VALUE AND INCOME TRUST PLC

ANNUAL REPORT 2012

Contents

Financial Calendar

6 January 2012	Interim Ordinary dividend per share of 3.9p paid for year ended 31 March 2012
28 May 2012	Announcement of preliminary statement of annual results for year ended 31 March 2012
13 July 2012	Annual General Meeting, Edinburgh (12.30pm)
20 July 2012	Proposed Final Ordinary dividend per share of 4.15p payable for year ended 31 March 2012
November 2012	Announcement of Half-Yearly Financial Report for six months ended 30 September 2012
January 2013	Interim Ordinary dividend payable for year to 31 March 2013

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Aims of the Company

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

Investment Policy

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

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

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

The Year

- Net Asset Value total return (with debt at par value) of 5.3% over one year and 71.7% over three years.
- Share price total return of 1.8% over one year and 136.9% over three years.
- FTSE All-Share Index total return of 1.4% over one year and 67.9% over three years.
- Dividends for year up 3.2% – increased for the 25th consecutive year.

Long Term Record

Financial Record

	30 Sept 1986*	31 Mar 1987	31 Mar 2001	31 Mar 2002	31 Mar 2003	31 Mar 2004	31 Mar 2005	31 Mar 2006	31 Mar 2007	31 Mar 2008	31 Mar 2009	31 Mar 2010	31 Mar 2011	31 Mar 2012
NAV (valuing debt at par) (p)	44.0	55.1	177.4	185.3	138.8	170.9	213.9	260.6	299.0	251.0	165.6	231.8	249.1	253.8
NAV (valuing debt at market) (p)	N/A	N/A	150.9	166.3	118.8	151.9	189.0	226.9	271.1	222.7	129.6	218.3	233.7	227.6
Ordinary share price (p)	42.0	52.0	136.5	152.5	114.0	143.3	181.0	227.0	253.0	166.0	88.5	169.0	186.0	181.5
Discount of share price to NAV (valuing debt at market) (%)	–	–	9.5	8.3	4.0	5.7	4.2	0.0	6.7	25.5	31.7	22.5	20.4	20.3
Dividend per share (p)	N/A	1.25	5.40	5.60	5.80	6.00	6.20	6.40	6.70	7.40	7.50	7.60	7.80	8.05
Total assets less current liabilities (£m)	17.4	24.8	116.4	120.0	98.8	113.4	133.0	156.8	174.8	151.8	111.5	141.8	149.4	151.3

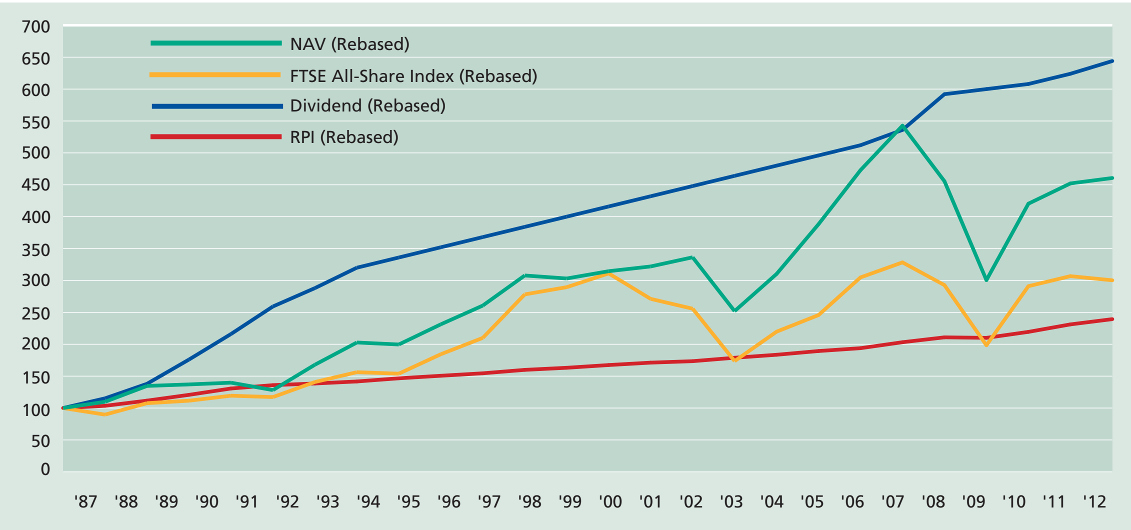
* Date from which the current investment managers were appointed.
# The figures for net asset values for 2005 and thereafter reflect the restatement of the financial statements under International Financial Reporting Standards including the effect of a deduction for a potential deferred tax liability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

Compound Annual Growth Rates (%)

To 31 March 2012	Net Asset Value*	FTSE All-Share Index*	Dividend	Retail Prices Index
1 Year	1.89	(2.12)	3.21	3.57
3 Years	15.29	14.81	2.39	4.45
5 Years	(3.22)	(1.77)	3.74	3.33
10 Years	3.20	1.62	3.70	3.27
20 Years	6.61	4.82	4.66	2.87

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

Growth In Net Asset Value*



* Net Asset Value calculated with debt valued at par; 31 March 1987= 100.
(Source: Aberdeen Asset Management PLC, Morningstar & Factset)

Over the year to 31 March 2012 Value and Income Trust's net asset value total return per share (that is taking the growth in net asset value and dividend together) increased by 0.9% with debt valued at market and by 5.3% with debt valued at par. Our equity portfolio had a good year and our property portfolio performed well in what was a difficult market for its type of property.

The share price total return was 1.8% while the FTSE All-Share Index ("the Index") total return was 1.4% over the same period. Over three years the share price total return was 136.9% compared to the increase in the Index of 67.9%. This result entitled OLIM to a performance fee of £792,663 under the existing investment management agreement. However, during the course of the year we renegotiated this agreement and a revised version was signed just after VIT's year end. OLIM offered to waive part of its fee for last year to reflect the terms of the new agreement and so the amount of the performance fee was reduced to £504,450. The details of the new arrangement are shown on page 18.

The proposed final dividend of 4.15p would make total dividends for the year of 8.05p, an increase of 3.2%. Subject to approval at the Annual General Meeting, the final dividend would be payable on 20 July 2012 to shareholders on the register on 22 June 2012. The ex dividend date is 20 June 2012. The dividend has been increased every year since the change of investment policy in 1986. The table on page 15 shows the position of the revenue reserve after the payment of the proposed final dividend.

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

OLIM announced in September 2011 that it intended to split its business in two with the equity side remaining as a wholly-owned subsidiary of Close Brothers while the property activities were to be bought by a company formed by Matthew Oakeshott called OLIM Property. This was subject to FSA approval which was received in April 2012 and new investment management agreements have been signed since then. As was stated at the time of the announcement, the same people are involved with the portfolio and the way in which VIT is run will not change.


James Ferguson

David Back will be retiring at the conclusion of the Annual General Meeting. He was appointed a Director of the Company in 2000. VIT has benefitted from his long experience of the UK equity market; we are very grateful to him and he leaves with our best wishes for his retirement.

The prospects for dividend growth from our equities are encouraging and our properties are providing an attractive yield with no voids in the portfolio. Consequently we remain fully invested.

I hope that we shall see as many shareholders as possible at the Annual General Meeting on Friday 13 July 2012, which is to be held in Edinburgh this year. There will be a brief presentation on the investment outlook.

James Ferguson

8 June 2012

Directors and Advisers

Investment Managers

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Registrars

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Property Managers

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12 Caxton Street
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James Ferguson

*Chairman – non-executive**

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

David Back

*Non-executive Director**

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

John Kay

*Non-executive Director**

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

Angela Lascelles

Joint Investment Manager

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

Matthew Oakeshott

Joint Investment Manager

Matthew Oakeshott, after studying economics at Oxford University and a period as special adviser to Mr Roy Jenkins as Home Secretary, joined S.G. Warburg & Co in 1976 and became a director of Warburg Investment Management in 1978. He was Investment Manager of Courtaulds Pension Fund from 1981 to 1985. He was an executive director of OLIM from 1986 to April 2012 and is now Chairman of OLIM Property Limited. He is a Life Peer. He was appointed an executive director on 1 April 2007.

David Smith

*Non-executive Director**

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

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

EQUITY PORTFOLIO

MARKET BACKGROUND

The year which ended in March 2012 saw wide swings in market levels, but overall the FTSE All Share Index fell by 2.1% in capital return terms, giving back a small part of the gains of the previous two years. Over the three years, since the nadir for equity markets, the Index has risen by 51.3%.

Our year began steadily with a marginal rise in the indices in the quarter to the end of June, but equity markets worldwide fell sharply during the summer to record the steepest quarterly falls in recent years. In the quarter to end September, the All Share Index fell by 14.5% to record a fall of 13.5% in the first half of our year. The background to the market collapse was the growing fear of a 'double dip' economic recession combined with the ever growing crisis in Europe, where Greece in particular was in need of further support in refinancing its sovereign debt.

Equity markets rose steadily in the second half of VIT's year, recovering most of the summer's downturn. In the final quarter of 2011 the background remained critical in Europe and forecasts for global growth in 2012 were downgraded, but investors began to appreciate the extreme undervaluation of companies and the opportunity to obtain the high and growing income achievable through investment in equities. As 2012 began, a settlement of the Greek funding crisis was agreed, and concerns about global growth diminished when the fourth quarter 2011 figures for US GDP were announced, showing growth at an annual rate of 3.0%. In the UK, company announcements were generally well received and dividends continued to grow, showing a rise of 11% in the first quarter of this year compared to a year earlier.

Simon Jaffé, Angela Lascelles and Andrew Impey

Within UK equities, mid-sized companies were more resilient than large companies with a fall of just 0.5%. High yielding companies performed best with a rise of 0.5% in the FTSE Higher Yield Index. Overseas equity markets fell by more than the UK market. The FTSE World Index recorded a fall of 2.7% and the worst performing area was the FTSE Emerging Markets Index which fell by 11.5%. In the currency markets the dollar was unchanged against the pound over the year but the euro fell by 6% to close our year at 1.20 to the pound. In the fixed interest markets, gilt yields fell significantly: ten year dated stocks began the year yielding 3.7% but by end March 2012 the return had fallen to 2.2%. The FTSE Gilt All Stocks Index gave a total return of 14.4% over the year. In the commodity markets, the oil price rose by 4.7% but copper fell by 10.3%, amid concerns over global economic growth.

SUMMARY OF PORTFOLIO

	31 March 2012		31 March 2011	
	£m	%	£m	%
UK equities	101.2	67	99.4	66
UK property	48.2	32	49.0	33
Cash	1.9	1	1.2	1
	151.3	100	149.6	100

Investment Managers' Report

Performance

VIT's equity performance over the year was significantly ahead of the All Share Index. In capital terms the portfolio rose by 2.5%, which was 4.6% above the Index return. Including income, the total return was +6.6%, compared with the total return on the All Share Index of +1.4%. The construction of our portfolio, with its bias towards higher yielding mid-sized companies, benefitted from market trends in those areas.

Our holdings in the global industrial sectors again outperformed with particular strength in Spectris (+32%), Croda (+26%), and Rotork (+17%). Babcock, despite operating mainly in the UK, rose by 28%. Our holdings in the banking and mining sectors fell by more than 10%, but our allocation to those sectors was well below the market average.

Distribution of Securities

At 31 March

	2012 %	2011 %
Industrials	27.3	28.0
Consumer Services	15.5	16.8
Financials	13.7	12.9
Telecommunications	9.3	8.3
Utilities	8.6	9.2
Oil and Gas	8.1	8.4
Basic Materials	6.6	6.1
Consumer Goods	6.4	6.4
Health Care	4.5	3.9
	100.0	100.0

Portfolio

With dividends growing at three times the rate of inflation and a high starting yield on the market, our strategy continued to be one of full investment all through the year. In stock selection we continued to overweight the sectors operating in the faster growing economies of the world, and the defensive areas of the UK economy. We continued to underweight the resource and financial sectors. We avoided companies operating in the troubled countries of the Eurozone.

Transactions during the year totalled £17.3m, with net sales of £1.5m made to fund property purchases by VIT from Audax Properties plc. Forth Ports plc was taken over for cash early in our year and we sold the holding in Wincanton as the problems in Europe continued to escalate. We sold Interserve in order to consolidate the holding in Carillion, which we believe is a stronger company operating in the construction markets in the Middle East and the UK. We sold Stobart when the company announced a major change in strategy, which entailed a conflict of interest with its directors. We bought a new holding in Inmarsat, which provides global mobile satellite communications services, but sold it later when it issued a trading statement showing a decline in its core maritime business. We added to several existing companies as opportunities arose. At the end of March we were fully invested with a portfolio of 34 companies and an overall net yield of 4.5%.

Outlook

During the last year forecasts for economic growth have been downgraded several times from the expectations of a year ago. As expected, consumers have experienced a severe reduction in disposable income, suffering higher taxes, steeply rising inflation, stagnant wages, rising unemployment and, recently, rising mortgage interest rates. Despite public sector spending cuts, the fiscal deficit remains high and there is little prospect of reducing government debt in the life of this parliament. These two areas of economic concern and the ongoing strains in Europe have caused the sharp decline in the rate of growth of output. Whereas a year ago the Office for Budgetary Responsibility forecast UK GDP to grow at 1.7% in 2011 and 2.5% in 2012, the outcome for 2011 was only 0.7% and the current expectation for 2012 is only 0.8%.

Despite these gloomy statistics, UK quoted companies are generally in good health. In the calendar year 2011 earnings and dividends grew by 14% and the positive trend is continuing so far in 2012, though a little more slowly. The corporate sector refinanced itself in 2009 where necessary and with over half of UK earnings arising from interests overseas, UK plc gives a much broader exposure to world economic growth than just the growth forecast for this country. The retail sector has suffered greatly from the squeeze on consumers and several well regarded businesses have ceased trading, but elsewhere company balance sheets are well financed and many companies have found scope for efficiency savings, thus preserving their profits and earnings.

Europe will continue to worry economists and investors, and currently Spain's interest rates are under the spotlight as it attempts its latest refinancing of Government debt. If the situation becomes critical again, we expect further tranches of quantitative easing to take pace, and we certainly expect base rate to remain low, in view of the fragile rate of economic growth and the necessity to stimulate it, in order to begin to tackle the mountain of our government debt. Inflation has been falling but the steep rise in energy prices so far in 2012 may cause renewed upward pressure. Our equity market remains on an attractive valuation at a historic price earnings ratio of 10x and a yield of 3.5%.

OLIM Limited

Investment Managers' Report

List of Equity Holdings as at 31 March 2012

Holding		Description	Market Value (£)
400,000	Rotork	The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries.	8,196,000
258,000	Royal Dutch Shell	A global group of energy and petrochemicals companies.	5,674,710
679,242	Babcock International	An engineering support services group; the main customer is the Ministry of Defence.	5,410,163
275,000	Spectris Group	Leading supplier of productivity-enhancing instrumentation and controls.	4,958,250
2,815,000	Vodafone	The leading mobile telecommunications company.	4,847,430
325,000	GlaxoSmithKline	The UK's largest pharmaceutical company.	4,554,875
2,000,000	BT Group	The fixed-line telecommunications company.	4,528,000
3,000,000	Legal & General Group	One of the UK's leading financial services companies, specialising in life assurance and pensions.	3,921,000
184,000	Unilever	The global food, home and personal care company.	3,797,760
660,000	HSBC	The banking group.	3,661,680
535,000	National Grid	One of the world's largest utilities, focused on energy transmission.	3,373,175
1,000,000	Restaurant Group	The company owns chains of restaurants in airports and leisure parks.	2,961,000
931,500	Centrica	The integrated gas and electricity company.	2,947,266
981,300	Carillion	Support services in building contracts for the UK and Middle East.	2,928,199
800,000	SThree	A staffing company, both permanent and contract.	2,684,000
126,300	Croda International	A world leader in natural based speciality chemicals which are sold to virtually every type of industry.	2,659,878
685,000	Halma	Provides safety sensors and analytical products to a range of different industries.	2,607,110
556,000	BP	One of the world's largest energy companies, providing fuel, retail services and petrochemicals.	2,571,778
2,530,000	Marstons	The regional brewer and pub company.	2,481,930
391,772	United Utilities	The UK's largest listed water company.	2,356,509
1,650,000	Beazley	A specialist international insurance company, primarily operating in Lloyds.	2,301,750
505,000	Informa	Provider of specialist information to the academic, scientific, professional and commercial communities through multiple distribution channels.	2,229,575
935,000	N Brown Group	An on-line and catalogue retailer.	2,169,200
61,700	Rio Tinto	One of the world's largest mining companies.	2,126,182
620,000	Tesco	Food retailing and financial services.	2,046,000
1,905,000	John Laing Infrastructure Fund	A closed-end investment company investing in mature infrastructure projects.	2,026,920
350,000	Reed Elsevier	A publishing company specialising in professional journals, information and exhibitions.	1,942,500
100,000	BHP Billiton	The world's largest mining company.	1,907,500
150,000	Go-Ahead Group	Operator of trains and buses.	1,869,000
375,000	Britvic	Manufacturer and distributor of soft drinks in the UK, France and Ireland.	1,442,625
380,000	Dairy Crest	Producer of milk and branded dairy products.	1,265,780
370,000	Amlin	A specialist insurance and reinsurance underwriting group.	1,220,260
892,000	Smiths News	Wholesalers of newspapers, books and magazines.	791,650
500,000	Hansard Global	Provides, supports and services life assurance products for financial institutions and independent financial intermediaries globally.	737,500
			101,197,155

Property Portfolio

The Market

UK commercial property, as measured by the Investment Property Databank (IPD), gave an average total return of 8% in 2011. This reflected an income yield of 6%, plus 2% capital growth.

The retail and industrial warehouse property sectors both returned 7% with capital values marginally ahead. Office capital values rose by 3% to give a total return of 10%, driven purely by the recovery in the Central London office values from their collapse in 2008-9. Provincial office values remained under pressure. Average capital values of properties in the IPD Index peaked in the third quarter of 2011 and have since declined slowly. Transaction volumes in the investment property market are running around half their long term averages, which means valuers are shorter of evidence and further behind the curve than usual in picking up recent market weakness, especially in the rental value component of valuations. The gap between rents being paid by existing tenants and those which could be achieved on reletting has been widening.

Average rental values showed a similar trend to capital values, rising marginally in the first three quarters of 2011 and slipping since, with no net change over 2011 as a whole. Office rental values were up by 2% (again, purely the Central London effect) while retail and industrial rental values fell by 1%. Rental income actually received on portfolios included in the IPD showed little change over the year, as void rates remained high by historic standards at 7%, and rent reviews produced little uplift because many properties are now overrented, and tenants are negotiating harder, making it more difficult to maintain rental income. When leases expire, tenants now negotiate as if they were taking a new lease and typically request a rent free period or capital contribution and monthly rent payments even if they are happy to stay, and often a rent reduction as well.

Matthew Oakeshott and Louise Cleary

Property values are now being pulled up by high yields and down by falling rents. Property let at affordable rents to strong covenants on long leases, preferably with inflation-linked or fixed-rent reviews, is getting steadily scarcer and more valuable, even with no economic — and therefore open market rental value — growth. But with average unexpired lease lengths on properties in the IPD index now down to 7 years, against 12 after the last recession 20 years ago, and overrenting now outweighing reversions, most UK commercial property is falling in value. Property rents, like unemployment, lag the real economy and, like unemployment, they need some real economic growth — about 1% to 1.5% a year — to stay level in real terms. So falling rental values for most types of commercial property in most parts of Britain are likely for at least the next two years, and maybe more, unless the economy accelerates back to its traditional 2%-3% post-recession real growth rates soon.

Average property capital values are likely to fall by about 5% over 2012 as a whole, with average rental values down by perhaps 2%,

Equivalent Yields

Equivalent yields - end December (except March 2012)		2012	2011	2010	2008	2006	2001
Retail		6.5	6.4	6.7	7.8	5.0	7.3
Office		6.9	6.9	7.3	8.2	5.5	8.2
Industrial		8.4	8.3	8.6	9.3	6.2	8.7
All property		6.9	6.8	7.1	8.2	5.4	7.8
Long Gilts	Conventional	2.7	2.5	4.0	3.7	4.6	5.0
	Index Linked	-0.2	-0.2	0.6	0.8	1.1	2.3
UK Equities		3.5	3.5	2.9	4.5	2.9	2.6
Yield Gap: Property less	Conventional Gilts	4.2	4.3	3.1	4.5	0.8	2.8
	Index Linked Gilts	7.1	7.0	6.5	7.4	4.4	5.5
	Equities	3.4	3.3	4.2	3.7	2.5	5.2

Table 1: Source: IPD

Capital Values – Annualised Growth Rates % to March 2012

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Retail	-4.4	-2.6	-1.2	+4.3	-8.3	+0.7
Office	-2.0	-0.4	+1.5	+3.4	-7.9	-1.2
Industrial	-2.4	-1.6	-0.9	+1.8	-8.1	-0.7
All Property	-2.8	-1.6	-0.2	+3.6	-8.0	0.0

Table 2: Source: Investment Property Databank (IPD)

Rental Values – Annualised Growth Rates % to March 2012

	3 Months	6 months	1 Year	3 Years	5 Years	10 Years
Retail	-0.8	-1.0	-1.0	-2.7	-1.9	+0.7
Office	+0.4	+1.0	+1.8	-1.7	-1.8	-1.3
Industrial	-1.0	-1.1	-1.0	-2.2	-1.5	-0.3
All property	-0.4	-0.3	-0.0	-2.2	-1.7	-0.1

Table 3: Source: IPD

VIT's Property Record

31 March	Rental income £000	Capital value £000	Yield on valuation %	Total Return VIT %	Total Return IPD %
1987	1,155	11,375	10.2	N.A.	N.A
1988	1,329	14,939	8.9	24	26
1989	1,915	23,475	8.2	30	30
1990	2,050	24,390	8.4	15	15
1991	2,331	23,800	9.8	2	-8
1992	2,709	25,880	10.5	10	-3
1993	2,773	26,415	10.5	12	-2
1994	2,806	29,835	9.4	23	20
1995	2,948	31,125	9.5	10	12
1996	2,840	29,440	9.6	9	4
1997	3,111	32,805	9.5	10	10
1998	3,141	34,800	9.0	15	17
1999	3,410	41,055	8.3	25	12
2000	3,054	39,800	7.7	15	15
2001	3,117	39,825	7.8	10	10
2002	3,013	38,800	7.8	13	7
2003	3,089	40,550	7.6	12	10
2004	3,052	40,375	7.5	15	11
2005	3,124	45,875	6.8	21	18
2006	3,219	52,250	6.2	21	19
2007	3,116	54,525	5.7	15	18
2008	3,261	51,000	6.4	0	-3
2009	3,278	44,850	7.3	-11	-22
2010	3,634	48,750	7.1	18	4
2011	3,552	49,075	7.2	9	15
2012	3,537	48,250	7.3	7	8

to give positive total returns of about 2%. But index-linked properties at yields 5% or 6% above index-linked gilts offer outstanding value. With little sign of growth in the UK economy at present and unemployment still rising, there may not be much difference this year between the performance of the different property sub sectors - City of London office values, for example are clearly suffering from oversupply and weakening tenant demand although the West End market remains tight. But for all property types, security of income will drive outperformance.

The banks are now pressing on with disposals of distressed assets to cash buyers who are known as reliable performers. Royal Bank and Bank of Scotland and the Irish banks have hundreds of billions of property exposure, and many property loans taken out in the boom years will need to be refinanced. Where banks had previously been prepared to maintain loans where interest payments were still being met in full although the capital ratios had been breached, they are no longer waiting for tenant demand to recover, but are appointing receivers to make disposals. Much of the property on which banks lent is highly risky and only saleable at yields well into double figures, but there is plenty of solid, if unfashionable income-producing stock now also coming through. In recent months banks have also been selling large packages of non-performing property loans to hedge funds, who are aggressively enforcing their security and disposing of the underlying properties.

The UK economy is bumping along the bottom, with marginal rises and falls quarter by quarter but no clear growth pattern established. Pressures in the Eurozone affect confidence and growth here, but the USA is recovering. Estimates for UK GDP growth in 2012 have been downgraded, with no more than 0.5% - 1% growth now likely at best. Manufacturing is benefiting from a competitive exchange rate but it now only represents 10% of our economy, construction remains depressed, and bank lending to small and medium sized businesses has dried up. Consumer confidence is fragile, with the full effect of the public sector job cuts only now being felt, but although inflation has stayed higher for longer than expected, it is now clearly on the way, down, both at the factory gate and retail level. However average earnings growth at 1% is still well below retail price inflation, so the squeeze on real wages will continue for most of 2012. The Bank of England Monetary Policy Committee's repeated doses of quantitative easing are unlikely to restart economic growth unless they can be targeted to small business and be part of a wider stimulus package to boost business and consumer confidence. Larger businesses generally enjoy strong balance sheets and liquidity but are reluctant to invest.

Britain's credit rating remains strong, but we still have a substantial public sector deficit which will only fall slowly so long as economic growth remains so weak. Unless and until economic recovery is clearly back on as firm a track as after previous recessions, the balance of risk and reward is clearly still in favour of safe property let at affordable rents to strong tenants on long, preferably index-linked leases.

The Portfolio

VIT's property portfolio produced a total return of 7% over the year to March, just above the IPD Monthly Index return over the same period. Over the longer term, VIT's property record against the main benchmark IPD Annual Index, which covers calendar years and returned 8% in 2011, is shown in the table on page 10.

The Cask and Glass, Victoria, London

We concentrate on properties with strong income streams to meet the fixed interest payments on our long-term debt. These have also produced good long-term capital performance. The total return on our property portfolio has averaged 11% a year over the past 3 years, 5% over 5 years, 14% over 10 years, and 15% over the 25 years since the start. These returns are well above the IPD averages

We sold a short lease property in St Andrews for £0.7m, 21% above valuation, during the year, and have sold the Hereford property at the latest valuation figure of £0.6m since the year end. The sales were at an average net yield of 6.8%. Also since the year end, we have bought a small supermarket in Devon for £0.5m at a net initial yield of 7% on a 20 year lease with R.P.I.-linked rent reviews.

Total Annual Return (%)	VIT	IPD
3 years	11	9
5 years	5	0
10 years	14	8
25 years	15	10

High Street, Kelso

The Cross, Worcester

All properties are fully let on full repairing and insuring leases, with upward only rent reviews and an average unexpired lease length of 13 years. 99% of the rental income is reviewed five yearly, with one-third index-linked.

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

Results of Independent Revaluation

The VIT property portfolio, including properties held within our subsidiary Audax Properties plc, was subject to an independent professional revaluation by Jones Lang LaSalle at 31 March 2012.

The revaluation showed a value of £48,250,000; properties within VIT were valued at £18,175,000 while Audax Properties plc totalled £30,075,000. Our properties are revalued independently every six months, at 30 September and 31 March.

They showed little change in capital value over the full year, with a marginal rise in the first half and fall in the second half year. Twenty-six of the properties valued at 31 March 2012 were freehold or the Scottish equivalent and one is held on a long lease with 45 years to run.

OLIM Property Limited

Property Portfolio

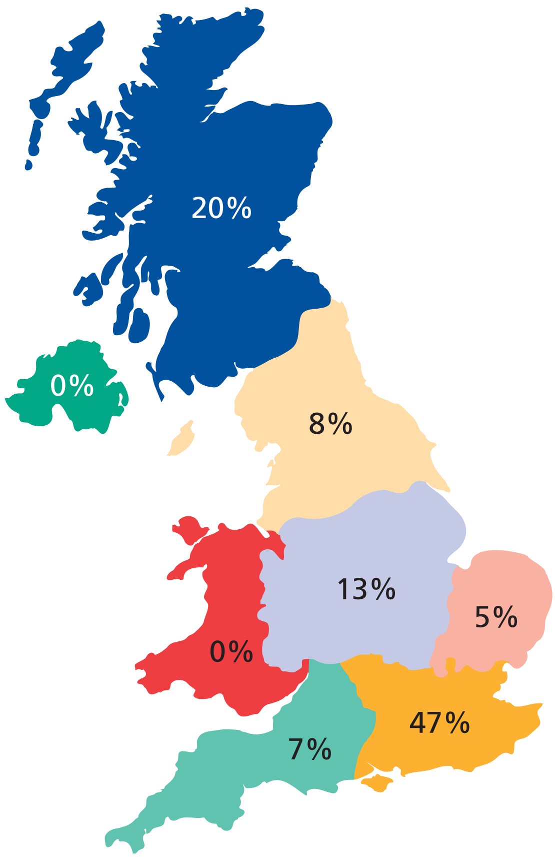
By Type

	%
High Street Shops	53
Out of Town Retail	17
Leisure	22
Industrial	8
	100

Top Ten Tenants – % of Total Rent

	%
Sytners	11
Park Resorts	11
W H Smith	10
Shepherd Neame	8
Co-op	6
Home Bargains	6
Lloyds TSB	6
Satair	6
New Look	4
99p Stores	4
Metalrax	3
	75

By Region



Cumnor Hill, Oxford

High Street, Godalming

Buck Barn, Horsham

Address	Tenant
Shops	
Ayr – 83 High Street	Card Factory
Ayr – 138-140 High Street	Tesco
Birmingham – 155 High Street King's Heath	New Look
Dundee - 261 Brook Street, Broughty Ferry	M&Co and Superdrug
Elgin - 163 High Street	Poundland
Galashiels – 15-37 Channel Street	Co-op, Home Bargains and WH Smith
Godalming – 80-82 High Street	W H Smith
Haddington – 54-56 Court Street	Clydesdale Bank and Clyde and Forth Press
Kelso – 8-16 Horsemarket	M&Co and W H Smith
Lymington – 78-80 High Street	99p Stores
Melton Mowbray – 29-29B Market Place	W H Smith
Oban – 42 George Street	Edinburgh Woollen Mill
Poole – 140 High Street	A-Plan Insurance
Sevenoaks - 87-93 High Street	Santander, Oxfam, Specsavers and insurance brokers
St. Anne's-on-Sea – The Burlington Centre, St Anne's Road West	Home Bargains, Julian Graves, New Look, Retail Travel, Shoe Zone, Signet and Superdrug
Worcester – 4 The Cross	Lloyds Banking Group
Out of Town Retail	
Hereford - Harrow Road*	Magnet
Horsham – Buck Barn	Co-op and McDonald's
Oxford – 171/173 Cumnor Hill	Sytners
Leisure	
Canterbury – The Bishops Finger, 13 St Dunstan St	Shepherd Neame
Dover – St Margaret's Holiday Park, Reach Road	Park Resorts
London – The Bishops Finger, West Smithfield , EC1	Shepherd Neame
London – Cask & Glass, Palace Street, SW1	Shepherd Neame
London – The Prince of Wales, 48 Cleaver Square, SE11	Shepherd Neame
Sherborne - The Cross Keys, 88 Cheap Street	Eldridge Pope
Industrial	
Luton – Sedgwick Road	Metalrax
Rochford – 8 Purdeys Way	Satair A/S

* Sold April 2012

BUSINESS REVIEW

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

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

- Discount volatility: The Company's shares may trade at a price which represents a discount to its underlying net asset value; and
- Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Sections 1158 - 1159 of Corporation Tax Act 2010, the UKLA Listing Rules or the Companies Act 2006, could lead to a number of detrimental outcomes and reputational damage. The Audit and Management Engagement Committee monitors compliance with regulations by reviewing internal control reports from the Administrator and the Investment Managers, OLIM Limited ("OLIM") and OLIM Property Limited ("OLIM Property"), (collectively the "Managers").

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

RESULTS AND DIVIDEND

The Directors recommend that a final dividend of 4.15 pence per share (2011 – 4.0 pence) is paid on 20 July 2012 to shareholders on the register on 22 June 2012. The ex-dividend date is 20 June 2012. An interim dividend of 3.9 pence per share (2011 – 3.8 pence) was paid to shareholders on 6 January 2012.

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

	Group		Company	
	£000	Pence per share	£000	Pence per share
Revenue reserve at 31 March 2011	1,721	3.78	3	-
Net revenue earned in the year	3,640	7.99	4,561	10.01
Dividends paid and payable	(3,661)	(8.03)	(3,661)	(8.03)
Revenue reserve at 31 March 2012	**1,700**	**3.74**	**903**	**1.98**

Table 1 Group and Company revenue reserves

PRINCIPAL ACTIVITY AND STATUS

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

The Company has been approved by HM Revenue & Customs as an investment trust for the purposes of Sections 1158 - 1159 of Corporation Tax Act 2010 for the year ended 31 March 2011. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 March 2012 so as to be able to continue to obtain approval as an investment trust under Sections 1158 - 1159 of Corporation Tax Act 2010 for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporation Tax Self-Assessment regime.

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

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

Share Capital

As at 31 March 2011 and 31 March 2012, and the date of approval of this Report, the Company had 45,549,975 ordinary shares of 10p nominal in issue. Each ordinary share entitles the holder to one vote on a show of hands and, on a poll, to one vote for every share held.

Directors

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

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

The Directors take the view, in line with the AIC Code on Corporate Governance ("AIC Code"), that independence is not compromised by length of service on the Board and that experience can add significantly to the Board's strength. Accordingly, with the exception of Matthew Oakeshott and Angela Lascelles, all Directors who served during the year are considered by the Board to be independent of the Company and OLIM and free of any material relationship with OLIM. Angela Lascelles as a Director of OLIM and Matthew Oakeshott, as a Director of OLIM Property, are not considered to be independent under the UKLA Listing Rules and accordingly submit themselves annually for re-election. The Board has determined that Directors may serve for more than nine years but that any such Director should be subject to annual re-election.

David Back is retiring from the Board at the next Annual General Meeting and will therefore not be seeking re-election as a Director.

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

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

The Directors at 31 March 2012 and 1 April 2011, and their interests in the share capital of the Company, are shown in Table 2. Subsequent to 31 March 2012, David Smith's beneficial holding increased following his purchase through the VIT ISA and Share Plan of a total of 284 Ordinary shares on 23 April 2012 and 22 May 2012 respectively. With the exception of these changes to David Smith's holdings, the Directors' interests were unchanged at the date of this Report.

	31 March 2012	1 April 2011
James Ferguson	857,500	757,500
James Ferguson - Family	62,500	62,500
David Back	30,000	30,000
John Kay	139,110	139,110
John Kay - as Trustee	67,830	67,830
Angela Lascelles	500,000	500,000
Angela Lascelles - Family	250,000	250,000
Angela Lascelles - as Trustee	12,000	12,000
Matthew Oakeshott	2,689,793	2,614,793
Matthew Oakeshott - Family	2,264,792	2,189,792
David Smith	12,595	10,882

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

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

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

Directors' & Officers' Liability Insurance

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

Investment Management

During the year ended 31 March 2012, investment management of the Company's assets and responsibility for the Company's operations was delegated to OLIM Limited ("OLIM"). OLIM was employed under a contract which could be terminated by either party on giving one year's notice. OLIM received an annual investment management fee of £972,140, excluding VAT, calculated as 2/3 of 1% of the VIT Group of Companies' total assets less current liabilities ("VIT total assets").

OLIM was also entitled to a performance fee, charged wholly to capital, if the total positive returns to shareholders from their investment in VIT exceeded the total return on the FTSE All-Share Index by more than ten percentage points in any three-year period. The objective of the performance bonus was to give the investment manager ten per cent of the additional value generated for shareholders by such out-performance. Accordingly, OLIM was contractually entitled to a performance fee of £792,663 for the year ended 31 March 2012. The Directors and OLIM have agreed that a performance fee of £504,450, excluding VAT, be payable to OLIM. This figure is calculated as if total investment management fees payable to OLIM for the year ended 31 March 2012, including the performance fee, were capped at 1% of VIT total assets as under the new agreements set out on page 18.

With effect from 5 April 2012, responsibility for providing property investment management services to the Company was transferred from OLIM to OLIM Property Limited ("OLIM Property"). OLIM continues to provide equity investment management services to the Company. Under two separate investment management agreements entered into by the Company, both of which may be terminated by either party on giving one year's notice, OLIM and OLIM Property receive an investment management fee of 2/3 of 1% of VIT total assets, which is allocated 2/3 to OLIM and 1/3 to OLIM Property.

OLIM and OLIM Property are also entitled to a performance fee subject to the achievement of certain criteria. The objective is to give the Managers a performance fee of 10% of any outperformance of the VIT share price total return ("VIT SPTR") over the FTSE All-Share Index share price total return ("FTSE SPTR"), the fee only becoming payable on the excess once a minimum outperformance of 10% has been achieved since 31 March 2011.

The performance fee will be paid annually in respect of performance over the preceding three years. The fee will be payable only if the VIT SPTR has been positive over the period and, in addition, the NAV total return has been positive and has exceeded the FTSE SPTR over the period.

The maximum performance fee payable in any year will be 1/3 of 1% of total VIT assets and will be divided 1/3 to OLIM Property and 2/3 to OLIM. The fee will be wholly charged to capital.

An additional fee is payable to Aberdeen Asset Management PLC for company secretarial and administrative services.

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

Corporate Governance

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

The Directors have considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") both published in October 2010. The AIC Code, as explained by the AIC Guide, addresses the principles set out in the UK Corporate Governance Code ("UK Code") published in June 2010, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The Company has complied with the provisions of the AIC Code and UK Code, except as set out below:

The UK Code includes provisions relating to:

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

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

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

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

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

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

The Schedule of Matters Reserved includes:

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

The Board has conducted appraisals of the Chairman, the other Directors and the Board as a whole. Table 3 shows, for the year under review, the number of Board and Committee meetings attended by each Director against the total number of meetings that each Director was entitled to attend.

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

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

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

and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary.

Proxy Voting and Stewardship

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

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

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

Socially And Environmentally Responsible Investment

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

Internal Controls

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

The Directors have 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 significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- Financial;
- Operational; and
- Compliance.

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

- forecasts and management accounts are prepared which allow the Directors to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- OLIM and OLIM Property regularly report 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;
- written agreements are in place which specifically define the roles and responsibilities of OLIM, OLIM Property and Aberdeen Asset Management PLC; and
- at its meeting in May 2012, the Audit and Management Engagement Committee carried out an annual assessment of internal controls and risk management for the year ended 31 March 2012 by considering documentation from OLIM, OLIM Property and Aberdeen Asset Management PLC, including their respective internal audit and compliance functions and taking account of events since 31 March 2012.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Accountability and Audit

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

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

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to monitor the integrity of the interim management statements and annual and half-yearly financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of OLIM, OLIM Property and the third party administrators;
- to meet, if required, with the Independent Auditor to review their proposed programme of audit work and their findings. The Directors shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Independent Auditor to supply non-audit services if applicable. The Directors review the level of non-audit fees in the light of the Auditor's requirement to maintain their independence, and for the year ended 31 March 2012 these amounted to £4,600 (excluding VAT) (2011 - £3,800, excluding VAT), for the Group;
- to review an annual statement from each of OLIM, OLIM Property and Aberdeen Asset Management PLC detailing the arrangements in place within OLIM, OLIM Property and Aberdeen Asset Management PLC whereby staff may, in confidence, escalate concerns about

possible improprieties in matters of financial reporting or other matters ('whistleblowing');

- to make recommendations in relation to the appointment of the Independent Auditor and to approve their remuneration and terms of engagement; and
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification.

Matters related to management engagement include the review of the performance of OLIM and OLIM Property, their remuneration and compliance with the terms of the investment management agreements.

Going Concern

In compliance with the UKLA's Listing Rules and with reference to the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009, the Directors can report that, based on the Company's valuations of assets and liabilities, budgets and financial projections, they have satisfied themselves that the business is a going concern. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of the approval of this Report. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Shareholder	Number of shares	% held
Alliance Trust Savings Limited	3,700,996	8.1
Brewin Dolphin Securities	2,601,552	5.7
Company ISA and Share Plan	2,403,050	5.3
Smith & Williamson Holdings Limited	1,735,018	3.8
Barclays Stockbrokers	1,470,558	3.2

Table 4 Substantial interests in the Company

Substantial Interests

In addition to the Directors' interests indicated in Table 2, the Company has been notified that the shareholders listed in Table 4 are interested in 3% or more of the issued ordinary share capital of the Company as at 30 April 2012 being the latest practicable date before the approval of this Report.

Creditor Payment Policy

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

The VIT Share Plan, VIT ISA and ISA Transfer

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

Independent Auditor

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

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

Additional Information

Where not provided elsewhere in the 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.

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

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

Other than the investment management agreements with the Managers, further details of which are set out on pages 17 and 18, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Relations with Shareholders

The Directors and the Managers consider it important to understand the views of shareholders and 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 may be found on page 4.

Annual General Meeting

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

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

(a) Authority to allot Ordinary Shares

Ordinary resolution 9 will be proposed to renew the authority of the Directors to allot unissued ordinary shares up to an aggregate nominal amount of 10% of the current ordinary share capital;

(b) Limited Disapplication of the pre-emption provisions

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

(c) Repurchase of the Company's own Shares

Special resolution 11 will be proposed to authorise the Company to make market purchases of up to 14.99% of its own ordinary shares. This authority, if conferred, will only be exercised if to do so would enhance the net asset value and is in the best interests of shareholders generally.

The Annual General Meeting will be held at 12.30pm on Friday 13 July 2012 at the offices of the Secretaries, Aberdeen Asset Management PLC, 7th Floor, 40 Princes Street, Edinburgh EH2 2BY.

By order of the Board,
Aberdeen Asset Management PLC
Secretaries
Edinburgh, 8 June 2012

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

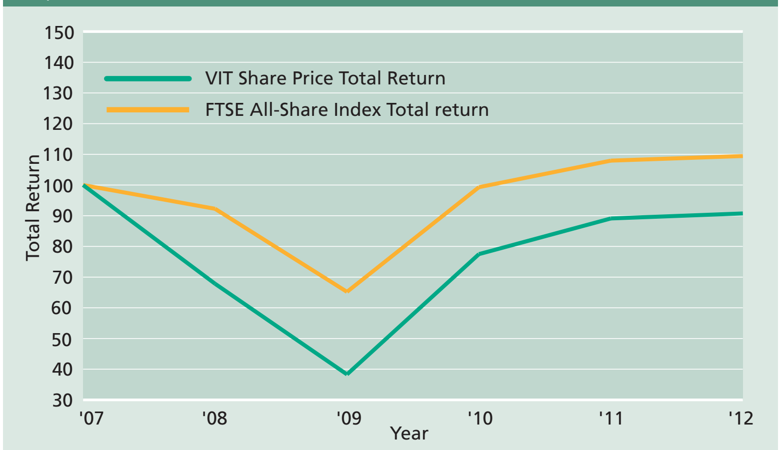
The law requires your Company's Independent Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Independent Auditor's opinion is included in their report on pages 54 and 55.

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

Audited Information - Your company's performance

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

Cummulative total return for the five year period ended 31 March 2012 (figures rebased to 100)



Source: Aberdeen Asset Management, Morningstar & Factset

Policy on directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable with that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. It is intended that this policy will continue for the year to 31 March 2013 and subsequent years.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The level of Directors' fees is reviewed annually and the last review in January 2012 did not result in any change.

Directors' service contracts

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

Directors' Remuneration for the Year (Audited)

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

	2012 £	2011 £
James Ferguson (Chairman)	17,000	17,000
David Back	12,000	12,000
John Kay	12,000	12,000
David Smith	12,000	12,000
Matthew Oakeshott *	–	–
Angela Lascelles *	–	–
	53,000	53,000

Table 5 Directors' Fees

* Angela Lascelles is a Director, and Matthew Oakeshott was a Director (until April 2012), of OLIM, which received fees, including performance fees, of £1,476,000 (2011 – £1,076,000), in respect of investment management services for the year (all figures excluding VAT).

Approval

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

By order of the Board,

Aberdeen Asset Management PLC

Secretaries

Edinburgh, 8 June 2012

Group Statement Of Comprehensive Income

For the year ended 31 March

	Notes	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
INVESTMENT INCOME							
Dividend income	2	4,459	–	4,459	3,823	–	3,823
Rental income		3,398	–	3,398	3,573	–	3,573
Interest income on short-term deposits		1	–	1	2	–	2
OTHER OPERATING INCOME		3,399	–	3,399	3,575	–	3,575
OTHER COMPREHENSIVE INCOME							
Unrealised losses on investment properties	9	–	(798)	(798)	–	(58)	(58)
	2	7,858	(798)	7,060	7,398	(58)	7,340
GAINS AND LOSSES ON INVESTMENTS							
Realised gains on held-at-fair-value investments	9	–	105	105	–	3,090	3,090
Unrealised gains on held-at-fair-value investments	9	–	3,782	3,782	–	5,743	5,743
TOTAL INCOME		7,858	3,089	10,947	7,398	8,775	16,173
EXPENSES							
Investment management fees	3	(292)	(1,184)	(1,476)	(290)	(786)	(1,076)
Other operating expenses	4	(421)	–	(421)	(457)	–	(457)
FINANCE COSTS	5	(3,505)	–	(3,505)	(3,501)	–	(3,501)
TOTAL EXPENSES		(4,218)	(1,184)	(5,402)	(4,248)	(786)	(5,034)
PROFIT BEFORE TAX		3,640	1,905	5,545	3,150	7,989	11,139
TAXATION	6	–	182	182	–	221	221
PROFIT FOR THE PERIOD		3,640	2,087	5,727	3,150	8,210	11,360
EARNINGS PER ORDINARY SHARE (PENCE)	7	7.99	4.58	12.57	6.92	18.02	24.94

The Board is proposing a final dividend of 4.15p per share, making total dividends of 8.05p per share for the year ended 31 March 2012 (2011: 7.8p per share) which, if approved, will be payable on 20 July 2012 (see note 8).

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

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

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

Company Statement Of Comprehensive Income

For the year ended 31 March

	Notes	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
INVESTMENT INCOME							
Dividend income	2	5,609	–	5,609	4,073	–	4,073
Rental income		1,277	–	1,277	1,261	–	1,261
OTHER OPERATING INCOME		1,277	–	1,277	1,261	–	1,261
OTHER COMPREHENSIVE INCOME							
Unrealised gains/(losses) on investment properties	9	–	70	70	–	(258)	(258)
	2	6,886	70	6,956	5,334	(258)	5,076
GAINS AND LOSSES ON INVESTMENTS							
Realised (losses)/gains on held-at-fair-value investments	9	–	(97)	(97)	–	3,116	3,116
Unrealised gains on held-at-fair-value investments	9	–	2,150	2,150	–	6,058	6,058
TOTAL INCOME		6,886	2,123	9,009	5,334	8,916	14,250
EXPENSES							
Investment management fees	3	(194)	(957)	(1,151)	(194)	(560)	(754)
Other operating expenses	4	(280)	–	(280)	(330)	–	(330)
FINANCE COSTS	5	(1,852)	–	(1,852)	(1,851)	–	(1,851)
TOTAL EXPENSES		(2,326)	(957)	(3,283)	(2,375)	(560)	(2,935)
PROFIT BEFORE TAX		4,560	1,166	5,726	2,959	8,356	11,315
TAXATION	6	1	–	1	45	–	45
PROFIT FOR THE PERIOD		4,561	1,166	5,727	3,004	8,356	11,360
EARNINGS PER ORDINARY SHARE (PENCE)	7	10.01	2.56	12.57	6.59	18.35	24.94

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

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

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

Group statement of financial position

At 31 March

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
ASSETS					
NON CURRENT ASSETS					
Investments held at fair value through profit or loss	9		101,197		99,431
Investment properties held at fair value through profit or loss	9		48,250		49,825
			149,447		149,256
CURRENT ASSETS					
Cash and cash equivalents		3,726		2,344	
Other receivables	10	277		300	
			4,003		2,644
TOTAL ASSETS			153,450		151,900
CURRENT LIABILITIES					
Other payables	11		(2,114)		(2,493)
TOTAL ASSETS LESS CURRENT LIABILITIES			151,336		149,407
NON-CURRENT LIABILITIES					
Debenture stock	12	(35,349)		(35,372)	
Deferred tax	13	(390)		(572)	
			(35,739)		(35,944)
NET ASSETS			115,597		113,463
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS					
Called up share capital	14		4,555		4,555
Share premium	15		18,446		18,446
Retained earnings	16		92,596		90,462
TOTAL EQUITY			115,597		113,463
NET ASSET VALUE PER ORDINARY SHARE	17		253.78p		249.10p

These financial statements were approved by the Board on 8 June 2012 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN
MATTHEW OAKESHOTT, DIRECTOR

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

Company statement of financial position

At 31 March

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
ASSETS					
NON CURRENT ASSETS					
Investments held at fair value through profit or loss	9		115,713		115,579
Investment properties held at fair value through profit or loss	9		18,175		16,675
			133,888		132,254
CURRENT ASSETS					
Cash and cash equivalents		3,320		2,384	
Other receivables	10	276		322	
			3,596		2,706
TOTAL ASSETS			137,484		134,960
CURRENT LIABILITIES					
Other payables	11		(1,538)		(1,125)
TOTAL ASSETS LESS CURRENT LIABILITIES			135,946		133,835
NON-CURRENT LIABILITIES					
Debenture stock	12	(20,349)		(20,372)	
Deferred tax	13	–		–	
			(20,349)		(20,372)
NET ASSETS			115,597		113,463
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS					
Called up share capital	14		4,555		4,555
Share premium	15		18,446		18,446
Retained earnings	16		92,596		90,462
TOTAL EQUITY			115,597		113,463
NET ASSET VALUE PER ORDINARY SHARE	17		253.78p		249.10p

These financial statements were approved by the Board on 8 June 2012 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN
MATTHEW OAKESHOTT, DIRECTOR

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

Statement of Changes in Equity

For the year ended 31 March

	Notes	Share capital £000	Share Premium £000	Retained earnings £000	Total £000
			2012		
GROUP					
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
Net profit for the year		–	–	5,727	5,727
Dividends paid	8	–	–	(3,593)	(3,593)
Net assets at 31 March 2012		4,555	18,446	92,596	115,597
COMPANY					
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
Net profit for the year		–	–	5,727	5,727
Dividends paid	8	–	–	(3,593)	(3,593)
Net assets at 31 March 2012		4,555	18,446	92,596	115,597

	Notes	Share capital £000	Share Premium £000	Retained earnings £000	Total £000
			2011		
GROUP					
Net assets at 31 March 2010		4,555	18,446	82,564	105,565
Net profit for the year		–	–	11,360	11,360
Dividends paid	8	–	–	(3,462)	(3,462)
Net assets at 31 March 2011		4,555	18,446	90,462	113,463
COMPANY					
Net assets at 31 March 2010		4,555	18,446	82,564	105,565
Net profit for the year		–	–	11,360	11,360
Dividends paid	8	–	–	(3,462)	(3,462)
Net assets at 31 March 2011		4,555	18,446	90,462	113,463

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

Group Statement Of Cashflows

For the year ended 31 March

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
Cash flows from operating activities					
Dividend income received			4,413		3,783
Rental income received			3,379		3,595
Interest received			1		139
Operating expenses paid			(1,445)		(1,506)
NET CASH FROM OPERATING ACTIVITIES	18		6,348		6,011
Cash flows from investing activities					
Purchase of investments		(10,416)		(15,352)	
Sale of investments		12,571		13,002	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			2,155		(2,350)
Cash flow from financing activities					
Interest paid		(3,528)		(3,525)	
Dividends paid	8	(3,593)		(3,462)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(7,121)		(6,987)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			1,382		(3,326)
Cash and cash equivalents at 1 April 2011			2,344		5,670
Cash and cash equivalents at 31 March 2012			3,726		2,344

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

Company Statement Of Cashflows

For the year ended 31 March

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
Cash flows from operating activities					
Dividend income received			5,563		4,033
Rental income received			1,308		1,218
Interest received			–		136
Operating expenses paid			(1,001)		(1,025)
NET CASH FROM OPERATING ACTIVITIES	18		5,870		4,362
Cash flows from investing activities					
Purchase of investments		(9,629)		(14,335)	
Sale of investments		10,118		12,143	
Increase in loan to subsidiary		45		–	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			534		(2,192)
Cash flow from financing activities					
Interest paid		(1,875)		(1,875)	
Dividends paid	8	(3,593)		(3,462)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(5,468)		(5,337)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			936		(3,167)
Cash and cash equivalents at 1 April 2011			2,384		5,551
Cash and cash equivalents at 31 March 2012			3,320		2,384

The notes on pages 33 to 52 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 reporting currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates.

(a) Basis of preparation

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

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

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Business Review section of the Directors' Report on page 15. The financial position of the Group as at 31 March 2012 is shown in the Statement of Financial Position on page 28. The cash flows of the Group for the year ended 31 March 2012, which are not untypical, are set out on page 31. The Group had fixed debt totalling £35,349,000 as at 31 March 2012, as set out in Note 12; none of the borrowings is repayable before 2021. The Group had no short term borrowings. Note 20 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 2012, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over four. The assets of the Group consist mainly of securities and investment properties that are held in accordance with the Group's investment policy, as set out on page 1. Most of these securities are readily realisable, even in volatile markets. The Directors, who have reviewed carefully the Group's forecasts for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

1 Accounting policies – continued

(c) Basis of consolidation

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

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

(d) Presentation of Statement of Comprehensive Income

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

(e) Income

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

Where the Group has elected to receive dividend income in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the income statement.

Interest receivable from cash and short term deposits and interest payable is accrued to the end of the period.

Rental income is recognised on a straight line basis over the period of the relevant lease. Lease incentives, where material, are spread evenly over the term of the lease. Other income is recognised as earned.

1 Accounting policies – continued

(f) Expenses and Finance Costs

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

(g) Taxation

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

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

(h) Dividends payable

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

(i) Investments

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

1 Accounting policies – continued

As disclosed in Note 20, 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 Jones Lang LaSalle, Chartered Surveyors and Valuers, and in accordance with the RICS Valuation Professional Standards.

(j) Cash and cash equivalents

Cash and cash equivalents comprises deposits held with banks.

(k) Non - current liabilities

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

(l) Adoption of new and revised Accounting Standards

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

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

2 Income

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Investment Income				
Dividends from listed investments in UK - franked	4,197	4,197	3,715	3,715
Dividends from listed investments in UK - unfranked	262	262	108	108
Dividends from subsidiary - franked	–	1,150	–	250
	4,459	5,609	3,823	4,073
Other operating income				
Rental income	3,398	1,277	3,573	1,261
Interest receivable on short term deposits	1	–	2	–
Total income	7,858	6,886	7,398	5,334

3 Investment management fee

	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
Group						
Investment management fee	292	680	972	290	677	967
Performance fee	–	504	504	–	109	109
	292	1,184	1,476	290	786	1,076
Company						
Investment management fee	194	453	647	194	451	645
Performance fee	-	504	504	–	109	109
	194	957	1,151	194	560	754

A summary of the terms of the management agreements are given on pages 17 and 18 of the Directors' Report.

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
4 Other operating expenses				
Auditors' remuneration				
- audit	17	12	17	12
- other non-audit services	2	2	1	1
- taxation services	4	3	4	3
- out of pocket expenses	1	1	1	1
Directors' fees	53	53	53	53
Employer's NIC on Directors' fees	3	3	4	4
Fees for company secretarial services	142	94	135	90
Direct property costs	30	(7)	57	12
Other expenses	169	119	185	154
	421	280	457	330

Non executive Directors' fees comprise the Chairman's fees of £17,000 (2011 - £17,000) and fees of £12,000 (2011 - £12,000) per annum paid to each other non-executive Director.

The executive Directors who served during the year received no emoluments directly from the company (2011 - nil).

Angela Lascelles is a Director, and Matthew Oakeshott was a Director (until April 2012), of OLIM which received an investment management fee of £972,000 (2011 - £967,000) and a performance fee of £504,000 (2011 - £109,000), the basis of calculation of which is given on page 17.

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

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
5 Finance costs				
Interest payable on:				
11% First Mortgage Debenture Stock 2021	1,650	–	1,650	–
9.375% Debenture Stock 2026	1,875	1,875	1,875	1,875
Less amortisation of issue premium	(23)	(23)	(24)	(24)
Other interest payable	3	–	–	–
	3,505	1,852	3,501	1,851

	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
6 Taxation						
a) Analysis of the tax credit for the year:						
Group						
Corporation tax payable	–	–	–	–	–	–
Decrease in deferred tax provision	–	(182)	(182)	–	(221)	(221)
	–	(182)	(182)	–	(221)	(221)
Factors affecting the current tax credit for year:						
Revenue / capital return on ordinary activities before tax			5,545			11,139
Tax thereon at 24% (2011 - 26%)			1,331			2,896
Effects of:						
Non taxable dividends			(1,070)			(994)
(Gains)/losses on investments not taxable			(879)			(2,445)
Excess expenses not utilised			480			379
Decrease in rate of deferred tax			(44)			(57)
			(182)			(221)

The applicable tax rate used of 24% (2011 – 26%) is that relating to deferred tax (rate substantially enacted at 31 March) as the Group has no current corporation tax liability.

	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
Company						
Group relief receivable	(1)	–	(1)	(45)	–	(45)
	(1)	–	(1)	(45)	–	(45)
Factors affecting the current tax credit for year:						
Revenue / capital return on ordinary activities before tax			5,726			11,315
Tax thereon at 24% (2011 - 26%)			1,374			2,942
Effects of:						
Non taxable dividends			(1,346)			(1,059)
(Gains)/losses on investments not taxable			(510)			(2,318)
Excess expenses not utilised			481			379
Difference in corporation tax rates			–			11
			(1)			(45)

The applicable tax rate used of 24% (2011 – 26%) is that relating to deferred tax (rate substantially enacted at 31 March) as the Company has no current corporation tax liability.

6 Taxation – continued

b) Factors affecting the tax charge for the year

The Company has losses for tax purposes arising in the year of £2,004,000 (2011 - £1,459,000). Under current legislation, it is unlikely that these losses will be capable of offset against the Group's future taxable profits.

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

c) Factors affecting future tax charges

Both the Company and Audax Properties plc have deferred tax assets of £4,535,000 (2011 - £4,389,000) and £nil (2011 - £3,000) respectively at 31 March 2012 relating to total accumulated unrelieved tax losses carried forward of £18,896,000 (2011 - £16,881,000). These have not been recognised in the accounts as it is unlikely that they will be capable of offset against the Group's future taxable profits.

7 Return per ordinary share

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
The return per ordinary share is based on the following figures:				
Revenue return	3,640	4,561	3,150	3,004
Capital return	2,087	1,166	8,210	8,356
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Return per share - revenue	7.99p	10.01p	6.92p	6.59p
Return per share - capital	4.58p	2.56p	18.02p	18.35p
Total return per share	12.57p	12.57p	24.94p	24.94p

8 Dividends

	2012 £000	2011 £000
Dividends on ordinary shares:		
Final dividend of 4.0p per share (2011 - 3.8p) paid 15 July 2011	1,822	1,731
Interim dividend of 3.9p per share (2011 - 3.8p) paid 6 January 2012	1,776	1,731
Unclaimed dividends refunded by Registrar	(5)	–
Dividends paid in the period	3,593	3,462

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

8 Dividends – continued

Set out below is the total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158 - 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £4,561,000 (2011 - £3,004,000).

	2012 £000	2011 £000
Interim dividend for the year ended 31 March 2012 - 3.9p (2011 - 3.8p) paid 6 January 2012	1,776	1,731
Unclaimed dividends refunded by Registrar	(5)	–
Proposed final dividend for the year ended 31 March 2012 - 4.15p (2011 - 4.0p) payable 20 July 2012	1,890	1,822
	3,661	3,553

9 Investments

	Equities £000	Investment properties £000	Total £000
Group			
Cost at 31 March 2011	76,278	33,461	109,739
Unrealised appreciation	23,153	16,364	39,517
Valuation at 31 March 2011	99,431	49,825	149,256
Purchases	7,934	89	9,673
Sales proceeds	(9,404)	(1,517)	(12,571)
Realised (losses)/gains on sales	(546)	651	105
Movement in unrealised appreciation in year	3,782	(798)	2,984
Valuation at 31 March 2012	101,197	48,250	149,447
Company			
Cost at 31 March 2011	76,303	11,759	88,062
Unrealised appreciation	39,276	4,916	44,192
Valuation at 31 March 2011	115,579	16,675	132,254
Purchases	7,934	1,695	9,629
Sales proceeds	(9,404)	(714)	(10,118)
Realised (losses)/gains on sales	(546)	449	(97)
Movement in unrealised appreciation in year	2,150	70	2,220
Valuation at 31 March 2012	115,713	18,175	133,888

9 Investments – continued

Transaction costs

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

	2012 £000	2011 £000
Purchases	46	71
Sales	19	15
	65	86

10 Other receivables

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Amounts falling due within one year:				
Dividends receivable	258	258	212	212
Amounts due from subsidiary	–	1	–	45
Prepayments and accrued income	19	17	88	65
	277	276	300	322

The amount due from the subsidiary relates to an inter-company adjustment for group relief (2011 - £45,000).

11 Other payables

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Value Added Tax payable	132	53	136	56
Amounts due to OLIM Limited	585	558	191	164
Accruals and other creditors	1,397	927	2,166	905
	2,114	1,538	2,493	1,125

The amounts due to OLIM Limited comprise management fees for the month of March 2012 and a performance fee for the year to 31 March 2012, subsequently paid in May 2012.

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
12 Non-current liabilities				
9.375% Debenture Stock 2026	20,000	20,000	20,000	20,000
Add:- Balance of premium less issue expenses	372	372	396	396
Less : Credit to income for the year	(23)	(23)	(24)	(24)
	20,349	20,349	20,372	20,372
11% First Mortgage Debenture Stock 2021	15,000	–	15,000	–
	35,349	20,349	35,372	20,372

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

The Trust Deed of the Audax Properties plc Debenture Stock contains four covenants with which the Company must comply; the assets which are subject to charge and which secure the Debenture Stock may be owned by either Audax Properties plc or its parent company, Value and Income Trust PLC. Firstly, the value of the assets should not be less than one and one-half times the amount of the Debenture Stock; secondly, the rental income from the assets should not be less than one and one-half times the annual interest of the Debenture Stock (£1.65 million); thirdly, not more than 20 per cent. of the total value of the assets should be attributable to a single property; and finally, not more than 10 per cent. of the assets should be attributable to leaseholds having an unexpired term of less than 50 years.

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

The Trust Deed of the Value and Income Trust PLC Debenture Stock contains restrictions and events of default. The restrictions require that the aggregate group borrowings, £35 million, must not at any time exceed the total group capital and reserves (equivalent to net assets of £115.60 million as at 31 March 2012).

13 Deferred tax

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Opening balance at 31 March 2011	572	–	793	–
(Decrease)/increase in deferred tax provision (see note 6)				
- effect of reduction in tax rate on opening balance	(44)	–	(57)	–
- current year movement	(138)	–	(164)	–
Closing balance at 31 March 2012	390	–	572	–
Calculated as follows:				
Unrealised gains subject to tax on realisation	1,955	–	2,744	–
Less capital losses previously realised	(332)	–	(544)	–
	1,623	–	2,200	–
Whereof 24% (2011 - 26%)	390	–	572	–

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

14 Ordinary share capital

	2012 £000	2011 £000
Authorised:		
56,000,000 ordinary shares of 10p each (2011 - 56,000,000)	5,600	5,600
Called up, issued and fully paid:		
45,549,975 ordinary shares of 10p each (2011 - 45,549,975)	4,555	4,555

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
15 Share premium				
Opening balance	18,446	18,446	18,446	18,446

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
16 Retained Earnings				
Opening balance at 31 March 2011	90,462	90,462	82,564	82,564
Profit for the period	5,727	5,727	11,360	11,360
Dividends paid (see note 8)	(3,593)	(3,593)	(3,462)	(3,462)
Closing balance at 31 March 2012	92,596	92,596	90,462	90,462

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

	2012 Revenue £000	2012 Capital £000	2012 Total £000	2011 Revenue £000	2011 Capital £000	2011 Total £000
Group						
Opening balance at 31 March 2011	3,543	86,919	90,462	3,855	78,709	82,564
Profit for the period	3,640	2,087	5,727	3,150	8,210	11,360
Dividends paid (see note 8)	(3,593)	–	(3,593)	(3,462)	–	(3,462)
Closing balance at 31 March 2012	3,590	89,006	92,596	3,543	86,919	90,462
Company						
Opening balance at 31 March 2011	1,825	88,637	90,462	2,283	80,281	82,564
Profit for the period	4,561	1,166	5,727	3,004	8,356	11,360
Dividends paid (see note 8)	(3,593)	–	(3,593)	(3,462)	–	(3,462)
Closing balance at 31 March 2012	2,793	89,803	92,596	1,825	88,637	90,462

17 Net asset value per equity share

The net asset value per ordinary share is based on Group's net assets attributable of £115,597,000 (2011 - £113,463,000) and on 45,549,975 (2011 - 45,549,975) ordinary shares in issue at the year end.

The net asset value per ordinary share, based on the net assets of the Group adjusted for borrowings at market value (see note 20) is 227.58p (2011 - 233.67p).

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

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Income from operations before tax	10,947	9,009	16,173	14,250
Gains and losses on investments	(3,089)	(2,123)	(8,775)	(8,916)
Investment management fee	(1,476)	(1,151)	(1,076)	(754)
Other operating expenses	(421)	(280)	(457)	(330)
Decrease in receivables	23	2	25	39
Increase in other payables	364	413	121	73
Net cash from operating activities	6,348	5,870	6,011	4,362

19 Related Party Transactions

Angela Lascelles is a Director, and Matthew Oakeshott was a Director (until April 2012), of OLIM Limited which had an agreement with the Company to provide investment management services, the terms of which are outlined on pages 17 and 18 and in Note 3.

As a result of a management buyout of the property management side of the Company's investment managers, OLIM Limited, the Company has agreed terms to split its investment management contract between OLIM Limited, which will continue to manage the Company's equity portfolio and OLIM Property Limited, which will manage the Group's property portfolio. The new agreements, further details of which are disclosed on pages 17 and 18, are effective from 19 April 2012.

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

Two properties were transferred at an arms length price of £1.65m from Audax Properties plc to Value and Income Trust PLC during the year. A dividend of £1.15m was paid by Audax Properties plc to Value and Income Trust PLC.

20 Financial instruments

Risk management

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

20 Financial instruments – continued

The Managers have dedicated investment management processes which ensure that the Investment Policy set out on page 1 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 the Managers' Investment Committees.

Additionally, the Managers' Compliance Officers continually monitor the Group's investment and borrowing powers and reports to their respective Manager's Risk Management Committee.

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. The numerical disclosures exclude short-term debtors and creditors.

(i) Market risk

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

Price risk

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

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

Price risk sensitivity

If market prices at the date of the Statement of Financial Position had been 10% higher or lower, while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 March 2012 would have increased/decreased by £14,223,000 (2011 - increase/ decrease of £14,003,000) and equity reserves would have increased/ decreased by the same amount.

Interest rate risk

Interest rate movements may affect:

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

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

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise debenture stock, providing secure long term funding. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of between 25% and 40%. Details of borrowings at 31 March 2012 are shown in note 12.

20 Financial instruments – continued

Interest risk profile

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 March 2012				
Assets:				
Sterling	–	–	–	3,726
Total assets	–	–	–	3,726
At 31 March 2012				
Liabilities:				
Sterling	12	10.07	35,000	–
Total liabilities	12	10.07	35,000	–
At 31 March 2011				
Assets:				
Sterling	–	–	–	2,344
Total assets	–	–	–	2,344
At 31 March 2011				
Liabilities:				
Sterling	13	10.07	35,000	–
Total liabilities	13	10.07	35,000	–

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

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

Interest rate sensitivity

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

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

- profit for the year ended 31 March 2012 would increase/decrease by £23,000 (2011 - increase/decrease by £57,000). This is mainly attributable the Group's exposure to interest rates on its floating rate cash balances.

20 Financial instruments – continued

- 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.

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.

	Carrying value £000	Expected cashflows £000	Due within 3 months £000	Due between 3 months and 1 year £000	Due after 1 year £000
Debentures	35,625	77,975	938	2,587	74,450
Other payables	768	768	768	-	-
Total	36,393	78,743	1,706	2,587	74,450

(iii) Credit risk

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

The risk is not significant and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager and limits are set on the amount that may be due from any one broker.

20 Financial instruments – continued

- 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. The Manager's Compliance Officer carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held.
- cash is held only with reputable banks with high quality external credit ratings.

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

Credit risk exposure

In summary, compared to the amounts on the group statement of financial position, the maximum exposure to credit risk at 31 March was as follows:

	2012		2011	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments held at fair value through profit or loss	149,447	152,598	149,256	148,572
Current assets				
Cash and cash equivalents	3,726	4,691	2,344	5,887
Other receivables	277	1,112	300	715
	153,450	158,401	151,900	155,174

(iv) Property Risk

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

Against that background, the specific risks to the income from the portfolio are tenants being unable to pay their rents and other charges, or leaving their properties at the end of their leases. All leases are on full repairing and insuring terms, with upward only rent reviews and the average unexpired lease length is 14 years (2011 - 14 years). Details of the tenants and geographical spread of the portfolio are set out on pages 12 to 14. The long term record of performance through the varying property cycles since 1987 is set out on page 10. OLIM 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 2012, the future minimum lease receipts under non-cancellable leases are as follows:-

	2012 £000	2011 £000
Due within 1 year	133	180
Due between 2 and 5 years	1,187	2,115
Due after more than 5 years	42,819	36,025
	44,139	38,320

This amount comprises the total contracted rent receivable as at 31 March 2012.
None of the Group's financial assets is past due or impaired.

20 Financial instruments – continued

Fair values of financial assets and financial liabilities

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

(i) Fair value hierarchy disclosures

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

At 31 March 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	101,197	–	–	101,197

At 31 March 2011	£'000	£'000	£'000	£'000
Equity investments	99,431	–	–	99,431

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

Level 1 - valued using quoted prices in an active market for identical assets
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

There were no transfers between levels during the year.

(ii) Borrowings

The fair value of borrowings has been calculated at £47,285,000 as at 31 March 2012 (2011 - £42,401,000) compared to a balance sheet value in the financial statements of £35,349,000 (2011 - £35,372,000) per note 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. All other assets and liabilities of the Group are included in the balance sheet at fair value.

	Fair value		Carrying value	
	2012	2011	2012	2011
	£000	£000	£000	£000
11% First Mortgage Debenture Stock 2021	20,845	19,063	15,000	15,000
9.375% Debenture Stock 2026	26,440	23,338	20,349	20,372
	47,285	42,401	35,349	35,372

21 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; and
- 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 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 note 12.

22 Events after the Balance Sheet Date

On 13 April 2012, a property at 15-16 Lee Road, Lynton, Devon was purchased at a total cost of £514,000. On 26 April, 2012, the property at 4 Harrow Road, Hereford was sold at a price of £600,000; the property was valued at £600,000 at the year end.

Statement of Directors' Responsibilities

in respect of the Annual Report, the Directors' Remuneration Report and the Financial Statements

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the European Union IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statement

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

- the Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' 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.

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

James Ferguson
Chairman
8 June 2012

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

We have audited the financial statements of Value and Income Trust PLC for the year ended 31 March 2012 which comprise the Group and Company statements of comprehensive income, the Group and Company statements of financial position, the Group and Company statement of cashflows, the Group and Company statement of changes in equity and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities on page 53, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

EMPHASIS OF MATTER

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 22, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on directors' remuneration.

Malcolm Beveridge BA CA (Senior Statutory Auditor)

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

61 Dublin Street

Edinburgh EH3 6NL

8 June 2012

How to Invest in Value and Income Trust PLC

Direct

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

Value and Income Trust Share Plan

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

Value and Income Trust ISA

Through the Value and Income Trust ISA (the "ISA"), an investment of up to £11,280 in Value and Income Trust PLC may be made in the 2012/2013 tax year.

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

ISA Transfer

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

Literature Request Service

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

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

How to Invest in Value and Income Trust PLC

Keeping you Informed

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

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

Customer Services

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

Value and Income Trust PLC
Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex, CM99 2DB

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

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

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

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

Note

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

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

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Value and Income Trust PLC (the "Company") will be held at 7th Floor, 40 Princes Street, Edinburgh EH2 2BY on Friday 13 July 2012 at 12.30pm, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 inclusive will be proposed as ordinary resolutions and resolutions 10 and 11 inclusive will be proposed as special resolutions:

Ordinary Business

1. To receive the reports of the Directors and Independent Auditor and the financial statements for the year ended 31 March 2012.

2. To approve the Directors' Remuneration Report for the year ended 31 March 2012.

3. To approve a final dividend of 4.15p payable on the Ordinary shares.

4. To re-elect Angela Lascelles as a Director of the Company.

5. To re-elect Matthew Oakeshott as a Director of the Company.

6. To re-elect James Ferguson as a Director of the Company.

7. To re-elect John Kay as a Director of the Company.

8. To re-appoint Chiene + Tait as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the Independent Auditor for the year to 31 March 2013.

Special Business

9. Authority to Allot Shares
   That the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £455,499 (representing 10 per cent. of the ordinary share capital in issue as at the date of this Notice) provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2013 or on 30 September 2013 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

10. Disapplication of Pre-emption Rights
    That, subject to the passing of resolution number 9 set out above, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 ("the Act"), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 9 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 (representing 10 per cent. of the ordinary share capital in issue as at the date of this Notice); and

(ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of ordinary shares held by them on a record date fixed by the directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2013, or on 30 September 2013 (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.

11. Authority to Make Market Purchases of Shares

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

(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;

(ii) the minimum price which may be paid for an ordinary share shall be 10p (exclusive of expenses);

(iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of:

(a) 5% above the average of the middle market quotations of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and

(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 2013 or on 30 September 2013 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement; and

(v) any ordinary shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Act and any applicable regulations of the United Kingdom Listing Authority, be held or otherwise dealt with as permitted by the Companies Act 2006 as Treasury Shares.

By order of the Board
Aberdeen Asset Management PLC
Secretaries
8 June 2012

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

Notes:

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

(ii) A personalised form of proxy, and reply-paid envelope, is enclosed for ordinary shareholders. For holders of shares in the Company via the VIT Share Plan or the VIT ISA, a personalised form of direction is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive not less than forty eight hours (excluding non-working days) before the time fixed for the meeting.

(iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST 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 6 p.m. on 11 July 2012 or if this meeting is adjourned, at 6 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting

(x) As at 8 June 2012 (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 8 June 2012, was 45,549,975.

(xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xiii) Biographical details of the Directors standing for re-election are set out on page 4 of this Report.

(xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number or website address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the

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

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

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

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