the Investment Managers through members of their portfolio management teams. In light of the nature of the Company's business, there are no relevant human rights issues and, therefore, the Company does not have a human rights policy.

Independent Auditor

The Company's Independent Auditor is required to report if there are any material inconsistencies between the content of the Strategic Report and the Financial Statements. The Independent Auditor's Report can be found on pages 52 to 59.

Future Strategy

The Board and the Investment Managers intend to maintain the strategic policies set out above for the year ending 31 March 2021 as it is believed that these are in the best interests of Shareholders.

At the Annual General Meeting of the Company held in July 2016, Shareholders approved an amendment to the Company's Articles of Association. The amended Articles require the Board to put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for Shareholders to realise their investment in full at Net Asset Value, less costs, by 31 March 2027 at the latest. The reason for doing this in 2024 is to give sufficient time for refinancing the debt or for selling properties as required. The Company's Viability Statement is included on page 31.

Approval

This Business Review, and the Strategic Report as a whole, was approved by the Board of Directors and signed on its behalf by:

James Ferguson
Chairman
29 July 2020

The Directors submit their report together with the Financial Statements of the Group and the Company for the year ended 31 March 2020. A summary of the financial results for the year can be found in the Financial Highlights and Long-Term Record on page 2. Details of the fourth interim dividend for the year are set out in the Chairman's Statement and in the Business Review sections within the Strategic Report.

Principal Activity and Status

The Company has applied for and been accepted as an approved investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2, Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 April 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval. The Company intends to manage its affairs so that its Ordinary Shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

The Company is a member of the AIC and its Ordinary Shares are listed on the London Stock Exchange. Further details are provided in the Corporate Summary on page 1.

Regulatory Status

As an investment trust company pursuant to Section 1158 of the Corporation Tax Act 2010, the rules of the FCA in relation to non-mainstream investment products do not apply to the Company.

Other Regulatory Matters

With effect from 1 January 2016, new tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. The Company will provide information annually to the local tax authority on the tax residency of a number of non-UK based certified Shareholders and corporate entities. All new Shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016, are sent a certification form for the purposes of collecting this information. For further information please see HMRC's Quick Guide: Automatic Exchange of Information–information for account holders **https://www.gov.uk/government/publications/exchange-of-information-accountholders**.

The Company is also required to comply with tax legislation under the Foreign Account Tax Compliance Act.

Going Concern

The Group and the Parent Company's business activities, together with the factors likely to affect their future development and performance, are set out in the Directors' Report, and the financial position of the Group and of the Parent Company is described in the Chairman's Statement within the Strategic Report. In addition, Note 21 to the Financial Statements includes: the policies and processes for managing the financial risks; details of the financial instruments; and the exposures to market price risk, interest rate risk, liquidity risk, credit risk and price risk sensitivity. The Directors believe that the Group and the Parent Company are well placed to manage their business risks.

Following a detailed review, and taking into account the impact of the COVID-19 pandemic referred to in the Chairman's Statement on pages 4 and 5 and in the Investment Managers' Reports on pages 6 to 23, the Directors have a reasonable expectation that the Group and the Parent Company have adequate financial resources to enable them to continue in operational existence for the foreseeable future, being at least 12 months from approval of the Financial Statements, and accordingly, they have continued to adopt the going concern basis (as set out in Note 1(b) to the Financial Statements on page 67) when preparing the Annual Report and Financial Statements.

Viability Statement

For the purposes of this Viability Statement, references to "the Company" shall include the Group and the Parent Company. In accordance with Provision 31 of the UK Corporate Governance Code, published in July 2018 and Principle 36 of the AIC Code of Corporate Governance, published in February 2019 (the Codes), the Board has considered the Company's prospects and risks for the forthcoming five-year period to 31 March 2025. The Board consider that this five year period is appropriate for an investment trust company of its size and based on the financial position of the Company as detailed in the Chairman's Statement, the Investment Managers' Reports and the Business Review of this Annual Report.

In making this statement, the Board carried out a robust assessment of the principal and emerging risks facing the Company as set out in the Business Review, including those that might threaten its business model, future performance, solvency, or degree of liquidity within the portfolio. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment, including the COVID-19 pandemic and the UK's departure from the EU.

The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities and draws attention to the following points which the Board took into account in its assessment of the Company's future viability:-

a) The Company's equity investments are traded on a major stock exchange and there is a spread of investments held. The Directors are of the opinion that the bulk of the equity portfolio could be liquidated within 5 trading days and there is no expectation that the nature of investments held would be materially different in the future.
b) The property portfolio is valued at £74.5m at Group level and £75.7m at Company level (after IFRS adjustments for right-of-use assets - see Note 9 to the Financial Statements) and is securing a debenture stock expiring in 2021 and loan facilities expiring in 2026 against a required £37.0m
c) The Company is closed ended in nature and therefore does not require to sell investments when Shareholders wish to sell their shares.
d) The Board has considered the risks faced by the Company as detailed in the Business Review and referred to in Note 21 to the Financial Statements on pages 83 to 89 and have concluded that the Company would be able to take appropriate action to protect the value of the Company.
e) Due to the nature of the business of the Company and the nature of its investments and to the Company's long history, the Board are able to conclude that expenses are predictable and modest in relation to asset values. There is a significant proportion of expenses on an ad valorem basis (management fees to 31 March 2020 are 56.7% of total expenses) which reduces as NAV declines, expenses including interest were covered 1.6 times by income in the year.
f) There are no capital commitments currently foreseen that would alter the Board's view.
g) The Articles of Association include a requirement that the Board put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for Shareholders to realise their investment in full at NAV, less costs by March 2027 at the latest.
h) Details of the financial covenants which the Company complies with are detailed in Note 12 to the Financial Statements on pages 79 and 80.

In assessing the Company's future viability, the Board have assumed that investors will wish to continue to have exposure to the Company's activities, in the form of a closed ended entity; performance will continue to be satisfactory; and the Company will continue to have access to sufficient capital.

Accordingly, given the above, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five years ending 31 March 2025.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations, including accrued income and purchases and sales awaiting settlement. The main risks that the Company faces arising from its financial instruments are disclosed in Note 21 to the Financial Statements.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Corporate Governance

The Statement of Corporate Governance, which forms part of this Directors' Report, is shown on pages 40 to 46.

Share Capital

As at 31 March 2019 and 31 March 2020, and as at the date of approval of this Annual Report, the Company had 45,549,975 Ordinary Shares of 10p nominal value 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 Directors who held office during the year and as at the date of signing of this Annual Report are shown in the Directors' Details section of this Annual Report on page 3. The Directors' interests in the shares of the Company at the year end are shown in the table on page 39.

The Directors' interests were unchanged at the date of this Annual Report.

The Company's Articles of Association (the Articles) 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 of 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, all Directors who served during the year are considered by the Board to be independent of the Company and the Investment Managers and free of any material relationship with the Investment Managers.

Notwithstanding the provisions in the Articles, in accordance with the AIC Code, the Board has agreed that all Directors should be subject to annual re-election.

The Chairman has reviewed the skills, experience and independence of John Kay, Dominic Neary and David Smith and has no hesitation in recommending to Shareholders their 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.

The Board confirms that, following a formal process of evaluation, the performance of each Director continues to be effective and all Directors have demonstrated commitment to their roles.

James Ferguson has over 30 years investment trust experience and chairs a number of investment trust and venture capital trust companies, including The Scottish Oriental Smaller Companies Trust PLC, the North American Income Trust PLC, Monks Investment Trust PLC and Northern 3 VCT PLC. He is also the senior independent director of The Independent Investment Trust PLC.

John Kay is an economist with 35 years investment trust experience. He is currently a director of Scottish Mortgage Investment Trust PLC and is the Company's Senior Independent Director.

David Smith was a partner in the legal firm Shepherd & Wedderburn LLP for 34 years, specialising in commercial property. David is the Chairman of the Audit and Management Engagement Committee.

Dominic Neary has 20 years of fund management experience in global equities, multi-asset portfolios and investment trusts. Until August 2017 he was Head of the Global Income team at Baillie Gifford & Co.

The Board believes that, for the above reasons, the contribution of each Director continues to be important to the continued long-term success of the Company, as the combined skills and experience ensure a balanced Board of Directors with a wealth of knowledge and understanding in the key areas that are relevant to the Company. It is therefore believed to be in the best interests of Shareholders that all Directors be re-elected and Resolutions to this effect will be proposed at the 2020 AGM.

Investment Management

The Company complies with the AIFMD which came into force on 22 July 2014. An investment management agreement was entered into by the Company (effective from 22 July 2014) in which the Company appointed VIS, a wholly owned subsidiary of the Company, as its AIFM. Under two separate updated and restated investment management agreements entered into by the Company and VIS on 15 May 2015, VIS has contractually delegated its management responsibilities for the equity and property portfolios to OLIM and OLIM Property respectively.

The updated and restated investment management agreements were further revised by way of side letters dated 20 September 2018 which provide that, with effect from 1 April 2018, VIT shall pay to OLIM and to OLIM Property a management fee of 0.6% per annum of the total value of VIT's assets which are managed by OLIM and OLIM Property respectively (such assets being valued at quarterly valuation dates on 31 March, 30 June, 30 September and 31 December in each year and adjusted to account for capital cash balances and outstanding settlements for securities and property transactions). There is no performance fee.

Accordingly, during the year ended 31 March 2020, OLIM received an annual investment management fee of £738,000 excluding VAT and OLIM Property received an annual investment management fee of £412,000 excluding VAT.

The Directors, together with VIS, review the performance of the Investment Managers and review the terms and conditions of their appointment on a regular basis.

Following review, the Directors are satisfied that the continuing appointment of OLIM and OLIM Property as Investment Managers is in the best interests of Shareholders as a whole as the Company benefits from the specialised teams of investment professionals at OLIM and OLIM Property.

The costs and expenses of VIS are also met by the Company.

An additional fee is payable to the Company Secretary, Maven Capital Partners UK LLP, in respect of company secretarial and administrative services.

Substantial Interests

At 31 March 2020, the only persons known to the Company who, directly or indirectly, were interested in 3% or more of the issued ordinary share capital of the Company were as follows:

Shareholder	Number of Ordinary Shares	% held
Rathbone Nominees Limited*	8,011,051	17.59
Rathbone Nominees Limited* <CHARITY>	4,472,323	9.82
Interactive Investor Services Nominees Limited <SMKTISAS>	3,287,900	7.22
Interactive Investor Services Nominees Limited <SMKTNOMS>	1,645,739	3.61
Hargreaves Lansdown (Nominees) Limited <15942>	1,482,681	3.26
Hargreaves Lansdown (Nominees) Limited <HLNOM>	1,466,527	3.22
Smith & Williamson Nominees Limited	1,455,971	3.20

*Included in the Rathbones Nominees Limited holdings is 10,950,000 Ordinary Shares (24.03%) held by Matthew Oakeshott.

At 28 July 2020, being the last practicable date prior to the publication of this Annual Report, the only persons known to the Company who, directly or indirectly, were interested in 3% or more of the Company's issued ordinary share capital were as follows:

Shareholder	Number of Ordinary Shares	% held
Rathbone Nominees Limited	7,941,455	17.43
Rathbone Nominees Limited <CHARITY>	4,472,323	9.82
Interactive Investor Services Nominees Limited <SMKTISAS>	3,251,073	7.14
Hargreaves Lansdown (Nominees) Limited <15942>	1,566,654	3.44
Interactive Investor Services Nominees Limited <SMKTNOMS>	1,501,558	3.30
Smith & Williamson Nominees Limited	1,482,561	3.25
Hargreaves Lansdown (Nominees) Limited <HLNOM>	1,475,587	3.24

*Included in the Rathbones Nominees Limited holdings is 10,950,000 Ordinary Shares (24.03%) held by Matthew Oakeshott.

Independent Auditor

In December 2019, the Audit and Management Engagement Committee put the audit of the Company out to tender. The Chairman wrote to all Shareholders on 19 March 2020 confirming that, following the completion of an audit tender process, the Board had agreed to appoint BDO LLP as the Company's new auditor. The details of this appointment and of Grant Thornton's resignation were also announced to the market on 19 March 2020.

Non-audit fees paid to the former auditors during the year to 31 March 2020 are detailed in Note 4 to the Financial Statements on page 72.

The Directors are satisfied that the procedures employed by Grant Thornton UK LLP while they were the Company's auditors supported their independence during the period under review in relation to non-audit services and that the objectivity of their audit staff was not impaired.

Resolutions 8 and 9 will be proposed at the 2020 Annual General Meeting (AGM) to propose the appointment of the Company's new Independent Auditor, BDO LLP and to authorise the Directors to fix its remuneration. The Directors have received assurances from BDO LLP that they are independent and objective. The Directors have also reviewed BDO LLP's procedures in connection with the provision of non-audit services and are satisfied that objectivity and independence is being safeguarded by BDO LLP.

The Directors confirm that as far as they are each aware, as at the date of this Annual 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 to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor was aware of that information.

Additional Information

Information relating to dividends, likely future developments and important events since the year end are detailed in the Chairman's Statement on pages 4 and 5 and in the Business Review on pages 24 to 29. Where not provided elsewhere in the Directors' Report, the following additional information is required to be disclosed by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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.

Under the Articles, the Company has a fixed life until 31 March 2027, save that the Board may propose a continuation vote in 2024 that would release the Board from its obligation to propose the liquidation resolution if Shareholders approve the continuation of the Company and the Board implement the alternative proposals that include a cash exit at close to Net Asset Value.

The Company's Articles of Association may only be amended by a Special Resolution at a general meeting of Shareholders.

Annual General Meeting

The Notice of the Annual General Meeting (AGM), which will be held on Thursday, 3 September 2020 at 10:00am at the offices of Maven Capital Partners UK LLP, First Floor Kintyre House, 205 West George Street, Glasgow G2 2LW, and related notes may be found on pages 106 to 111 of this Annual Report.

As highlighted in the Chairman's Statement, in light of the Government advice against all non-essential travel and maintaining social distancing, Shareholders will be unable to attend the AGM in person. Therefore, the Board encourages Shareholders to vote at the AGM and votes can be submitted by hard copy proxy form, via CREST, or electronically using the Registrar's share portal service at **www.investorcentre/eproxy**. Please refer to the notes to the Notice of Annual General Meeting on pages 108 to 111 of this Annual Report. In addition, the Board would also encourage Shareholders to submit any questions for the Board and the Managers by email or by letter in advance of the AGM. Shareholders wishing to submit a question should write to: **The Company Secretary, Value and Income Trust PLC, c/o Maven Capital Partners UK LLP, First Floor, Kintyre House, 205 West George Street, Glasgow G2 2LW** or email to: **CoSec@mavencp.com**.

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

Among the Resolutions being put to the AGM, the following is a more detailed explanation of Resolutions 10 to 13. Resolutions 1 to 9 are self-explanatory and require no further explanation.

Issue of Ordinary Shares by the Company

Resolution 10, which is an Ordinary Resolution, will, if passed, renew the Directors' authority to allot new Ordinary Shares up to a nominal value of £455,499. This will allow the Directors to allot up to 4,554,997 Ordinary Shares (being approximately 10% of the total ordinary issued share capital of the Company as at the date of the Notice of Annual General Meeting set out on pages 106 to 111 of this Annual Report) (excluding treasury shares).

Limited Disapplication of Pre-emption rights

Resolution 11, which is a Special Resolution, will, if passed, renew the Directors' existing authority to allot new shares or sell treasury shares for cash without the shares first being offered to existing Shareholders in proportion to their existing holdings. This will give Directors authority to make limited allotments or sell shares from treasury of up to a nominal value of £455,499, being up to 4,554,997 Ordinary Shares, representing approximately 10% of the total ordinary issued share capital. The authority to issue shares on a non pre-emptive basis includes shares held in treasury (if any) which the Company sells or transfers, including pursuant to the authority conferred by Resolution 10. Since the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations

2003 on 1 December 2003, a listed company is able to hold shares that it has repurchased in treasury rather than cancel them.

New Ordinary Shares will only be issued at prices representing a premium to the last published net asset value per share.

As at the date of the approval of this Annual Report, there were no Ordinary Shares held in treasury.

Purchase of the Company's Ordinary Shares

The Company's buy back authority was last renewed at the AGM held on 5 July 2019. Special Resolution 12 renews the Board's authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions contained in the Companies Act 2006 and the FCA Listing Rules. Accordingly, the Company will seek the authority to purchase up to a maximum of 14.99% of the issued ordinary share capital (excluding treasury shares) at the date of passing of Resolution 12 (being approximately 6,827,941 Ordinary Shares as at the latest practicable date prior to the publication of this Annual Report) at a minimum price of not less than 10 pence per share (being the nominal value). Under the Listing Rules of the FCA, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The authorities being sought under Resolutions 10, 11, and 12 shall expire at the conclusion of the next AGM in 2021 or, if earlier, on the expiry of 15 months from the date of the passing of Resolutions 10, 11 and 12, unless such authority is renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of Shareholders and would result in an increase in the net asset value per share. Any Ordinary Shares purchased shall either be cancelled or held in treasury.

Notice of Meeting

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless Shareholders agreed to a shorter notice period and certain other conditions are met. Resolution 13, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where considered to be in the interests of all Shareholders. If Resolution 13 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2021 or, if earlier, on the expiry of 15 months from the date of passing of Resolution 13, unless renewed prior to such time.

Recommendation

Your Board considers Resolutions 1 to 10 inclusive, which are all Ordinary Resolutions, and Resolutions 11 to 13 inclusive, which are all Special Resolutions, to be in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that Shareholders vote in favour of Resolutions 1 to 13 inclusive to be proposed at the AGM on 3 September 2020.

By order of the Board
Maven Capital Partners UK LLP
Company Secretary
29 July 2020

This report has been prepared, in accordance with the requirements of the Companies Act 2006. An Ordinary Resolution for the approval of this report will be put to the members of the Company at the forthcoming AGM. The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report on pages 52 to 59.

The Nomination Committee of the Board fulfils the functions of a remuneration committee in relation to setting the level of Directors' fees and the Remuneration Policy. As none of the Directors is an executive director, the Company is not required to comply with the Principles of the UK Corporate Governance Code in respect of executive directors' remuneration.

At 31 March 2020, the Company had four Directors and their biographies are shown on page 3 of this Annual Report. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 39.

Remuneration Policy

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole and be fair and comparable with that of other investment trust companies that are similar in size, have a similar capital structure and a similar investment objective. Directors are remunerated in the form of fees, payable monthly in arrears, to the Director personally or to a third party specified by him or her. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £200,000 and the approval of Shareholders in general meeting would be required to change this limit. It is intended that the fees payable to the Directors should reflect their duties, responsibilities, and the value and amount of time committed to the Company's affairs, and should also be sufficient to enable candidates of a high quality to be recruited and retained. The Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits, and the fees are not specifically related to the Directors' performance, either individually or collectively.

A copy of the Remuneration Policy may be inspected by the members of the Company at its registered office.

It is the Board's intention that the above Remuneration Policy be put to a Shareholders' vote at least once every three years and, as a resolution was approved at the AGM held in 2017, an Ordinary Resolution for its approval for the three years to 31 March 2023 will be proposed at the 2020 AGM.

At the AGM held on 7 July 2017, the result in respect of the Ordinary Resolution to approve the Directors' Remuneration Policy for the three-years to 31 March 2020 was as follows:

	Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
Remuneration Policy	99.2	0.8	47,099

During the year ended 31 March 2020, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration. However, in the application of the Board's policy on Directors' remuneration, as defined above, the Committee expects, from time to time, to review the fees paid to the directors of other investment trust companies.

During the year ended 31 March 2019, the Nomination Committee carried out a review of the remuneration policy and the level of Directors' fees and recommended that the level of Directors' fees payable for the year to 31 March 2020 should be increased with effect from 1 April 2019 to £28,875 for the Chairman, £23,500 for the Chairman of the Audit and Management Engagement Committee and £21,000 for each other Director.

During the year ended 31 March 2020, the Nomination Committee carried out a further review of the remuneration policy and the level of Directors' fees and recommended that the Directors' fees payable for the year ending 31 March 2021 be increased with effect from 1 April 2020 to £30,000 for the Chairman, £24,500 for the Chairman of the Audit and Management Engagement Committee and £22,000 for each other Director.

An Ordinary Resolution to approve this Directors' Remuneration Report will be put to Shareholders at the 2020 AGM. At the AGM held on 5 July 2019, the results in respect of the Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31 March 2019 was as follows:

	Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
Remuneration Report	99.6	0.4	48,832

Directors' Fees and Total Remuneration

The Company does not have any employees and Directors' remuneration comprises solely Directors' fees. The current and projected Directors' fees for the year ended 31 March 2020 and the year ending 31 March 2021 are shown below.

	Directors' Fees 2020 £	Directors' Fees 2021 £
James Ferguson (Chairman)	28,875	30,000
John Kay	21,000	22,000
Dominic Neary	21,000	22,000
David Smith (Chairman of the Audit and Management Engagement Committee)	23,500	24,500
Total	**94,375**	**98,500**

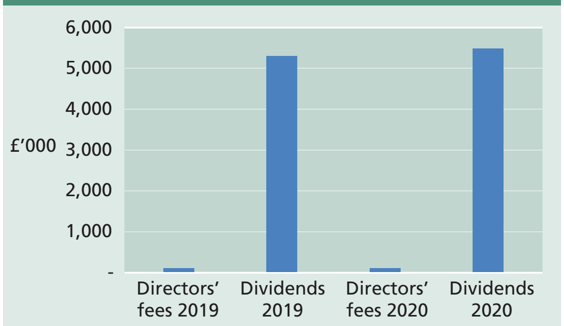
Directors do not have service contracts, but new Directors are provided with a letter of appointment. The terms of appointment provide that Directors should retire and be subject to re-election at the first AGM after their appointment. The Company's Articles require all Directors to retire by rotation at least every three years. As noted in the Directors' Report, the Board has decided that, in accordance with the AIC Code, all Directors should stand for annual re-election. There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

During the year ended 31 March 2020, no communication had been received from Shareholders regarding Directors' remuneration.

Relative Cost of Directors' Remuneration

The chart below shows, for the years ended 31 March 2019 and 31 March 2020, the cost of Directors' fees compared with the level of dividend distribution.

Relative Cost of Directors' Remuneration (£'000)



As noted in the Strategic Report, none of the Directors is executive and therefore the Company does not have a chief executive officer, nor does it have any employees. In the absence of a chief executive officer or employees, there is no related information to disclose.

Directors' and Officers' Liability Insurance

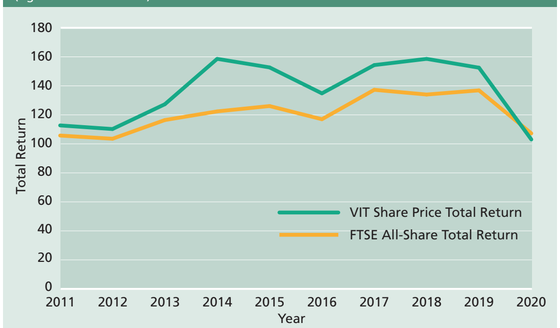
The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, nor does it form part of the Directors' remuneration.

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Managers through the investment management agreements, as referred to in the Directors' Report.

The graph below compares the total returns on an investment of £100 in the Ordinary Shares of the Company, for each annual accounting period for the ten years to 31 March 2020, assuming all dividends are reinvested, with the total shareholder return on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Index is calculated. This index was chosen for comparison purposes as it is the most relevant to the Company's investment portfolio.

Cumulative total return for the ten year period ended 31 March 2020 (figures rebased to 100)



(Source: London Stock Exchange)

DIRECTORS' REMUNERATION (AUDITED)

The Directors who served during the year received the following total emoluments in the form of fees:

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
James Ferguson (Chairman)	28,875	27,500
John Kay	21,000	20,000
Dominic Neary	21,000	20,000
David Smith	23,500	20,000
Total	**94,375**	**87,500**

The above amounts exclude any employers' national insurance contributions, if applicable. No other form of remuneration was received by the Directors and no Director has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 31 March 2020 (2019: £nil).

DIRECTORS' INTERESTS (AUDITED)

The Directors' Interests in the share capital of the Company as at 31 March 2020 and as at the date of this Annual Report are shown below. There is no requirement for Directors to hold shares in the Company.

	31 March 2020 Ordinary Shares of 10p each	31 March 2019 Ordinary Shares of 10p each
James Ferguson	635,500	635,500
John Kay	198,114	198,114
John Kay – Family	19,274	19,274
John Kay – as Trustee	74,830	74,830
Dominic Neary	24,500	14,680
David Smith	19,320	19,320

APPROVAL

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

James Ferguson
Chairman
29 July 2020

Statement of Corporate Governance

The Company is committed to, and is accountable to the Company's Shareholders for, a high standard of corporate governance. The Board has put in place a framework for corporate governance that it believes is appropriate for an investment trust company.

During the year under review, the Company was a member of the Association of Investment Companies (AIC), which published a revised version of its own AIC Code of Corporate Governance (the AIC Code) in February 2019 and which applies to accounting periods commencing on or after 1 January 2019. The AIC Code has been endorsed by the Financial Reporting Council (FRC) and enables boards to make a statement that, by reporting against the AIC Code they are meeting their obligations in relation to the 2018 UK Corporate Governance Code (the Code) (and the associated disclosure requirements under paragraph 9.8.6 of the Listing Rules). The Board wishes to align with the AIC Code and is, therefore, adopting its principles and reports on compliance with these principles below. The AIC Code provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Code.

The key notable changes to the AIC Code include:

- a new requirement for the annual re-election of all directors of all investment companies;
- a new requirement that a board should understand the views of its company's key stakeholders and describe in the annual report how their interests and the matters set out in Section 172 of the Companies Act 2006 (the duty to promote the success of the company) have been considered in board discussions and decision making;
- the chairman of an investment company may now remain in post beyond nine years from the date of first appointment by the board. Notwithstanding this more flexible approach, the board is required to determine and disclose a policy on the tenure of the chairman.

The AIC Code is available from the AIC website at **www.theaic.co.uk**. The Code is available from the website of the Financial Reporting Council (FRC) at **www.frc.org.uk**.

This Statement of Corporate Governance forms part of the Directors' Report.

Application of the Main Principles of the AIC Code

This statement describes how the main principles identified in the AIC Code have been applied by the Company throughout the year as is required by the Listing Rules of the FCA.

The Board has considered the Principles and Provisions of the AIC Code, which address the Principles and Provisions set out in the Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to Shareholders. The endorsement by the FRC means that by reporting against the AIC Code, the Company is meeting its obligations under the Code and the associated disclosure requirements of the Listing Rules, and as such does not need to report further on issues contained in the Code which are irrelevant to them. These include:

- Provision 9 (dual role of chairman and chief executive);
- Provision 25 (internal audit function); and
- Provision 33 (executive remuneration).

The Board is of the opinion that the Company has complied fully with the Principles and Provisions of the AIC Code.

The Board's Section 172 Duty and Stakeholder Engagement

The Directors recognise the importance of an effective Board and its ability to discuss, review and make decisions to promote the long-term success of the Company and protect the interests of its key stakeholders. As required by provision 5 of the AIC Code (and in line with the Code), the Board has discussed the Directors' duty under Section 172 of the Companies Act and how the interests of key stakeholders have been considered in the Board discussions and decision making during the year. This has been summarised in the table below:

Stakeholder	Form of Engagement	Influence on Board decision making
Shareholders	Annual General Meeting – Shareholders are normally encouraged to attend the AGM and are provided with the opportunity to ask questions and engage with the Directors and the Managers. Shareholders are also encouraged to exercise their right to vote on the resolutions proposed at the AGM (please refer to the Chairman's Statement on pages 4 and 5). Shareholder Documents – The Company reports formally to Shareholders by publishing Annual and Interim Reports, normally in June and November each year. In addition, the Company produces a Monthly Factsheet which is published on the Company's website hosted by the Managers at **www.olim.co.uk** and **www.olimproperty.co.uk** Significant matters or reporting obligations are disseminated to Shareholders by way of announcement to the London Stock Exchange. The Company Secretary acts as a key point of contact for the Board and all communications received from Shareholders are circulated to the whole Board. Other Shareholder events include investor and wealth manager lunches and roadshows organised by the Company's Broker at which the Managers are invited to present.	Dividend Declarations – The Board recognises the importance of dividends to Shareholders and takes this into consideration when making decisions to pay quarterly and propose final dividends for each year. Further details regarding dividends for the year under review can be found in the Chairman's Statement on pages 4 and 5. Shareholder Communication and feedback from the Broker feeds directly into the Board's annual strategy review, the asset allocation considerations and the Manager's guidance on desirable investment characteristics.
Investee companies and assets	Quarterly Board Meetings – The Managers report to the Board on the Company's investment portfolio and the Directors challenge the Managers where they feel it is appropriate.	The Directors are aware that the exercise of voting rights is key to promoting good corporate governance and, through the Manager responsible for the equity portfolio, ensures that the listed companies are encouraged to adopt best practice corporate governance. The Board has delegated the responsibility for monitoring the listed companies to the equities Manager and has given it discretion to vote in respect of the Company's holdings in the equity portfolio, in a way that reflects the concerns and key governance matters discussed by the Board.
Managers	Quarterly Board Meetings – The Managers attend every Board Meeting and present a detailed portfolio analysis and report on key issues such as performance of the equity and property portfolios.	The Directors are cognisant of the Company's investment aims and the strategy agreed by the Board, which the Managers have been tasked with implementing. The Board engages constructively with the Managers to ensure investments are consistent with the agreed strategy and investment aims.
Registrar	Annual review meetings and control reports.	On an annual basis the Directors review the performance of all third party service providers; this includes ensuring compliance with GDPR.
Depositary and Custodian	Regular statements and control reports received, with all holdings and balances reconciled.	The Directors review the performance of all third party providers on an annual basis, including oversight of securing the Company's assets.
Advisers	The Company relies on the expert audit, accounting and legal advice received from its Auditor, Administrator and Legal Advisers.	On an annual basis the Directors review the performance of all third party service providers.

The Board

As at the date of this Annual Report, the Board consists of four male Directors. Biographies of the current Directors, including the Directors who served during the year under review, are shown on page 3 and indicate their high level and range of investment, industrial, commercial and professional experience. John Kay is the Company's Senior Independent Director.

All Directors who served during the year are considered by the Board to be independent of the Investment Managers and free of any material relationship with the Investment Managers. The Board sets the Company's values and objectives and ensures that its obligations to Shareholders are met. It has formally adopted a schedule of matters 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. These matters include:

- 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 any share buy backs and share issues;
- succession planning including board appointments and removals and the related terms;
- appointment and removal of the AIFM, the Investment Managers and the terms and conditions of the investment management agreements relating thereto;
- terms of reference and membership of Board Committees; and
- Stock Exchange/ Financial Conduct 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 a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense.

The Directors have access to the advice and services of the Company Secretary, Maven Capital Partners UK LLP, through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows within the Board and its Committees; and
- for advising on corporate governance matters.

An induction meeting will be arranged on the appointment of any new Director, covering details about the Company, the AIFM, the Investment Managers, legal responsibilities and investment trust industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

James Ferguson is Chairman of the Company. He is also Chairman of the Nomination Committee as the other Directors consider that he has the skills and experience relevant to that role. There is no Remuneration Committee as the Nomination Committee is responsible for considering appointments to the Board and reviewing the level of Directors' fees.

David Smith is Chair of the Audit and Management Engagement Committee as the other Directors consider that he has the skills and experience relevant to that role.

The Board meets at least four times each year.

The primary focus of quarterly Board Meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues. Between meetings, the Board maintains contact with the Investment Managers and has access to senior members of the management teams and to the company secretarial team.

During the year ended 31 March 2020, the Board held four full quarterly Board Meetings; one full Board Meeting in relation to strategy discussions; two Committee Meetings to approve the release of financial results; and four Committee Meetings to approve the new £22 million secured term loan and the substitution of properties under the Prudential Debenture and the £15 million secured term loan taken out in mid-2016.

Accordingly, Directors have attended Board and Committee Meetings during the year ended 31 March 2020 as follows:

Director	Board	Board Committee	Audit and Management Engagement Committee	Nomination Committee
James Ferguson	5 (5)	5 (6)	3 (3)	2 (2)
John Kay	5 (5)	3 (6)	3 (3)	2 (2)
Dominic Neary	5 (5)	4 (6)	3 (3)	2 (2)
David Smith	5 (5)	5 (6)	3 (3)	2 (2)

The number of meetings which the Directors were eligible to attend is in brackets.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board Meetings, this consists of a comprehensive set of papers, including the Investment Managers' reviews and discussion documents regarding specific matters. The Directors make further enquiries when necessary.

The Board has undertaken appraisals of the Chairman, the other Directors and the Board as a whole. The evaluation of the Chairman is led by the Senior Independent Director, John Kay.

Directors' Terms of Appointment and Policy on Tenure

All Directors are appointed for an initial period of three years, subject to re-election and Companies Act provisions and, in accordance with the Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Notwithstanding the Articles, the Board has determined that in accordance with the AIC Code all Directors should be subject to annual re-election.

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluation, believes that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The policy on tenure and the independence of each Director is reviewed on an annual basis, before the re-election of any Director is recommended, and the Board considers the need for regular refreshment of the Directors prior to doing so. The Company has no executive Directors or employees.

Committees

Each of the Committees has been established with written terms of reference. The terms of reference of each of the Committees, which are available on request from the Registered Office of the Company, are reviewed and re-assessed for their adequacy at least annually.

Audit and Management Engagement Committee

Information regarding the composition, responsibilities and activities of the Audit and Management Engagement Committee is detailed in the Report of the Audit and Management Engagement Committee on pages 48 to 51.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by James Ferguson. As the Board has not established a Remuneration Committee, the Nomination Committee fulfils the functions of a remuneration committee in relation to setting the level of Directors' fees and the remuneration policy. The Nomination Committee met twice during the year. The Committee makes recommendations to the Board on the following matters:

- the evaluation of the performance of the Board and its Committees;
- reviewing the Board structure, size, composition and age profile (including the skills, knowledge, experience and diversity (including gender);
- succession planning;
- the identification and nomination of candidates to fill Board vacancies, as and when they arise, for the approval of the Board;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time;
- the appointment of any Director to another office, such as Chairman of the Audit and Management Engagement Committee, other than to the position of Chairman; and
- reviewing the level of Directors' fees.

Although the Company does not have a formal policy on diversity, as detailed above, consideration of Board diversity forms part of the responsibilities of the Committee.

External Agencies

The Board has contractually delegated to external agencies, certain services: the depositary and custodial services (which include the safeguarding of assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers reports from the external agencies on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

As the AIFM, VIS has responsibility for the overall investment management and risk management of the assets of the Company. VIS has contractually delegated its day to day investment management responsibilities for the equity portfolio to OLIM and for the property portfolio to OLIM Property (collectively, the Investment Managers). The delegation by VIS of its investment management responsibilities is in accordance with the delegation requirements of the AIFMD. The Investment Managers remain subject to the supervision and direction of VIS and are responsible to VIS and ultimately to the Company in regard to the management of the investment of the assets of the Company in accordance with the Company's investment aims and policy. VIS has established a Risk Committee to keep under review the effectiveness of the Company's internal control and risk management systems and procedures and to identify, measure, manage and monitor the risks identified as affecting the Company's business.

Corporate Governance, Stewardship and Proxy Voting

The Financial Reporting Council (FRC) first published the UK Stewardship Code (the Stewardship Code) for institutional shareholders on 2 July 2010 and issued an updated version in September 2012. The revised UK Stewardship Code 2020 was published in October 2019 and takes effect for reporting periods beginning on or after 1 January 2020. The Board is considering the implications of the revised code and will look to report against it in the future. The purpose of the 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 in the efficient exercise of their governance responsibilities.

The Board is aware of its duty to act in the interests of the Company and the Directors believe that the exercise of voting rights lies at the heart of regulation and the promotion of good corporate governance. The Directors, through the Investment Managers, would wish to encourage companies in which investments are made to adhere to best practice in the area of corporate governance. The Investment Managers believe that, where practicable, this can best be achieved by entering into a dialogue with investee company management teams to encourage them, where necessary, to improve their governance policies. Therefore, the Board and VIS have delegated responsibility for monitoring the activities of portfolio companies to the Investment Managers and have given discretionary powers to vote in respect of the holdings in the Company's investment portfolio.

Socially Responsible Investment Policy

The Directors and the Manager are aware of their duty to act in the interests of the Company and acknowledge that there are risks associated with investment in companies that fail to conduct business in a socially responsible manner. Therefore, the Directors and the Manager take account of the social environment and ethical factors that may affect the performance or value of the Company's investments. The Directors and the Manager believe that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers and customers and behave responsibly towards the environment and society as a whole.

Communication with Shareholders

The Company places a great deal of importance on communication with its Shareholders, all of whom are encouraged (under normal circumstances) to attend and participate in the AGM, as it is the key forum for communication with Shareholders. The AGM is an event that all Shareholders are normally welcome to attend and participate in. The Notice of Annual General Meeting sets out the business of the AGM and the Resolutions are explained more fully in the Directors' Report and in the Directors' Remuneration Report. Separate Resolutions are proposed for each substantive issue and Shareholders have the opportunity to put questions to the Board and to the Investment

Managers. The results of proxy voting are relayed to Shareholders after the Resolutions have been voted on by a show of hands. Nominated persons, often the beneficial owners of shares held for them by nominee companies, may attend shareholder meetings and are invited to contact the registered shareholder, normally a nominee company, in the first instance in order to be nominated to attend the meeting and to vote in respect of the shares held for them.

In addition, both the Chairman and Senior Independent Director are available to meet major shareholders. Shareholders may contact the Directors by writing to the Chairman at the Registered Office. The address for the Registered Office can be found on page 103.

The Annual Report is normally posted to Shareholders at least twenty business days before the AGM. Annual and Interim Reports and Financial Statements are distributed to Shareholders and other parties who have an interest in the Company's performance.

Shareholders and potential investors may obtain up-to-date information on the Company through the Investment Managers and the Company Secretary. In order to ensure that the Directors develop an understanding of the views of Shareholders, correspondence between Shareholders and the Investment Managers or the Chairman is copied to the Board.

The Company's web pages are hosted on the Managers' websites, and can be visited at **www.olim.co.uk** and **www.olimproperty.co.uk** from where Annual and Interim Reports, the monthly Factsheet and other information can be viewed, printed or downloaded.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Financial Statements is on page 47 and the Statement of Going Concern and the Viability Statement are included in the Directors' Report on pages 30 and 31. The Independent Auditor's Report is on pages 52 to 59.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary
29 July 2020

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the EU and Article 4 of the EU IAS Regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the EU. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the net return of the Group and Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that 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. 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 Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites hosted by the Investment Managers. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors are also responsible for ensuring that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

Directors' Responsibility Statement

Each Director confirms, to the best of his or her knowledge, that:

- the Financial Statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as at 31 March 2020 and for the year to that date; and that
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors confirm that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

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

James Ferguson

Chairman

29 July 2020

Report of the Audit and Management Engagement Committee

The Audit and Management Engagement Committee is chaired by David Smith. The Committee comprises all of the independent Directors. The Board is satisfied that at least one member of the Committee has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

Responsibilities

The principal responsibilities of the Committee include:

- the review of the effectiveness of the internal control environment of the Company, including the receipt of reports from the AIFM, the Investment Managers and the Auditor on a regular basis;
- the integrity of the Interim and Annual Reports and Financial Statements and reviewing any significant financial reporting judgements contained therein;
- the review of the terms of appointment of the Auditor, together with its remuneration, including any non-audit services provided by the Auditor;
- the review of the scope and results of the audit and the independence and objectivity of the Auditor;
- the review of the Auditor's Board Report and any required response;
- meetings with representatives of the Investment Managers;
- the review of the AIFM agreement and investment management agreements;
- providing advice on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy; and
- making appropriate recommendations to the Board.

Internal Control and Risk Management

The Directors are ultimately responsible for the Company's system of internal controls and risk management and for reviewing its effectiveness. Following publication by the FRC of "Guidance on Risk Management, Internal Control and Related Financial Business Reporting" (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, which has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements, is regularly reviewed by the Board and accords with the FRC Guidance.

The Directors have, in tandem with VIS, reviewed the effectiveness of the system of internal controls and risk management. In particular, the Directors have reviewed and updated the process for identifying and evaluating the principal risks affecting the Company and the 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 and OLIM Property regularly report to VIS and to the Directors on the investment portfolio;

- OLIM's Compliance Officer keeps OLIM's operations under review;
- OLIM Property's Compliance Officer keeps OLIM Property's operations under review;
- VIS regularly reports to the Directors on compliance with the AIFMD;
- written agreements are in place which specifically define the roles and responsibilities of VIS, OLIM, OLIM Property and other third party service providers; and
- at its meeting in May 2020, the Audit and Management Engagement Committee carried out an annual assessment of internal controls and risk management for the year ended 31 March 2020 by considering documentation from OLIM, OLIM Property and Maven Capital Partners UK LLP and by taking account of events since 31 March 2020.

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.

Assessment of Key Risks

As one of the focuses of the Company is to generate long-term growth in dividends and capital value from quoted UK equities, the equity portfolio is a significant element of the Financial Statements and the recognition and valuation of the equity portfolio is therefore a key risk that requires the particular attention of the Committee. Specifically, the risk is that investments are not recognised and measured in line with the Company's stated accounting policy on the valuation of quoted investments. Similarly, as dividend income is a major source of revenue for the Company and a significant element of the Statement of Comprehensive Income, the recognition of dividend income is a further risk that requires the particular attention of the Committee. Specifically, the risk is that dividend income is not recognised in line with the Company's stated policy on income recognition and/or that dividend income is incorrectly allocated as revenue/capital. Further risks relate to the property portfolio. As the property portfolio accounts for a quarter to a half of the total investment portfolio, it is a significant item in the Financial Statements and the recognition and valuation of the property portfolio and the recognition of rental income are risks that require the attention of the Committee.

Valuation, existence and ownership of the investment portfolio – how the risk was addressed

The Company uses the services of an independent depositary and custodian, BNP Paribas Securities Services, to hold the equity investments of the Company (the title deeds for the property portfolio are held by the Company's lawyers to the order of the Company), and for the safekeeping of the Company's assets. An annual internal control report is received from the Depositary and Custodian which provides details of the Depositary and Custodian's control environment.

The reconciliation of the records held by the Depositary and Custodian (and by the Company's lawyers in the case of the title deeds) to the records maintained by the Company's administrator is reviewed and tested by the Independent Auditor. The equity portfolio is reviewed by OLIM regularly and the property portfolio is reviewed by OLIM Property regularly. Management accounts including full portfolio listings are prepared quarterly and considered at the quarterly meetings of the Board.

The valuation of the equity and property portfolios is undertaken in accordance with the Company's stated accounting policy as set out in note 1(j) to the Financial Statements on pages 69 and 70.

The Committee reviews and challenges the valuation of the investments especially the investment properties. This includes review of the valuation report prepared by independent professional valuers. In addition, the Committee reviews the Financial Statements disclosures in line with the reporting framework.

The Committee satisfied itself that there were no issues associated with the existence and ownership of the Company's investments which required to be addressed.

Dividend and Rental Income recognition – how the risk was addressed

The recognition of dividend and rental income is undertaken in accordance with accounting policy Note 1(e) to the Financial Statements on page 68. The management accounts are reviewed by the Board on a quarterly basis and discussion takes place with the Investment Managers at the quarterly Board Meetings regarding the revenue generated from dividend and rental income. The Directors are satisfied that the levels of income recognised are in line with revenue estimates. The Committee concluded that there were no issues associated with dividend and rental recognition which required to be addressed.

Review of Investment Managers and Risk Reporting

The Committee met three times during the year under review, in May and October 2019 and in January 2020.

At the May and October 2019 meetings, the Committee considered the key risks detailed above and the corresponding control and risk reports provided by the Investment Managers and the Company Secretary. No significant weaknesses in the control environment were identified and it was also noted that there had not been any adverse comment from the Auditor and that the Auditor had not identified any significant issues in its audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

At its meeting in May 2019, the Committee also reviewed, for recommendation to the Board, the Audit Report from the Independent Auditor and the draft Annual Report and Financial Statements for the year ended 31 March 2019, along with the amount of the final dividend for the year then ended. At its meeting in October 2019, the Committee reviewed the Half-Yearly Report for the period to 30 September 2019 and also considered the performance of Grant Thornton UK LLP as Auditor, and its independence and tenure. The Committee concluded that its recommendation was that the provision of audit services should be put out to tender at that time.

At its meeting in January 2020, the Committee reviewed the responses from the firms who had been invited to participate in the audit tender and recommended to the Board that BDO LLP be appointed as the Company's new Independent Auditor. BDO LLP were appointed on 19 March 2020.

Subsequent to 31 March 2020, the Committee considered the draft Annual Report and Financial Statements for the year ended 31 March 2020, which included working with the Auditor to adopt new and revised Accounting Standards (see Note 22 to the Financial Statements), and provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. The Committee also reviewed the performance of the Investment Managers and the terms and conditions of their appointment and concluded that the performance of the Investment Managers was satisfactory and that the continued appointment of the Investment Managers was in the continued best interests of Shareholders as a whole.

Review of Effectiveness of External Auditor

As part of its annual review of auditor services, the Committee reviews the performance, cost effectiveness and general relationship with the external Auditor.

In addition, the Committee reviews the independence and objectivity of the external Auditor. Key elements of these reviews include separate meetings with the Independent Auditor and consideration of the completeness and accuracy of BDO LLP's reporting.

Following an audit tender carried out in December 2019, the Company appointed BDO LLP as Auditor on 19 March 2020. The Independent Auditor's Report is on pages 52 to 59. Vanessa-Jayne Bradley of BDO LLP is the Senior Statutory Auditor responsible for the audit and BDO LLP will rotate the Senior Statutory Auditor every five years. Vanessa-Jayne Bradley was appointed as Senior Statutory Auditor for the Company during 2020 and will be rotated for the audit for the year to 31 March 2025. Details of the amounts paid to the Company's Auditor and former auditor, Grant Thornton UK LLP, for audit and other services are set out in Note 4 to the Financial Statements.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditor at each AGM. Any non-audit work requires the specific approval of the Committee in each case. Non-audit work where independence may be compromised or conflicts arise, is prohibited. There are currently no contractual obligations which restrict the Committee's choice of Auditor.

Non-audit services amounting to £10,000 (2019: £6,000) were provided by Grant Thornton UK LLP relating to annual debenture covenant compliance review, iXBRL tagging and periodic debenture covenant compliance review following substitution of investment properties charged on the debenture. The Committee had received assurances from Grant Thornton UK LLP that their independence was not compromised by the supply of these services.

In light of recent EU regulation and FRC guidance on audit tenders, the Board is mindful that the audit will require to be put out to tender in the future. The Committee will continue to keep the matter of tenure of the Auditor under review.

The Board has concluded that BDO LLP is independent of the Company and that a Resolution for the appointment of BDO LLP as external Auditor should be put to the 2020 AGM.

David Smith
Director
29 July 2020

Independent Auditor's Report to the Members of Value and Income Trust Plc

Opinion

We have audited the financial statements of Value and Income Trust plc (the 'Parent Company') and its subsidiaries (together, the 'Group') for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Company Statement of Comprehensive Income, Group Statement of Financial Income, Company Statement of Financial Position, Statement of Changes in Equity, Group Statement of Cashflows, Company Statement of Cashflows and the notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter: Investment property valuations

We draw attention to note 9, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material

uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation and ownership of Quoted Investments (Note 1 and Note 9) The investment portfolio includes quoted investments and is the most significant balance in the financial statements and key driver of performance. The Investment Manager's fee is based on the value of the gross assets of the fund. The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Therefore, notwithstanding this review and the investments being Level 1 and not highly subjective, there is a potential risk of misstatement in the investment valuations.	We responded to this matter by testing the valuation and ownership of the portfolio of quoted investments (over 55% of the total portfolio by value). We performed the following procedures: • Confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices • For all investments, assessed if there were contra indicators, such as liquidity considerations from reviewing trading volumes, to suggest bid price is not the most appropriate indication of fair value. • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. **Key observations** Based on the procedures performed we consider the investment valuations to be within an appropriate range.

Key audit matter	How our audit addressed the key audit matter
Valuation and ownership of Investment Property (Note 1 and Note 9) The Group has opted to carry investment property at fair value rather than cost under IAS 40. Fair value measures are subjective by nature and use considerable judgement and assumptions. The Group engages an independent external valuer to value its properties at each reporting period. The valuation models applied are complex and require consideration of the existing market conditions including yields and estimates regarding rental income, occupancy and location. The valuation model applied has also had to consider the potential impact of Covid-19.	We responded to this matter by testing the valuation and ownership of the portfolio of investment property (over 45% of the total portfolio by value). We performed the following procedures: • Held discussions with the independent external valuer engaged by the Group, to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the period. • Assessed the competency, independence and objectivity of the independent external valuer which included making inquiries regarding interests and relationships that may have created a threat to the valuer's objectivity. • Agreed key observable valuation inputs supplied to and used by the independent external valuer to supporting documentation. For all the properties we agreed that the passing rental income and lease terms agrees to the underlying lease agreements. • Used our knowledge and experience to evaluate and challenge the valuation assumptions, methodologies and the inputs used. This included establishing our own range of expectations for the valuation of investment property based on externally available metrics and wider economic and commercial factors. We assessed the valuation of all investment properties against our own expectations and challenged those valuations which fell outside of our range of expectation. • Obtained the title deeds to confirm ownership of the Investment Property **Key observations** Based on the procedures performed we found the investment valuations, in particular the assumptions used, were supported by the audit evidence obtained.

Key audit matter	How our audit addressed the key audit matter

Existence, Accuracy and Completeness of Rental Income (Note 1 and Note 2)
 	
Rental income is recognised on a straight line basis over the lease term. We consider this to be a key area of focus based on the fact that rental agreements have fixed rental increases and RPI increases subject to caps and collars.
	We responded to this matter by testing the existence, accuracy and completeness of rental income. We performed the following procedures:
	
	• Obtained Management's reconciliation of expected revenue based on the tenancy schedules to revenue recognised in the financial statements and performed the following:
	
	  ◦ Agreed the rent income received per the tenancy schedules to the underlying lease agreements and other documentation such as rent review memoranda.
	
	  ◦ Checked the integrity of the formulae used to calculate the expected revenue based on the tenancy schedule
	
	  ◦ Agreed a sample of reconciling adjustments between the expected revenue and the amount recorded in the financial statements to supporting documentation.
	
	  ◦ Confirmed that the tenancy schedule covers all the Investment Property which has been valued at the year-end.
	
	Key observations
	Based on the procedures performed we consider the existence, accuracy and completeness of rental income to be materially correct.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could reasonably influence the economic decisions of users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We also determined that for classes of transactions and balances which impact on revenue profits, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users.

The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio.

Materiality Measure	Purpose	Key Considerations	Group 2020 Quantum (£)	Parent Company 2020 Quantum (£)
Financial Statement Materiality 0.975% value of investments Parent Company materiality has been limited to a % of Group materiality	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement of performance for shareholders.	• The level of judgement inherent in the valuation • The range of reasonable alternative valuation	1,611,000	1,609,000
Performance Materiality 65% of materiality	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	• Risk and control environment	1,047,000	1,047,000
Specific Materiality 10% of revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• Level of revenue return	499,000	499,000

We agreed with the Audit Committee that we would report to them all audit differences in excess of £24,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding, we assessed those aspects of the Group's transactions and balances which were most likely to give risk to a material misstatement. There is only one significant component being the parent company. The other component was deemed to be insignificant for which we carried out some analytical procedures.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the investment property valuations.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the FCA Listing rules and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and IFRSs as adopted by the EU. We also considered the Group's qualification as an Investment Trust under UK tax legislation as any breach of this would lead to the Group losing various deductions and exemptions from corporation tax.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Group financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the Investment Manager, Administrator and the Audit Committee;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable –** the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Group's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the

Companies Act 2006 requires us 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

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors of the Group on 19 March 2020 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 March 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor

London, UK

29 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group Statement of Comprehensive Income

For the year ended 31 March

	Note	Year ended 31 March 2020 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2019 (Restated) Revenue £'000	Capital £'000	Total £'000
INCOME							
Investment income	2	5,931	–	5,931	6,215	–	6,215
Rental income	2	4,716	–	4,716	4,491	–	4,491
Other income	2	97	–	97	9	–	9
		10,744	–	10,744	10,715	–	10,715
GAINS AND LOSSES ON INVESTMENTS							
Realised (losses)/gains on held-at-fair-value investments and investment properties	9	–	(3,482)	(3,482)	–	5,294	5,294
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(31,381)	(31,381)	–	(3,613)	(3,613)
TOTAL INCOME		10,744	(34,863)	(24,119)	10,715	1,681	12,396
EXPENSES							
Investment management fees	3	(345)	(805)	(1,150)	(348)	(813)	(1,161)
Other operating expenses	4	(878)	–	(878)	(781)	–	(781)
FINANCE COSTS	5	(4,609)	–	(4,609)	(4,359)	–	(4,359)
TOTAL EXPENSES		(5,832)	(805)	(6,637)	(5,488)	(813)	(6,301)
(LOSS)/PROFIT BEFORE TAXATION		4,912	(35,668)	(30,756)	5,227	868	6,095
TAXATION	6	(263)	359	96	(241)	343	102
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY		4,649	(35,309)	(30,660)	4,986	1,211	6,197
EARNINGS PER ORDINARY SHARE (PENCE)	7	10.21	(77.52)	(67.31)	10.95	2.65	13.60

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.

The Group does not have any other comprehensive income and so the total (loss)/profit, as disclosed above, is the same as the Group's total comprehensive income. 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 67 to 99 form part of these Financial Statements.

The Board has declared a fourth interim dividend of 3.40p per share, making total dividends of 12.10p per share for the year ended 31 March 2020 (2019: 11.80p per share) payable on 28 August 2020 (see Note 8).

For the year ended 31 March

	Note	Year ended 31 March 2020 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2019 (Restated) Revenue £'000	Capital £'000	Total £'000
INCOME							
Investment income	2	5,931	–	5,931	6,215	–	6,215
Rental income	2	4,716	–	4,716	4,491	–	4,491
Other income	2	97	–	97	9	–	9
		10,744	–	10,744	10,715	–	10,715
GAINS AND LOSSES ON INVESTMENTS							
Realised (losses)/gains on held-at-fair-value investments and investment properties	9	–	(3,482)	(3,482)	–	5,294	5,294
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(30,781)	(30,781)	–	(3,015)	(3,015)
TOTAL INCOME		10,744	(34,263)	(23,519)	10,715	2,279	12,994
EXPENSES							
Investment management fees	3	(345)	(805)	(1,150)	(348)	(813)	(1,161)
Other operating expenses	4	(878)	–	(878)	(781)	–	(781)
FINANCE COSTS	5	(4,576)	–	(4,576)	(4,327)	–	(4,327)
TOTAL EXPENSES		(5,799)	(805)	(6,604)	(5,456)	(813)	(6,269)
(LOSS)/PROFIT BEFORE TAXATION		4,945	(35,068)	(30,123)	5,259	1,466	6,725
TAXATION	6	(263)	359	96	(241)	343	102
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY		4,682	(34,709)	(30,027)	5,018	1,809	6,827
EARNINGS PER ORDINARY SHARE (PENCE)	7	10.28	(76.20)	(65.92)	11.02	3.97	14.99

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.

The Company does not have any other comprehensive income and so the total (loss)/profit, as disclosed above, is the same as the Company's total comprehensive income.

The Notes on pages 67 to 99 form part of these Financial Statements.

Group Statement of Financial Position

As at 31 March

	Note	As at 31 March 2020 £'000	As at 31 March 2020 £'000	As at 31 March 2019 (Restated) £'000	As at 31 March 2019 (Restated) £'000	As at 31 March 2018 (Restated) £'000	As at 31 March 2018 (Restated) £'000
ASSETS							
NON CURRENT ASSETS							
Investments held at fair value through profit or loss	9		90,757		128,706		128,925
Investment properties	9		74,459		73,074		72,987
			165,216		201,780		201,912
Deferred tax asset	6		485		389		287
			165,701		202,169		202,199
CURRENT ASSETS							
Cash and cash equivalents		26,428		4,338		3,639	
Receivables	10	668		907		711	
			27,096		5,245		4,350
TOTAL ASSETS			192,797		207,414		206,549
CURRENT LIABILITIES							
Debenture stock	11	(15,000)		-		-	
Payables	11	(1,624)		(1,809)		(1,860)	
			(16,624)		(1,809)		(1,860)
TOTAL ASSETS LESS CURRENT LIABILITIES			176,173		205,605		204,689
NON-CURRENT LIABILITIES							
Payables		(4,243)		(4,259)		(4,272)	
Borrowings	12	(56,623)		(49,913)		(49,898)	
			(60,866)		(54,172)		(54,170)
NET ASSETS			115,307		151,433		150,519
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS							
Called up share capital	14		4,555		4,555		4,555
Share premium	15		18,446		18,446		18,446
Retained earnings	16		92,306		128,432		127,518
TOTAL EQUITY			115,307		151,433		150,519
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	17		253.14		332.45		330.45

These Financial Statements were approved by the Board on 29 July 2020 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN

The Notes on pages 67 to 99 form part of these Financial Statements.

Company Statement of Financial Position

As at 31 March

	Note	As at 31 March 2020 £'000	As at 31 March 2020 £'000	As at 31 March 2019 (Restated) £'000	As at 31 March 2019 (Restated) £'000	As at 31 March 2018 (Restated) £'000	As at 31 March 2018 (Restated) £'000
ASSETS							
NON CURRENT ASSETS							
Investments held at fair value through profit or loss	9		90,957		128,906		129,125
Investment properties	9		75,687		74,336		74,281
			166,644		203,242		203,406
Deferred tax asset	6		485		389		287
			167,129		203,631		203,693
CURRENT ASSETS							
Cash and cash equivalents		26,228		4,138		3,439	
Receivables	10	668		907		711	
			26,896		5,045		4,150
TOTAL ASSETS			194,025		208,676		207,843
CURRENT LIABILITIES							
Debenture stock	11	(15,630)		–		–	
Payables	11	(1,659)		(1,843)		(1,894)	
			(17,289)		(1,843)		(1,894)
TOTAL ASSETS LESS CURRENT LIABILITIES			176,736		206,833		205,949
NON-CURRENT LIABILITIES							
Payables		(5,437)		(5,487)		(5,532)	
Borrowings	12	(56,623)		(51,176)		(51,791)	
			(62,060)		(56,663)		(57,323)
NET ASSETS			114,676		150,170		148,626
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS							
Called up share capital	14		4,555		4,555		4,555
Share premium	15		18,446		18,446		18,446
Retained earnings	16		91,675		127,169		125,625
TOTAL EQUITY			114,676		150,170		148,626
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	17		251.76		329.68		326.29

These Financial Statements were approved by the Board on 29 July 2020 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN

The Notes on pages 67 to 99 form part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 March

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
		Year ended 31 March 2020			
GROUP					
Net assets at 31 March 2019 (Restated)		4,555	18,446	128,432	151,433
Loss for the year		–	–	(30,660)	(30,660)
Dividends paid	8	–	–	(5,466)	(5,466)
Net assets at 31 March 2020		4,555	18,446	92,306	115,307
COMPANY					
Net assets at 31 March 2019 (Restated)		4,555	18,446	127,169	150,170
Loss for the year		–	–	(30,027)	(30,027)
Dividends paid	8	–	–	(5,466)	(5,466)
Net assets at 31 March 2020		4,555	18,446	91,676	114,677

	Note	Share capital £'000	Share premium £'000	Retained earnings (Restated) £'000	Total (Restated) £'000
		Year ended 31 March 2019			
GROUP					
Net assets at 31 March 2018		4,555	18,446	127,518	150,519
Profit for the year		–	–	6,197	6,197
Dividends paid	8	–	–	(5,283)	(5,283)
Net assets at 31 March 2019		4,555	18,446	128,432	151,433
COMPANY					
Net assets at 31 March 2018		4,555	18,446	125,625	148,626
Profit for the year		–	–	6,827	6,827
Dividends paid	8	–	–	(5,283)	(5,283)
Net assets at 31 March 2019		4,555	18,446	127,169	150,170

The Notes on pages 67 to 99 form part of these Financial Statements.

	Note	2020 £'000	2020 £'000	2019 (Restated) £'000	2019 (Restated) £'000
Cash flows from operating activities					
Dividend income received			6,466		5,994
Rental income received			4,162		4,499
Interest received			10		8
Operating expenses paid			(2,101)		(1,975)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		8,537		8,526
Cash flows from investing activities					
Purchase of investments held at fair value through profit or loss		(13,900)		(21,225)	
Purchase of investment properties		(10,758)		(9,409)	
Sale of investments held at fair value through profit or loss		17,160		22,269	
Sale of investment properties		9,199		10,178	
NET CASH INFLOW FROM INVESTING ACTIVITIES			1,701		1,813
Cash flow from financing activities					
Loans drawn down		22,000		–	
Fees paid on new loan		(320)		–	
Interest paid on loans		(4,156)		(4,153)	
Finance cost of leases		(191)		(191)	
Payments of lease liabilities		(15)		(13)	
Dividends paid	8	(5,466)		(5,283)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES			11,852		(9,640)
NET INCREASE IN CASH AND CASH EQUIVALENTS			22,090		699
Cash and cash equivalents at 1 April 2019			4,338		3,639
CASH AND CASH EQUIVALENTS AT 31 MARCH 2020			26,428		4,338

The Notes on pages 67 to 99 form part of these Financial Statements.

Company Statement of Cashflows

For the year ended 31 March

	Note	2020 £'000	2020 £'000	2019 (Restated) £'000	2019 (Restated) £'000
Cash flows from operating activities					
Dividend income received			6,466		5,994
Rental income received			4,162		4,499
Interest received			10		8
Operating expenses paid			(2,101)		(1,975)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		8,537		8,526
Cash flows from investing activities					
Purchase of investments held at fair value through profit or loss		(13,900)		(21,225)	
Purchase of investment properties		(10,758)		(9,409)	
Sale of investments held at fair value through profit or loss		17,160		22,269	
Sale of investment properties		9,199		10,178	
NET CASH INFLOW FROM INVESTING ACTIVITIES			1,701		1,813
Cash flow from financing activities					
Loans drawn down		22,000		-	
Fees paid on new loan		(320)		-	
Interest paid on loans		(4,156)		(4,153)	
Finance cost of leases		(191)		(191)	
Payments of lease liabilities		(15)		(13)	
Dividends paid	8	(5,466)		(5,283)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES			11,852		(9,640)
NET INCREASE IN CASH AND CASH EQUIVALENTS			22,090		699
Cash and cash equivalents at 1 April 2019			4,138		3,439
CASH AND CASH EQUIVALENTS AT 31 MARCH 2020			26,228		4,138

The Notes on pages 67 to 99 form part of these 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 presentational currency of the Group and Company is pounds sterling because that is the currency of the primary economic environment in which the Group and Company operate. The Financial Statements and the accompanying notes are presented in pounds sterling and rounded to the nearest thousand pounds except where otherwise indicated.

(a) Basis of preparation

The Financial Statements have been prepared on a going concern basis as disclosed on page 30 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 October 2019 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, except for the allocation of finance costs to revenue as explained in Note 1(f).

The Board has considered the requirements of IFRS 8, 'Operating Segments'. The Board is charged with setting the Group's investment strategy. The Board has delegated the day to day implementation of this strategy to the Investment Managers but the Board retains responsibility to ensure that adequate resources of the Group are directed in accordance with its decisions. The Board is of the view that the Group is engaged in a single segment of business, being investments in quoted UK equities and UK commercial properties. The view that the Group is engaged in a single segment of business is based on the fact that one of the key financial indicators received and reviewed by the Board is the total return from the investment portfolio taken as a whole. A review of the investment portfolio is included in the Investment Managers' Reports on pages 6 to 23.

(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 Strategic Report on pages 2 to 29. The financial position of the Group as at 31 March 2020 is shown in the Statement of Financial Position on page 62. The cash flows of the Group for the year ended 31 March 2020 are set out on page 65. The Group had fixed debt totalling £71,623,000 as at 31 March 2020, as set out in Notes 11 and 12 on pages 78 to 80; none of the borrowings is repayable before March 2021. Note 21 on pages 83 to 89 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 2020, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over two. 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 24. 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 and having taken into account the liquidity of the Group's investment portfolio and the Group's financial position in respect of cash flows, borrowing facilities and investment commitments (of which there is none of significance), are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing 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). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. The Company consolidates the investee that it controls. 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.

Value and Income Services Limited is a private limited company incorporated in Scotland under company number SC467598. It is a wholly owned subsidiary of the Company and has been appointed to act as Alternative Investment Fund Manager of the Company.

(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 Articles, net capital returns may 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 receivable and lease incentives, where material, from investment properties under operating leases are recognised in the Statement of Comprehensive Income over the term of the lease on a straight line basis. Other income is recognised on an accruals basis.

(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 and in accordance with the SORP, the investment management fees are allocated 30% to revenue and 70% to capital to reflect the Board's expectations of long term investment returns.

1 Accounting policies – continued

It is normal practice and in accordance with the SORP 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 allocate finance costs to revenue to match rental income, the Directors consider that, contrary to the SORP, it is inappropriate to allocate finance costs to capital.

(g) Receivables and Payables

Receivables do not carry any interest and are stated at their nominal value, as reduced by any impairment calculated using an expected credit loss model. Payables are not interest bearing and are stated at their nominal value.

(h) Taxation

The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the date of the Statement of Financial Position.

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 probable 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 maintain 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.

(i) 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.

(j) Investments

Equity investments

All equity investments are classified on the basis of their contractual cashflow characteristics and the Group's business model for managing its assets. The business model, which is the determining feature, is such that the portfolio of equity investments is managed, and performance is evaluated, on the basis of fair value. Consequently, all equity investments are measured at fair value through profit or loss.

For listed investments, fair value through profit or loss 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.

1 Accounting policies – continued

Investment property

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and is included within the book cost of the property.

After initial recognition, investment properties are measured at fair value. 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.

As disclosed in Note 21, the Group leases out all of its properties on operating leases. A property held under an operating lease is classified and accounted for as an investment property where the Group holds it to earn rental, capital appreciation or both. Any such property leased under an operating lease is carried at fair value. Fair value is established by half-yearly professional valuation on an open market basis by Savills (UK) Limited, Chartered Surveyors and Valuers, and in accordance with the RICS Valuation - Global Standards January 2020 (the 'RICS Red Book'). The determination of fair value by Savills is supported by market evidence. These valuations are disclosed in Note 9 on pages 76 to 78.

The Company accounts for its investment in its subsidiary at fair value. All fair value adjustments in relation to the subsidiary are eliminated on consolidation.

(k) Cash and cash equivalents

Cash and cash equivalents comprises deposits held with banks.

(l) Non - current liabilities

All new loans and borrowings are initially measured at cost, being the fair value of the consideration received, less issue costs where applicable. Thereafter, 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.

(m) Leases

The Group leases properties that meet the definition of investment property. These right-of-use assets are presented as part of Investment Properties in the Balance Sheet and held at fair-value.

(n) Critical accounting judgements and key estimates

The preparation of the Financial Statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The critical accounting area involving a higher degree of judgement or complexity comprises the determination of fair value of the investment properties. The Group engages independent professional qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining fair value as at 31 March 2020 is disclosed in Note 9 to the Financial Statements on pages 76 to 78. As a result of the COVID-19 pandemic, the valuation report from Savills as at 31 March 2020 includes a material valuation uncertainty clause which states that less weight can be attached to previous market evidence for comparison purposes to inform fully opinions of value due to there being an unprecedented set of circumstances on which to base judgement. Consequently, less certainty certainly and a higher degree of caution should be attached to their valuation than would normally be the case.

1 Accounting policies – continued

(o) Adoption of new and revised Accounting Standards

New and revised standards and interpretations that became effective during the year, other than IFRS 16, had no significant impact on the amounts reported in these Financial Statements but may impact accounting for future transactions and arrangements. After the adoption of IFRS 16, a right-of-use asset and lease liability are required to be recognised on the Balance Sheet with the right-of use asset classified as investment property and subsequently fair-valued under IAS 40. As the leased assets have been adjusted to have been recognised previously under finance leases, and meet the definition of and are included in investment property, they are not affected.

At the date of authorisation of these Financial Statements, the following Standards and interpretations, which have not been applied to these Financial Statements, were in issue but were not yet effective.

Standards

IAS 1 Amendments - Classification of Liabilities as current or non-current (effective 1 January 2022)

IAS 1 and IAS 8 Amendments - Definition of Material (effective 1 January 2020)

IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6, 14 - Amendment to references to the conceptual framework (effective 1 January 2020)

IFRS 3 Amendment - Definition of a Business (effective 1 January 2020)

IFRS 17 - Insurance Contracts (effective 1 January 2023)

IFRS 9, IAS 39 and IFRS 7 Amendments - Interest Rate Benchmark Reform (effective 1 January 2020)

Interpretations

IFRIC 12, 19, 20, 22 and SIC 32 - Amendment to references to the conceptual framework (effective 1 January 2020)

The Directors do not expect the adoption of these Standards and interpretations (or any other Standards and interpretations which are in issue but not effective) will have a material impact on the Financial Statements of the Group in future periods.

	2020		2019 (Restated)	
	Group £000	Company £000	Group £000	Company £000
2 Income				
Investment income				
Dividends from listed investments in UK	5,931	5,931	6,215	6,215
Other operating income				
Rental income (Restated)	4,716	4,716	4,491	4,491
Interest receivable on short term deposits	97	97	9	9
Total income	10,744	10,744	10,715	10,715

	2020 Revenue £000	2020 Capital £000	2020 Total £000	2019 Revenue £000	2019 Capital £000	2019 Total £000
3 Investment management fee						
Group and Company						
Investment management fee	345	805	1,150	348	813	1,161

A summary of the terms of the management agreement is given on page 33 of the Directors' Report.

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
4 Other operating expenses				
Fee payable to the Company's auditor for the audit of the Company's accounts	50	50	30	30
- audit of the Subsidiary's accounts	2	2	4	4
Fee payable to the Company's former auditor for other services				
- other assurance services	3	3	4	4
- other non audit services	7	7	2	2
Directors' fees	94	94	88	88
NIC on Directors' fees	5	5	4	4
Fees for company secretarial services	211	211	206	206
Direct property costs	31	31	(4)	(4)
Other expenses	475	475	447	447
	878	878	781	781

Other non-audit services provided by the former Auditor comprise consideration of compliance with covenants.

Directors' fees comprise the Chairman's fees of £28,875 (2019 - £27,500), the Audit Committee Chairman's fees of £23,500 (2019 - £20,000) and fees of £21,000 (2019 - £20,000) per annum paid to each other Director.

Additional information on Directors' fees is given in the Directors' Remuneration Report on pages 37 to 39.

OLIM Limited received an investment management fee of £738,000 (2019 - £757,000), the basis of calculation of which is given on page 33.

OLIM Property Limited received an investment management fee of £412,000 (2019 - £404,000), the basis of calculation of which is given on page 33.

5 Finance costs

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000
Interest payable on:				
11% First Mortgage Debenture Stock 2021	1,650	1,650	1,650	1,650
9.375% Debenture Stock 2026	1,875	1,875	1,875	1,875
Less amortisation of issue premium	(23)	(23)	(24)	(24)
Bank loan interest payable	863	863	628	628
Amortisation of loan expenses	54	54	39	39
Finance costs attributable to lease liabilities	190	157	191	159
	4,609	4,576	4,359	4,327

6 Taxation

	2020 Revenue £000	2020 Capital £000	2020 Total £000	2019 (Restated) Revenue £000	2019 (Restated) Capital £000	2019 (Restated) Total £000
a) Analysis of the tax credit/(charge) for the year:						
Group						
Current tax	(263)	263	–	(241)	241	–
Deferred tax	–	96	96	–	102	102
	(263)	359	96	(241)	343	102
Factors affecting the total tax credit/(charge) for year:						
(Loss)/profit before tax			(30,756)			6,095
Tax (credit)/charge thereon at 19% (2019 - 19%)			(5,844)			1,158
Effects of:						
Non taxable dividends			(1,127)			(1,181)
Losses/(gains) on investments not taxable			6,624			(320)
Unrelieved finance costs			251			308
Losses brought forward now utilised			–			(67)
			(96)			(102)

	2020 Revenue £000	2020 Capital £000	2020 Total £000	2019 (Restated) Revenue £000	2019 (Restated) Capital £000	2019 (Restated) Total £000
6 Taxation - continued						
Company						
Current tax	(263)	263	–	(241)	241	–
Deferred tax	–	96	96	–	102	102
	(263)	359	96	(241)	343	102

	2020 £000	2019 (Restated) £000
Factors affecting the total tax credit/(charge) for year:		
(Loss)/profit before tax	(30,123)	6,725
Tax (credit)/charge thereon at 19% (2019 - 19%)	(5,723)	1,278
Effects of:		
Non taxable dividends	(1,127)	(1,181)
Losses/(gains) on investments not taxable	6,510	(433)
Unrelieved finance costs	244	301
Losses brought forward now utilised	–	(67)
	(96)	(102)
b) Factors affecting future tax charges		
Unutilised tax losses	29,712	27,545
Potential tax benefit at 19% (2019 - 19%)	5,645	5,233
Recognised as a deferred tax non-current asset	485	389
Not recognised as a deferred tax asset	5,160	4,844
	5,645	5,233

The Company and Group have deferred tax assets of £5,645,000 (2019 - £5,233,000) at 31 March 2020 relating to total accumulated unrelieved tax losses carried forward of £29,712,000 (2019 - £27,545,000). The Company and Group have recognised deferred tax assets of £485,000 (2019 - £389,000) based on forecast profits for the next five years but have not recognised deferred tax assets of £5,160,000 (2019 - £4,844,000) arising as a result of losses carried forward. These losses do not have an expiry date but it is considered too uncertain that the Group will generate profits against which these losses would be available to offset and, on that basis, the deferred tax asset in respect of these losses has not been recognised.

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000
7 Return per ordinary share				
The return per ordinary share is based on the following figures:				
Revenue return	4,649	4,682	4,986	5,018
Capital return	(35,309)	(34,709)	1,211	1,809
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Return per share - revenue	10.21p	10.28p	10.95p	11.02p
Return per share - capital	(77.52p)	(76.20p)	2.65p	3.97p
Total return per share	(67.31p)	(65.92p)	13.60p	14.99p

8 Dividends

	2020 £000	2019 £000
Dividends on ordinary shares:		
Third quarterly dividend of 2.80p per share (2019 - 2.70p) paid 26 April 2019	1,275	1,230
Final dividend of 3.40p per share (2019 - 3.30p) paid 26 July 2019	1,549	1,503
First quarterly dividend of 2.90p per share (2019 - 2.80p) paid 25 October 2019	1,321	1,275
Second quarterly dividend of 2.90p per share (2019 - 2.80p) paid 31 January 2020	1,321	1,275
Dividends paid in the period	5,466	5,283

The third interim dividend of 2.90p (2019 - 2.80p), being paid on 24 April 2020, has not been included as a liability in these Financial Statements.

The fourth interim dividend of 3.40p (2019 final - 3.40p) being paid on 28 August 2020, has not been included as a liability in these Financial Statements.

Set out below is the total dividends paid and declared 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 current year's revenue available for distribution by way of dividend is £4,682,000 (2019 - £5,018,000).

	2020 £000	2019 £000
First quarterly dividend of 2.90p per share (2019 - 2.80p) paid 25 October 2019	1,321	1,275
Second quarterly dividend of 2.90p per share (2019 - 2.80p) paid 31 January 2020	1,321	1,275
Third quarterly dividend of 2.90p per share (2019 - 2.80p) payable 24 April 2020	1,321	1,275
Fourth quarterly dividend for the year ended 31 March 2020 - 3.40p (2019 final - 3.40p) payable 28 August 2020	1,549	1,549
	5,512	5,374

9 Investments

	Equities £'000	Investment properties £'000	Total £'000
Group			
Cost at 31 March 2019	93,048	46,810	139,858
Unrealised appreciation (restated)	35,658	26,264	61,922
Valuation at 31 March 2019 (restated)	128,706	73,074	201,780
Purchases	13,900	10,758	24,658
Sales proceeds	(17,160)	(9,199)	(26,359)
Realised (losses)/gains on sales	(4,432)	950	(3,482)
Movement in unrealised appreciation in year	(30,257)	(1,124)	(31,381)
Valuation at 31 March 2020	90,757	74,459	165,216

	Equities £'000	Investment in Subsidiary £'000	Investment properties £'000	Total £'000
Company				
Cost at 31 March 2019	93,048	200	55,139	148,387
Unrealised appreciation (restated)	35,658	–	19,197	54,855
Valuation at 31 March 2019 (restated)	128,706	200	74,336	203,242
Purchases	13,900	–	10,757	24,657
Sales proceeds	(17,160)	–	(9,199)	(26,359)
Realised (losses)/gains on sales	(4,432)	–	950	(3,482)
Movement in unrealised appreciation in year	(30,257)	–	(1,157)	(31,414)
Valuation at 31 March 2020	90,757	200	75,687	166,644

As noted in Notes 11 and 12, the movement in unrealised appreciation in the year disclosed in the Company's Statement of Comprehensive Income includes amortisation of £633,000 (2019 - £630,000) relating to the transfer of the 11% Debenture Stock 2021 from Audax Properties Limited to the Company in 2014.

Of the investment properties held, properties valued at a total of £37,000,000 are held as security over the 11% Debenture Stock 2021.

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:-

	2020 £'000	2019 £'000
Purchases	83	116
Sales	17	22
	100	138

9 Investments – continued

The fair values of the investment properties were independently valued by professional valuation on an open market basis for existing use by Savills (UK) Limited, Chartered Surveyors, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the portfolio as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13 and the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019 (together the 'Red Book') by reference to the Investment Method whereby the net annual income derived from a property is capitalised by an appropriate capitalisation rate or Years' Purchase figure to arrive at the present Capital Value of the property after an allowance for the purchaser's costs. The relevant capitalisation rate is chosen, based on the investment rate of return expected (as derived from comparisons of other similar property investments) for the type of property concerned and taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the property.

The World Health Organisation declared the Novel Coronavirus (COVID-19) a global pandemic on 11 March 2020. Since then, global financial markets have been affected and travel restrictions have been implemented by many countries. Prior to this date, investor sentiment was positive, as can be seen by the increased levels of transactions witnessed in January and February 2020. Between 11 March 2020 and the valuation date, there was a degree of uncertainty in the market, resulting in many transactions being put on hold or withdrawn from the market.

As a result of the COVID-19 pandemic, the valuation report from Savills as at 31 March 2020 includes a material valuation uncertainty clause which states that less weight can be attached to previous market evidence for comparison purposes to inform fully opinions of value due to there being an unprecedented set of circumstances on which to base judgement. Consequently, less certainty and a higher degree of caution should be attached to their valuation than would normally be the case.

As part of Savills' standard process, the valuations were carried out by specialist valuers, which were peer reviewed and reviewed again prior to the valuation date. During the review process, the various characteristics of each asset were taken into consideration and, where appropriate, an additional level of risk was applied taking into account the effect on market sentiment brought on by COVID-19. Due to the make-up of the portfolio, which predominately comprises industrial, foodstore and long let properties, yield discounts were only applied to a number of Licenced and Leisure assets, where capitalisation rates were moved out by between 25 and 50 basis points.

			Inputs	
Property portfolio	Fair value - Group £'000	Key unobservable input	Range	Blended Yield
Industrials	24,967	Net Equivalent Yield	5.00% - 6.50%	5.97%
Pubs	22,550	Net Initial Yield	3.50% -12.00%	5.45%
Other	11,050	Net Equivalent Yield	6.00% - 7.25%	6.16%
Leisure - Bowling	8,800	Net Initial Yield	6.60% - 7.60%	7.15%
Roadside	5,842	Net Equivalent Yield	6.50% - 8.00%	7.04%
Supermarkets	1,250	Net Equivalent Yield	5.00%	5.04%
	74,459			

One of the properties within the Roadside sector, previously owned by Audax Properties plc, was, on 28 March 2014, transferred to Value and Income Trust PLC (VIT). The calculation of fair value in the Company's Financial Statements is therefore greater by £1,228,000 (2019 - £1,262,000) due to the requirement to reflect the inter-group transfer at fair value at that date. The input information remains the same.

9 Investments – continued

A 50 bps increase in the equivalent yield applied would have decreased the net assets attributable to the Group and Company's shareholders and the total loss for the year by £950,000. A 50 bps decrease in the equivalent yield applied would have increased the net assets attributable to the Group and Company's shareholders and the total loss for the year by £1,050,000. A 5% decrease in the rental value applied would have decreased the net assets attributable to the Group and Company's shareholders and the total loss for the year by £3,300,000. A 5% increase in the rental value applied would have increased the net assets attributable to the Group and Company's shareholders and the total loss for the year by £3,700,000.

Investment in subsidiary

Name	Country of incorporation	Date of acquisition	% Ownership	Principal activity
Value and Income Services Limited	UK	16 January 2014	100	AIFM

10 Receivables

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Amounts falling due within one year:				
Dividends receivable	323	323	849	849
Prepayments and accrued income	345	345	58	58
	668	668	907	907

11 Current Liabilities

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Debenture stock				
11% First Mortgage Debenture Stock 2021	15,000	15,000	–	–
Fair value adjustment	–	630	–	–
	15,000	15,630	–	–

The 11% First Mortgage Debenture Stock 2021, previously issued by Audax Properties plc, was, on 28 March 2014, transferred to Value and Income Trust PLC (VIT) following the approval of the substitution of VIT as issuer of the Debentures by the holders on 11 March 2014. Applications were made to the UK Listing Authority and the London Stock Exchange for the Debentures to be admitted in the name of VIT to the Official List and to trading on the main market of the London Stock Exchange from 28 March 2014.

The 11% First Mortgage Debenture Stock 2021, now issued by VIT, is repayable at par on 31 March 2021 and is secured over specific assets of the Company. Under IAS 39, now IFRS 9, this debenture required to be recorded initially at fair value of £19,417,000, rather than its nominal value of £15,000,000 in the Company's Financial Statements. The amortised cost of the debenture as at 31 March 2020 was £15,630,000 (2019 - £16,263,000). The amortisation of the fair value adjustment is presented as a capital item within gains/losses on investments as it relates to the reversal of a previously recognised loss on the Company's investment in its subsidiary. In the Group Financial Statements, the fair value adjustment is eliminated on consolidation.

11 Current Liabilities – continued

The Trust Deed of the 11% Debenture Stock contains four covenants with which the Company has complied.

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.

	2020		2019 (Restated)	
	Group £000	Company £000	Group £000	Company £000
Payables				
Amounts due to OLIM Limited	4	4	74	74
Amounts due to OLIM Property Limited	34	34	34	34
Accruals and other creditors	1,371	1,372	1,509	1,509
Value Added Tax payable	199	199	177	177
Lease liability (restated)	16	50	15	49
	1,624	1,659	1,809	1,843

The amounts due to OLIM Limited and OLIM Property Limited comprise the monthly management fee for March 2020, subsequently paid in April 2020.

	2020		2019 (Restated)	
	Group £000	Company £000	Group £000	Company £000
12 Non-current liabilities				
Bank loans	37,000	37,000	15,000	15,000
Balance of costs incurred	(590)	(590)	(308)	(308)
Add : Debit to income for the year	54	54	39	39
	36,464	36,464	14,731	14,731
11% First Mortgage Debenture Stock 2021 (per Note11)	–	–	15,000	15,000
Fair value adjustment	–	–	–	1,263
	–	–	15,000	16,263
9.375% Debenture Stock 2026	20,000	20,000	20,000	20,000
Add:- Balance of premium less issue expenses	182	182	206	206
Less : Credit to income for the year	(23)	(23)	(24)	(24)
	20,159	20,159	20,182	20,182
Lease liability payable in more than one year				
- within 2 - 5 years	74	214	70	208
- over 5 years	4,169	5,223	4,189	5,279
	4,243	5,437	4,259	5,487
	60,866	62,060	54,172	56,663

12 Non-current liabilities – continued

The Company has a £15,000,000 fixed term secured loan facility for a period of up to to ten years to 31 March 2026 (2019 - £15,000,000). At 31 March 2020, £11,893,750 was drawn down at a rate of 4.344% and £3,106,250 was drawn down at a rate of 3.60%. The terms of the loan facility contain financial covenants that require the Company to ensure that:-

- in respect of each 3 month period ending on 31 March and 30 September (the Half Year dates), net rental income shall be at least 200 per cent of interest costs;
- in respect of each 12 month period beginning immediately after 31 March and 30 September, net rental income shall be at least 200 per cent of interest costs; and
- at all times, the loan shall not exceed 60 per cent of the value of the properties that have been charged.

On 28 November 2019, the Company entered into a £22,000,000 fixed term secured loan facility for a period of up to seven years to 30 November 2026. At 31 March 2020, £20,900,000 was drawn down at a fixed rate of 3.09229% and £1,100,000 was drawn down at a variable rate of 3.18562% (being LIBOR for the period equal in length to the interest period of the loan plus a margin of 2.35%). The terms of the loan facility contain financial covenants that require the Company to ensure that:-

- the total debt ratio does not at any time exceed 50 per cent;
- projected interest cover is not less than 200 per cent at all times; and
- the Loan to Value shall not exceed 68% of the value of the properties that have been charged.

The 9.375% Debenture Stock 2026 issued by VIT 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 9.375% Debenture Stock contains restrictions and events of default. The restrictions require that the aggregate group borrowings, £72 million, must not at any time exceed the total group capital and reserves (equivalent to net assets of £115.30 million as at 31 March 2020).

The fair values of the loan and the debentures are disclosed in Note 21 on pages 83 to 89 and the net asset value per share, calculated with the borrowings at fair value, is disclosed in Note 17 on page 82.

13 Deferred tax

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 and no provision for deferred tax is therefore required in this respect.

As disclosed in Note 6 on pages 73 and 74, a deferred tax asset has been recognised to reflect the estimated value of tax losses carried forward which are likely to be capable of offset against future profits.

14 Share capital

	2020 £000	2019 £000
Authorised:		
56,000,000 ordinary shares of 10p each (2019 - 56,000,000)	5,600	5,600
Called up, issued and fully paid: 45,549,975 ordinary shares of 10p each (2019 - 45,549,975)	4,555	4,555

15 Share premium

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Opening balance	18,446	18,446	18,446	18,446

16 Retained earnings

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000
Opening balance at 31 March 2019	128,432	127,169	127,518	125,625
(Loss)/profit for the year	(30,660)	(30,027)	6,197	6,827
Dividends paid (see Note 8)	(5,466)	(5,466)	(5,283)	(5,283)
Closing balance at 31 March 2020	92,306	91,676	128,432	127,169

The table below shows the movement in retained earnings analysed between revenue and capital items.

	2020 Revenue £000	2020 Capital £000	2020 Total £000	2019 (Restated) Revenue £000	2019 (Restated) Capital £000	2019 (Restated) Total £000
Group						
Opening balance at 31 March 2019	4,008	124,424	128,432	4,305	123,213	127,518
(Loss)/profit for the year	4,649	(35,309)	(30,660)	4,986	1,211	6,197
Dividends paid (see Note 8)	(5,466)	-	(5,466)	(5,283)	-	(5,283)
Closing balance at 31 March 2020	3,191	89,115	92,306	4,008	124,424	128,432
Company						
Opening balance at 31 March 2019	2,854	124,315	127,169	3,119	122,506	125,625
(Loss)/profit for the year	4,682	(34,709)	(30,027)	5,018	1,809	6,827
Dividends paid (see Note 8)	(5,466)	-	(5,466)	(5,283)	-	(5,283)
Closing balance at 31 March 2020	2,070	89,606	91,676	2,854	124,315	127,169

17 Net asset value per equity share

The net asset values per ordinary share are based on the Group's net assets attributable of £115,307,000 (2019 - £151,433,000) and on the Company's net assets attributable of £114,676,000 (2019 - £150,170,000) and on 45,549,975 (2019 - 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 and the Company adjusted for borrowings at fair value (see Note 21) of £105,990,000 (2019 - £142,189,000) is 232.69p (2019 - 312.16p)

	2020		2019 (Restated)	
	Group	Company	Group	Company
Net assets at 31 March 2020	115,307	114,676	151,433	150,170
Fair value adjustments	(9,317)	(8,686)	(9,244)	(7,980)
Net assets with borrowings at fair value	105,990	105,990	142,189	142,190
Number of shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Net asset value per share	253.14p	251.76p	332.45p	329.68p
Net asset value per share with borrowings at fair value	232.69p	232.69p	312.16p	312.16p

18 Reconciliation of income from operations before tax to net cash inflow from operating activities

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000
Income from operations before tax	(24,119)	(23,519)	12,396	12,994
Losses/(gains) on investments	34,863	34,263	(1,681)	(2,279)
Investment management fee	(1,150)	(1,150)	(1,161)	(1,161)
Other operating expenses	(878)	(878)	(781)	(781)
Decrease/(increase) in receivables	239	239	(196)	(196)
Decrease in other payables	(418)	(418)	(51)	(51)
Net cash from operating activities	8,537	8,537	8,526	8,526

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000

19 Reconciliation of current and non-current liabilities arising from financing activities

	2020 Group £000	2020 Company £000	2019 (Restated) Group £000	2019 (Restated) Company £000
Cash movements				
Payment of rental (for leasing)	205	206	204	204
Drawdown of loans (for Financing)	(21,680)	(21,680)	–	–
Non-cash movements				
Finance costs (for leasing)	(190)	(157)	(191)	(159)
Changes in fair value	–	633	–	630
Amortisation of loan premium and expenses and fair value adjustment	(30)	(30)	(15)	(15)
Change in debt in the year	(21,695)	(21,028)	(2)	660
Opening debt at 31 March 2019	(54,187)	(56,712)	(54,185)	(57,372)
Closing debt at 31 March 2020	(75,882)	(77,740)	(54,187)	(56,712)

20 Relationship with Related Parties

Value and Income Services Limited is a wholly owned subsidiary of Value and Income Trust PLC and all costs and expenses are borne by Value and Income Trust PLC. Value and Income Services Limited has not traded during the year.

Directors' emoluments are fully disclosed in the Directors' Remuneration Report on pages 37 to 39.

21 Financial instruments and investment property risks

Risk management

The Group's and the Company's financial instruments and investment property 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 Managers have dedicated investment management processes which ensures that the Investment Policy set out on page 24 is achieved. For equities, 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 OLIM's Investment Committee.

Additionally, the Managers' Compliance Officers continually monitor the Group's investment and borrowing powers and report to their respective Managers.

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 Managers' policies for managing these risks are summarised below and have been applied throughout the year.

21 Financial instruments and investment property risks – continued

(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. For equities, asset allocation and stock selection, as set out in the Investment Policy on page 24, 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 Company are listed on the UK Stock Exchange.

All investment properties held by the Group 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 2020 would have increased/decreased by £16,522,000 (2019 - increase/decrease of £20,178,000) 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 and seven and ten year bank loans, 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 2020 are shown in Notes 11 and 12 on pages 78 to 80.

21 Financial instruments and investment property risks – 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 2020				
Assets				
Sterling	1	1.14	21,756	4,672
Total assets	1	1.14	21,756	4,672
At 31 March 2020				
Liabilities				
Sterling	5.35	6.715	72,000	–
Total liabilities	5.35	6.72	72,000	–
At 31 March 2019				
Assets				
Sterling	–	–	–	4,338
Total assets	–	–	–	4,338
At 31 March 2019				
Liabilities				
Sterling	5.8	8.31	50,000	–
Total liabilities	5.8	8.31	50,000	–

The weighted average interest rate on borrowings 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 Notes 11 and 12 on page 78 to 80.

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 are non interest bearing and 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 2020 would increase/decrease by £43,000 (2019 - increase / decrease by £36,000). 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.

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.

21 Financial instruments and investment property risks – continued

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.

The table below details the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash outflows, including both interest and principal cash flows, and on the earliest date upon which the Group can be required to make payment.

As at 31 March 2020	Carrying value £'000	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
Borrowings	73,062	95,311	1,380	18,571	75,360
Leases	4,259	11,547	51	154	11,342
Other payables	467	467	467	–	–
Total	77,788	107,325	1,898	18,725	86,702
As at 31 March 2019 (Restated)					
Borrowings	50,727	72,805	1,091	3,063	68,651
Leases	4,274	11,752	51	154	11,547
Other payables	475	475	475	–	–
Total	55,476	85,032	1,617	3,217	80,198

(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 OLIM 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 to ensure that discrepancies are

21 Financial instruments and investment property risks – continued

picked up on a timely basis.

- cash is held only with reputable banks with high quality external credit ratings which are monitored on a regular basis.

Credit risk exposure

In summary, compared to the amounts on the Group Statement of Financial Position, the maximum exposure to credit risk during the year to 31 March was as follows:

	2020		2019	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Cash and cash equivalents	26,428	26,428	4,338	9,306
Other receivables	668	1,185	907	6,376
	27,096	27,613	5,245	15,682

(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 17 years (2019 - 16 years). Details of the tenant and geographical spread of the portfolio are set out on page 21. The long term record of performance through the varying property cycles since 1987 is set out on page 19. OLIM Property is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM Property's supervision.

The Group leases out its investment property to its tenants under operating leases. At 31 March 2020, the future minimum lease receipts under non-cancellable leases are as follows:-

	2020 £000	2019 £000
Due within 1 year	4,482	4,361
Due between 2 and 5 years	17,675	17,446
Due after more than 5 years	49,642	44,485
	71,799	66,292

This amount comprises the total contracted rent receivable as at 31 March 2020.

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 receivables and payables and the borrowings are included in the Balance Sheet at fair value.

21 Financial instruments and investment property risks – continued

(i) Fair value hierarchy disclosures

All assets and liabilities of the Group other than receivables and payables and the borrowings are included in the Balance Sheet at fair value.

The table below sets out fair value measurements using the IFRS 13 Fair Value hierarchy:-

At 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	90,757	–	–	90,757
Investment properties	–	–	74,459	74,459
	90,757	–	74,459	165,216
At 31 March 2019 (Restated)				
Equity investments	128,706	–	–	128,706
Investment properties	–	–	73,074	73,074
	128,706	–	73,074	201,780

Company and Group numbers per the above fair value disclosures are the same except for the investment of £200,000 made by the Company in its subsidiary and the differing fair value of one property which was the subject of an inter-group transfer in 2014, as disclosed in Note 9 on page 77.

Fair value categorisation within the hierarchy has been determined on the basis of the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as follows:-

Level 1 - inputs are unadjusted quoted prices in an active market for identical assets

Level 2 - inputs, not being quoted prices, are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs are not observable

There were no transfers between Levels during the year.

(ii) Borrowings

The fair value of borrowings has been calculated at £81,317,000 as at 31 March 2020 (2019 - £59,244,000) compared to a Balance Sheet value in the Financial Statements of £71,623,000 (2019 - £49,913,000) per Notes 11 and 12.

The fair values of the debentures are determined by comparison with the fair values of equivalent gilt edged securities, discounted to reflect the differing levels of credit worthiness of the borrowers. The fair values of the loans are determined by a discounted cash flow calculation based on the appropriate inter-bank rate plus the margin per the loan agreement. These instruments are therefore considered to be Level 2 as defined above. There were no transfers between Levels during the year.

All other assets and liabilities of the Group are included in the Balance Sheet at fair value.

21 Financial instruments and investment property risks – continued

	Fair Value		Balance Sheet Value	
	2020 £000	2019 £000	2020 £000	2019 £000
11% First Mortgage Debenture Stock 2021	16,074	16,966	15,000	15,000
9.375% Debenture Stock 2026	26,740	26,620	20,159	20,182
	42,814	43,586	35,159	35,182
Bank loan	38,503	15,658	36,464	14,731
	81,317	59,244	71,623	49,913

There were no transfers between Levels during the year.

22 Prior Year Adjustments

The Financial Statements have been restated on 31 March 2018 to recognise finance lease liabilities for leasehold properties which are classified as investment property at fair value under the requirements of IAS 40 and IAS 17. Previously, the value of the leased investment property recorded on the Balance Sheet had been the net valuation of the leasehold property and the leases had been accounted for as operating leases. This has been corrected to recognise the gross valuation of the asset and a corresponding finance lease liability at the present value of minimum lease payments using the incremental borrowing rate at the inception of the lease(s). There has also been a reclassification of the charges previously netted off against Rental Income to Finance costs and unrealised gains/losses in investment property.

After the adoption of IFRS 16, a right-of-use asset and lease liability are required to be recognised on the Balance Sheet with the right-of use asset classified as investment property and subsequently fair-valued under IAS 40. As the leased assets have been adjusted to have been recognised previously under finance leases, and meet the definition of and are included in investment property, they are not affected.

The impact of this revision had the following impact as at 1 April 2019:

(i) The Group as a lessee recognised an additional £4,287,000 as a right-of-use asset and as a lease liability (comprising a current liability of £15,000, and a non-current liability of £4,272,000). In addition, £204,000 has been reclassified from rental to finance costs (Notes 2 and 5).

(ii) The Company as a lessee recognised an additional £5,581,000 as a right-of-use asset and as a lease liability (comprising a current liability of £47,000, and a non-current liability of £5,534,000). The Group and Company figures are different due to an inter-group transfer of property in 2014. In addition, £204,000 has been reclassified from rental to interest payable (Notes 2 and 5).

The following tables summarise the impact of the above on both the Group's and the Company's Statement of Comprehensive Income, Balance Sheet and Statement of Cash Flows.

22 Prior Year Adjustments – continued

Group Statement of Comprehensive Income for the Year ended 31 March 2019

	Note	Revenue £'000	Original Capital £'000	Total £'000
Income				
Investment income		6,215	–	6,215
Rental income		4,287	–	4,287
Other income		9	–	9
	2	10,511	–	10,511
Gains and losses on investments				
Realised gains/(losses) on held-at-fair-value investments and investment properties	9	–	5,294	5,294
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(3,600)	(3,600)
Total income		10,511	1,694	12,205
Expenses				
Investment management fees	3	(348)	(813)	(1,161)
Other operating expenses	4	(781)	–	(781)
Finance costs	5	(4,168)	–	(4,168)
Total expenses		(5,297)	(813)	(6,110)
Profit/(loss) before taxation		5,214	881	6,095
Taxation	6	(241)	343	102
Profit/(loss) attributable to equity shareholders of parent		4,973	1,224	6,197
Earnings per ordinary share (pence)	7	10.92	2.68	13.60

22 Prior Year Adjustments – continued

Group Statement of Comprehensive Income for the Year ended 31 March 2019

	Adjustments				Restated		
	Revenue £'000	Capital £'000	Total £'000		Revenue £'000	Capital £'000	Total £'000
Note				Note			
	–	–	–		6,215	–	6,215
	204	–	204		4,491	–	4,491
	–	–	–		9	–	9
2	204	–	204	2	10,715	–	10,715
9	–	–	–	9	–	5,294	5,294
9	–	(13)	(13)	9	–	(3,613)	(3,613)
	204	(13)	191		10,715	1,681	12,396
3	–	–	–	3	(348)	(813)	(1,161)
4	–	–	–	4	(781)	–	(781)
5	(191)	–	(191)	5	(4,359)	–	(4,359)
	(191)	–	(191)		(5,488)	(813)	(6,301)
	13	(13)	–		5,227	868	6,095
6	–	–	–	6	(241)	343	102
	13	(13)	–		4,986	1,211	6,197
7	0.03	(0.03)	–	7	10.95	2.65	13.60

22 Prior Year Adjustments – continued

Company Statement of Comprehensive Income for the Year ended 31 March 2019

	Note	Revenue £'000	Original Capital £'000	Total £'000
Income				
Investment income		6,215	–	6,215
Rental income		4,287	–	4,287
Other income		9	–	9
	2	10,511	–	10,511
Gains and losses on investments				
Realised gains/(losses) on held-at-fair-value investments and investment properties	9	–	5,294	5,294
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(2,970)	(2,970)
Total income		10,511	2,324	12,835
Expenses				
Investment management fees	3	(348)	(813)	(1,161)
Other operating expenses	4	(781)	–	(781)
Finance costs	5	(4,168)	–	(4,168)
Total expenses		(5,297)	(813)	(6,110)
Profit/(loss) before taxation		5,214	1,511	6,725
Taxation	6	(241)	343	102
Profit/(loss) attributable to equity shareholders of parent		4,973	1,854	6,827
Earnings per ordinary share (pence)	7	10.92	4.07	14.99

22 Prior Year Adjustments – continued

Company Statement of Comprehensive Income for the Year ended 31 March 2019

Adjustments				Restated		
Revenue £'000	Capital £'000	Total £'000	Note	Revenue £'000	Capital £'000	Total £'000
–	–	–		6,215	–	6,215
204	–	204		4,491	–	4,491
–	–	–		9	–	9
204	–	204	2	10,715	–	10,715
–	–	–	9	–	5,294	5,294
–	(45)	(45)	9	–	(3,015)	(3,015)
204	(45)	159		10,715	2,279	12,994
–	–	–	3	(348)	(813)	(1,161)
–	–	–	4	(781)	–	(781)
(159)	–	(159)	5	(4,327)	–	(4,327)
(159)	–	(159)		(5,456)	(813)	(6,269)
45	(45)	–		5,259	1,466	6,725
–	–	–	6	(241)	343	102
45	(45)	–		5,018	1,809	6,827
0.09	(0.09)	–	7	11.01	3.98	14.99

22 Prior Year Adjustments – continued

Group Statement of Financial Position as at 31 March 2018

	Note	Original £'000	Original £'000	Adjustments £'000	Adjustments £'000	Restated £'000	Restated £'000
Assets							
Non current assets							
Investments held at fair value through profit or loss	9		128,925	–	–		128,925
Investment properties	9		68,700	4,287	–		72,987
			197,625	4,287	–		201,912
Deferred tax asset	6		287	–	–		287
			197,912	4,287	–		202,199
Current assets							
Cash and cash equivalents		3,639		–	–	3,639	
Receivables	10	711		–	–	711	
			4,350	–	–		4,350
Total Assets			202,262	4,287	–		206,549
Current liabilities							
Payables	11		(1,845)	–	(15)		(1,860)
Total Assets Less Current Liabilities			200,417	4,287	(15)		204,689
Non-current liabilities							
Borrowings	12		(49,898)	–	(4,272)		(54,170)
Net Assets			150,519	4,287	(4,287)		150,519
Equity Attributable To Equity Shareholders							
Called up share capital	14		4,555	–	–		4,555
Share premium	15		18,446	–	–		18,446
Retained earnings	16		127,518				127,518
Total Equity			150,519	–	–		150,519
Net Asset Value per ordinary share (pence)	17		330.45	0.00	0.00		330.45

22 Prior Year Adjustments – continued

Company Statement of Financial Position as at 31 March 2018

		Original		Adjustments		Restated	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Non current assets							
Investments held at fair value through profit or loss	9		129,125	–	–		129,125
Investment properties	9		68,700	5,581	–		74,281
			197,825	5,581	–		203,406
Deferred tax asset	6		287	–	–		287
			198,112	5,581	–		203,693
Current assets							
Cash and cash equivalents		3,439		–	–	3,439	
Receivables	10	711		–	–	711	
			4,150	–	–		4,150
Total Assets			202,262	5,581	–		207,843
Current liabilities							
Payables	11		(1,845)	–	(49)		(1,894)
Total Assets Less Current Liabilities			200,417	5,581	(49)		205,949
Non-current liabilities							
Borrowings	12		(51,791)	–	(5,532)		(57,323)
Net Assets			148,626	5,581	(5,581)		148,626
Equity Attributable To Equity Shareholders							
Called up share capital	14		4,555	–	–		4,555
Share premium	15		18,446	–	–		18,446
Retained earnings	16		125,625	–	–		125,625
Total Equity			148,626	–	–		148,626
Net Asset Value per ordinary share (pence)	17		326.29	0.00	0.00		326.29

22 Prior Year Adjustments – continued

Group Statement of Financial Position as at 31 March 2019

		Original		Adjustments		Restated	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Non current assets							
Investments held at fair value through profit or loss	9		128,706	–	–		128,706
Investment properties	9		68,800	4,274	–		73,074
			197,506	4,274	–		201,780
Deferred tax asset	6		389	–	–		389
			197,895	4,274	–		202,169
Current assets							
Cash and cash equivalents		4,338		–	–	4,338	
Receivables	10	907		–	–	907	
			5,245	–	–		5,245
Total Assets			203,140	4,274	–		207,414
Current liabilities							
Payables	11		(1,794)	–	(15)		(1,809)
Total Assets Less Current Liabilities			201,346	4,274	(15)		205,605
Non-current liabilities							
Borrowings	12		(49,913)	–	(4,259)		(54,172)
Net Assets			151,433	4,274	(4,274)		151,433
Equity Attributable To Equity Shareholders							
Called up share capital	14		4,555	–	–		4,555
Share premium	15		18,446	–	–		18,446
Retained earnings	16		128,432	–			128,432
Total Equity			151,433	–	–		151,433
Net Asset Value per ordinary share (pence)	17		332.45	0.00	0.00		332.45

22 Prior Year Adjustments – continued

Company Statement of Financial Position as at 31 March 2019

		Original		Adjustments		Restated	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Non current assets							
Investments held at fair value through profit or loss	9		128,906	–	–		128,906
Investment properties	9		68,800	5,536	–		74,336
			197,706	5,536	–		203,242
Deferred tax asset	6		389	–	–		389
			198,095	5,536	–		203,631
Current assets							
Cash and cash equivalents		4,138		–	–	4,138	
Receivables	10	907		–	–	907	
			5,045	–	–		5,045
Total Assets			203,140	5,536	–		208,676
Current liabilities							
Payables	11		(1,794)	–	(49)		(1,843)
Total Assets Less Current Liabilities			201,346	5,536	(49)		206,833
Non-current liabilities							
Borrowings	12		(51,176)	–	(5,487)		(56,663)
Net Assets			150,170	5,536	(5,536)		150,170
Equity Attributable To Equity Shareholders							
Called up share capital	14		4,555	–	–		4,555
Share premium	15		18,446	–	–		18,446
Retained earnings	16		127,169	–	–		127,169
Total Equity			150,170	–	–		150,170
Net Asset Value per ordinary share (pence)	17		329.68	0.00	0.00		329.68

22 Prior Year Adjustments – continued

Group Statement of Cash Flows for the Year ended 31 March 2019

		Original		Adjustments	Restated	
	Note	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Dividend income received			5,994	–		5,994
Rental income received			4,295	204		4,499
Interest received			8	–		8
Operating expenses paid			(1,975)	–		(1,975)
Net Cash Inflow from Operating Activities	18		8,322			8,526
Cash flows from investing activities						
Purchase of investments held at fair value through profit or loss		(21,225)		–	(21,225)	
Purchase of investment properties		(9,409)		–	(9,409)	
Sale of investments held at fair value through profit or loss		22,269		–	22,269	
Sale of investment properties		10,178		–	10,178	
Net Cash Inflow from Investing Activities			1,813			1,813
Cash flow from financing activities						
Interest paid on loans		(4,153)		–	(4,153)	
Finance cost of leases		–		(191)	(191)	
Payments of lease liabilities		–		(13)	(13)	
Dividends paid	8	(5,283)			(5,283)	
Net Cash Inflow/(Outflow) from Financing Activities			(9,436)			(9,640)
Net Increase in Cash and Cash Equivalents			699			699
Cash and cash equivalents at 1 April 2018			3,639			3,639
Cash and Cash Equivalents at 31 March 2019			4,338	–		4,338

22 Prior Year Adjustments – continued

Company Statement of Cash Flows for the Year ended 31 March 2019

	Note	Original £'000	Original £'000	Adjustments £'000	Restated £'000	Restated £'000
Cash flows from operating activities						
Dividend income received			5,994	–		5,994
Rental income received			4,295	204		4,499
Interest received			8	–		8
Operating expenses paid			(1,975)	–		(1,975)
Net Cash Inflow from Operating Activities	18		8,322			8,526
Cash flows from investing activities						
Purchase of investments held at fair value through profit or loss		(21,225)		–	(21,225)	
Purchase of investment properties		(9,409)		–	(9,409)	
Sale of investments held at fair value through profit or loss		22,269		–	22,269	
Sale of investment properties		10,178		–	10,178	
Net Cash Inflow from Investing Activities			1,813			1,813
Cash flow from financing activities						
Interest paid on loans		(4,153)		–	(4,153)	
Finance cost of leases		–		(159)	(159)	
Payments of lease liabilities		–		(45)	(45)	
Dividends paid	8	(5,283)			(5,283)	
Net Cash Inflow/(Outflow) from Financing Activities			(9,436)			(9,640)
Net Increase in Cash and Cash Equivalents			699			699
Cash and cash equivalents at 1 April 2018			3,439			3,439
Cash and Cash Equivalents at 31 March 2019			4,138	–		4,138

23 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure that the Group will be able to continue as a going concern;
- to maximise the return to its equity shareholders in the form of long term real growth in dividends and capital value without undue risk through the optimisation of the debt and equity balance.

The capital of the Group consists of equity, comprising issued capital, reserves, borrowings and retained earnings.

The Board monitors and reviews the broad structure of the Group's capital. This review includes:

- the planned level of gearing which takes into account the Managers' views on the market and the extent to which revenue in excess of that which requires to be distributed should be retained.

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

Details of the Group's gearing and financial covenants are disclosed in Notes 11 and 12 on pages 78 to 80.

24 Events after the Statement of Financial Position Date

There are no significant subsequent events for the Group or the Company.

Value and Income Trust PLC (the Company) is an alternative investment fund (AIF) for the purposes of the EU Alternative Investment Fund Managers Directive (AIFMD). The Company has appointed its wholly owned subsidiary, Value and Income Services Limited (VIS), to act as its alternative investment fund manager (AIFM). VIS is authorised and regulated by the FCA.

As the AIFM, VIS has responsibility for the portfolio management and risk management of the assets of the Company. VIS has delegated its portfolio management responsibilities for the equity portfolio to OLIM and for the property portfolio to OLIM Property (collectively the Investment Managers). The delegation by VIS of its management responsibilities is in accordance with the delegation requirements of the AIFMD. The Investment Managers remain subject to the supervision and direction of VIS and the Board.

An additional requirement of the AIFMD is to appoint a depositary on behalf of the Company to oversee the custody and cash arrangements of the Company. The Company has appointed BNP Paribas Securities Services, London Branch to act as the Company's Depositary.

Disclosures

The Company and VIS are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures which require to be made prior to investment are contained in an investor disclosure document which can be found on the Company's websites hosted by the Investment Managers at **www.olim.co.uk** and **www.olimproperty.co.uk**.

Other than to provide details of the new loan facilities agreed on 28 November 2019 and in February 2015 and refinanced in May 2016; the appointment of Savills plc in April 2015; and clarification of the maximum AIFMD leverage limit of 200%, there have not been any material changes to the disclosures contained in the investor disclosure document since it was first made available in July 2014.

The Company and VIS also make the following periodic disclosures to investors in accordance with the requirements in the AIFMD:

- ***Investment Management:*** Details of the investment objective, strategy and policy of the Company are included in the Strategic Report. A list of all holdings is included on pages 10 and 11 (equities) and page 22 (properties).
- ***Valuation of illiquid assets:*** None of the Company's assets is subject to special arrangements arising from their illiquid nature.
- ***Liquidity management:*** There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by the Company.
- ***Risk Management:*** VIS has an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company. Further details of the risk profile and risk management systems of the Company are set out in the Strategic Report and in Note 21 to the Financial Statements. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- ***AIFM Remuneration:*** All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The expenses which VIS incurs in the provision of AIFM services are met by the Company. During the year ended 31 March 2020 all of the directors of VIS were the same as the Directors of the Company and no additional staff were employed by VIS. The Directors of the Company do not receive a separate fee in respect of being directors of VIS and details of the remuneration of the Directors

is set out in the Directors' Remuneration Report on pages 37 to 39. The Investment Managers receive remuneration separately (as set out on page 33). The Investment Managers are bound by regulatory requirements on remuneration that are equally as effective as those applicable to VIS under the AIFMD Remuneration Code.

LEVERAGE

Circumstances when the Company may use leverage

Leverage may be used where it is believed that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing.

In a rising market gearing will tend to enhance returns because of the increased exposure to the markets but it will tend to increase losses in the event of a falling market. Leverage is therefore consistently monitored.

Types and sources of leverage permitted

The Company has, since 1986, had a long standing policy of funding its exposure to property and partly to equities through long-term debentures. Until 2015, all borrowings have been 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 25% and 40% of the total portfolio. The Company will not raise new borrowings if total net borrowings would then represent more than 50% of the total assets.

On 26 February 2015, a five year secured term loan facility of £5 million was arranged at a five year fixed interest rate of 4% including all costs. This facility was used to fund further property acquisitions. This loan was refinanced on 12 May 2016 and a new ten year secured term loan facility of £15 million was arranged at a ten year interest rate of 4.4% including all costs and replaced the original £5 million loan arranged in February 2015.

On 28 November 2019, the Company agreed a seven year secured term loan of £22 million at a fixed interest rate of 3.1% per annum (3.3% per annum after all expenses) on £20.9 million and at a floating rate of Libor plus 2.35% on the balance of £1.1 million. The net proceeds will be held on accessible deposit until 31 March 2021 to refinance the Company's £15 million 11% First Mortgage Debenture Stock 2021 which expires on that date and to support the acquisition of further UK properties and equities in accordance with the Company's investment policy.

The maximum level of leverage which the AIFM is entitled to employ on behalf of the Company

Under the AIFMD, the Company is required to calculate leverage under the two methodologies specified by the AIFMD, the 'Gross Method' and the 'Commitment Method', the difference being that the Commitment Method allows some netting and hedging arrangements to reduce exposures.

VIS has set a maximum leverage limit of 200% under both the Gross Method and Commitment Method. As noted above, these leverage limits are subject to a long-standing policy not to raise new borrowings if total net borrowings would represent more than half of total assets.

The table below sets out the current maximum permitted range and the actual level of leverage for the Company, as a percentage of adjusted Shareholders' funds:

	Gross Method (%)	Commitment Method (%)
Limit	200	200
Actual level at 31 March 2020	140	163

There have been no changes to the maximum level of leverage that the Group has employed and no changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements.

The Company's leveraging arrangements are collateralised through the granting of charges over the properties in the property portfolio to the Trustee of the Debenture Stock and to the respective providers of the two secured term loans.

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.

Keeping you Informed

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**.

Customer Services

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: 0370 703 0168
www.investorcentre.co.uk/contactus

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, may be changed by future legislation.

Directors
James Ferguson (Chairman)
John Kay
Dominic Neary
David Smith

Secretary
Maven Capital Partners UK LLP
First Floor Kintyre House
205 West George Street
Glasgow G2 2LW
Telephone: 0141 306 7400
Website: **www.mavencp.com**
(Authorised and regulated by the Financial Conduct Authority)

Registered Office
c/o Maven Capital Partners UK LLP
First Floor Kintyre House
205 West George Street
Glasgow G2 2LW

Registered Number
Registered in Scotland No. SCO50366
Legal Entity Identifier: 213800CU1PIC7GAER820
ISIN: GB0008484718
TIDM: VIN

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 703 0168
Website: **www.investorcentre.co.uk/contactus**

Independent Auditor
BDO LLP
150 Aldersgate Street
London EC1A 4AB

Investment Manager – Equities
OLIM Limited
1 Benjamin Street
London EC1M 5QL
Telephone: 020 7367 5660
Website: **www.olim.co.uk**
(Authorised and regulated by the Financial Conduct Authority)

Investment Manager – Property
OLIM Property Limited
15 Queen Anne's Gate
London SW1H 9BU
Telephone: 020 7647 6701
Website: **www.olimproperty.co.uk**
(Authorised and regulated by the Financial Conduct Authority)

Property Managers
Workman LLP
Alliance House
12 Caxton Street
London SW1H 0QS

Alternative Investment Fund Manager
Value and Income Services Limited
c/o Maven Capital Partners UK LLP
First Floor Kintyre House
205 West George Street
Glasgow G2 2LW
Registered in Scotland
Registration Number: SC467598
Legal Entity Identifier: 213800D7AEDHGXDAM208
(Authorised and regulated by the Financial Conduct Authority)

Depositary and Custodian
BNP Paribas Securities Services
London Branch
10 Harewood Avenue
London NW1 6AA

Unsolicited Offers for Shares (Boiler Room Scams)

Shareholders in a number of UK registered companies have received unsolicited calls from organisations, usually based overseas or using false UK addresses or phone lines routed abroad, offering to buy shares at prices much higher than their current market values or to sell non-tradeable, overpriced, high-risk or even non-existent securities. Whilst the callers may sound credible and professional, Shareholders should be aware that their intentions are often fraudulent and high pressure sales techniques may be applied, often involving a request for an indemnity or a payment to be provided in advance.

If you receive such a call, you should exercise caution and, based on advice from the FCA, the following precautions are suggested:

- obtain the name of the individual or organisation calling;
- check the FCA register to confirm if the caller is authorised;
- call back using the details on the FCA register to verify the caller's identity;
- discontinue the call if you are in any doubt about the intentions of the caller, or if calls persist; and
- report any individual or organisation that makes unsolicited calls with an offer to buy or sell shares to the FCA and the City of London Police.

Useful contact details:

ACTION FRAUD
Telephone: 0300 123 2040
Website: **www.actionfraud.police.uk**

FCA
Telephone: 0800 111 6768 (freephone)
E-mail: **consumer.queries@fca.org.uk**
Website: **www.fca.org.uk/scamsmart**

Alternative Performance Measures

Alternative performance measures are numerical measures of the Group's current, historical or future performance, financial position or cash flows, other than the financial measures defined or specified in the applicable financial framework. The Group's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Group's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total Return

Total return is considered to be an alternative performance measure. The NAV total return is calculated by reinvesting the dividends in the assets of the Group from the relevant ex-dividend date. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Group's benchmark and other indices. The Share Price total return is calculated by reinvesting the dividends in the shares of the Group from the relevant ex-dividend date.

Net asset value valuing debt at market

Net asset value valuing debt at market is the net value of the Group's assets, cash and other current assets less all creditors, provisions and all debt, all valued at fair value. Net income from the financial year is included. The calculation of this APM is explained in Note 17 to the Financial Statements.

Discount

The discount is the amount by which the market price of a share of an investment trust is lower than the NAV per share expressed as a percentage of the NAV per share.

	2020	2019
Share price	165.0p	251.0p
NAV (debt at market)	232.7p	312.2p
Discount	29.1%	19.6%

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 the offices of Maven Capital Partners UK LLP, First Floor Kintyre House, 205 West George Street, Glasgow G2 2LW on Thursday, 3 September 2020 at 10.00am, 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 to 13 inclusive will be proposed as Special Resolutions:

1. To receive the Directors' Report and audited Financial Statements for the year ended 31 March 2020.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2020.
3. To approve the Directors' Remuneration Policy for the three years ending 31 March 2023.
4. To re-elect James Ferguson as a Director of the Company.
5. To re-elect John Kay as a Director of the Company.
6. To re-elect Dominic Neary as a Director of the Company.
7. To re-elect David Smith as a Director of the Company.
8. To appoint BDO LLP 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.
9. To authorise the Directors to fix the remuneration of the Independent Auditor for the year to 31 March 2021.
10. Authority to Allot Shares

    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company 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 ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £455,499 (being approximately 10% of the nominal value of the issued share capital (excluding treasury shares) of the Company, as at the date of this Notice) provided that such authorisation expires (unless previously extended or renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2021 or on the expiry of 15 months from the passing of this Resolution, (whichever is earlier) save that the Company may, at any time prior to the expiry of this authority, make offers or agreements which would or might require such Securities to be allotted or granted 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 10 set out above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company 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 10 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if Section 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 sub-paragraph (ii) below) up to an aggregate nominal value of £455,499 (being 10% of the nominal value of the issued share capital 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 2021, or on the expiry of 15 months from the passing of this Resolution (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, either for retention as treasury shares for future reissue, resale, transfer or cancellation, provided that:

(i) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 6,827,941 Ordinary Shares, representing 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) 105% of 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

(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 2021 or on the expiry of 15 months from the passing of this Resolution (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.

13. Notice of General Meeting

That, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board
Maven Capital Partners UK LLP
Company Secretary

Registered Office:
First Floor Kintyre House
205 West George Street
Glasgow G2 2LW

29 July 2020

NOTES:

(i) A member entitled to 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 0370 703 0168. 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. 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 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.

(ix) The right to vote at a meeting is determined by reference to the Company's register of members as at close of business on 1 September 2020 or if this meeting is adjourned, by close of business 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 28 July 2020 (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 28 July 2020 was 45,549,975. Following Resolution 12 becoming effective, the maximum aggregate number of shares hereby authorised to be purchased shall be 6,827,941 Ordinary Shares in issue immediately prior to the passing of Resolution 12.

(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 and his proxy complies with their respective disclosure obligations under the UK Disclosure, Guidance 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 3 of this Annual 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, website or email 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 auditors' 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 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 auditors 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 websites, hosted by the Investment Managers, at **www.olim.co.uk** and **www.olimproperty.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.