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VALUE AND INCOME TRUST PLC
ANNUAL REPORT 2008

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FINANCIAL CALENDAR

11 January 2008	Interim Ordinary dividend per share of 3 7p paid for year ended 31 March 2008
28 May 2008	Announcement of preliminary results for year ended 31 March 2008
11 July 2008	Annual General Meeting, London
18 July 2008	Proposed Final Ordinary dividend per share of 3 7p payable for year ended 31 March 2008
November 2008	Announcement of Half Yearly Report for six months ended 30 September 2008
January 2009	Interim Ordinary dividend payable for year to 31 March 2009

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

AIMS OF THE COMPANY

Value and Income Trust ('VIT') is a specialist United Kingdom investment trust designed for both institutional and private investors 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's aim is long term real growth in dividends and capital value.

INVESTMENT POLICY

VIT's policy is to invest in quoted UK equities, UK commercial property and cash or near cash securities. It is VIT's policy not normally to invest in overseas shares or in unquoted companies. UK equities should 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 those 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, 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

- Share price total return of 32.2% over one year and +0.8% over three years (FTSE All Share Index total return 7.7% and +31.3%)
- Net Asset Value total return (with debt at market value) of 15.6% over one year and +28.4% over three years
- Dividends for year up 10.4% – 21st consecutive year of increase

CORPORATE SUMMARY

LONG TERM RECORD

	30 Sept 1986*	31 Mar 1987	31 Mar 1988	31 Mar 1999	31 Mar 2000	31 Mar 2001	31 Mar 2002	31 Mar 2003	31 Mar 2004	31 Mar 2005	31 Mar 2006	31 Mar 2007	31 Mar 2008
NAV (valuing debt at par) (p)#	44.0	55.1	60.5	167.0	173.3	177.4	185.3	138.8	170.9	213.7	260.6	299.0	251.0
NAV (valuing debt at market) (p)#	n/a	n/a	n/a	132.6	140.3	150.9	166.3	118.8	151.9	188.7	226.9	271.1	222.7
Ordinary share price (p)	42.0	52.0	54.0	116.5	131.0	136.5	152.5	114.0	143.3	181.0	227.0	253.0	166.0
Dividend per share (p)	n/a	1.3	1.44	5.0	5.2	5.4	5.6	5.8	6.0	6.2	6.4	6.7	7.4
Total assets less current liabilities (£m)	17.4	24.8	39.2	111.7	114.6	116.4	120.0	98.8	113.4	134.4	156.8	175.0	151.8

* 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

LONG TERM RECORD COMPOUND ANNUAL GROWTH RATES (%)*

To 31 March	Net Asset Value	FTSE All-Share Index	Dividend	Retail Prices Index
1 Year	(16.0)	(10.8)	10.4	3.8
3 Years	5.5	6.0	6.1	3.6
5 Years	12.6	11.0	5.0	3.3
10 Years	4.0	0.5	4.4	2.8
20 Years	7.4	6.1	8.5	3.6

* Capital return, net asset value calculated with debt at par

CHAIRMAN'S STATEMENT

Value and Income Trust had a difficult year. Over the twelve months to 31 March 2008 the net asset value total return per share fell by 15.6% with debt valued at market price and by 14.0% with debt valued at par. The FTSE All Share (total return) Index fell by 7.7% over the same period. As the discount to net asset value widened, the share price total return fell by 32.2% over the year but rose by 0.8% over the three years ended 31 March 2008. Whilst the result for the year was disappointing, it came about for understandable reasons which are set out in the Investment Managers' Report on pages 5 to 14, this should be seen in the context of the previous successful four years in each of which OLIM earned a performance fee. Over five years the net asset value total return (that is taking the growth in asset value and dividend together) has more than doubled, rising by 107% (Source: Fundamental Data).

The proposed final dividend of 3.7p per share would make total dividends for the year of 7.4p, an increase of 10.4%, and would be payable on 18 July 2008 for shareholders on the register on 20 June 2008. The ex dividend date will be 18 June 2008. The cover for the proposed dividend and the transfers to revenue reserves are shown in Table 1 on page 15.

Those of you who have been shareholders for some years will recall that recently we were permitted by the Listing Rules of the Financial Services Authority to have only one director of VIT who is also an employee of OLIM. This requirement was removed in March and consequently we are allowed to have both Angela Lascelles and Matthew Oakeshott as Joint Managing Directors on the Board. I am pleased to report that this means that we have been able to restore the successful formula which was established when the Trust was reconstructed in its present form in 1986.

However, we continue to be required, on this occasion by International Financial Reporting

Standards, to provide in our Balance Sheet for a deferred tax charge of £2.0 million which is caused by a potential liability to capital gains within our subsidiary company, Audax Properties plc. As I indicated last year it is unlikely that this tax will have to be paid in the foreseeable future because of our policy of long term investment in property. This provision reduces the net asset value per share which is announced to the Stock Exchange. For example on 31 March 2008, the net asset value per share was reduced by 4.4p to 251.0p per share (valuing debt at par).

We continue to believe that the outlook is for real growth in dividends from our equity investments. These were yielding 4.5% (net) on average at 31 March 2008. In the short term this presents a better opportunity for new investment than property and consequently the percentage in equities is as high as it has been since the reconstruction of the company. However, as you will see from the property report on pages 9 to 14, we expect to see opportunities for investment before long.

I hope that we shall see as many shareholders as possible at the Annual General Meeting on Friday 11 July 2008. As an experiment we are holding this in London for the first time and there will be a brief presentation on the investment outlook.

James Ferguson
6 June 2008

DIRECTORS AND ADVISERS

Investment Manager

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Registrars

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Auditors

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

Property Managers

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

James Ferguson

*Chairman – non executive**

James Ferguson was appointed a non executive director in 1986 and chairman in 1994. He is a graduate in economics and political science from Trinity College, Dublin. 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 and The Monks Investment Trust. He is a director of The Independent Investment Trust, Northern 3 VCT and Lloyds TSB Scotland. 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, a director of several other companies, 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 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 resigned as an executive director of VIT on 31 March 2005, rejoined the Board on 1 April 2006 and resigned on 31 March 2007. She was reappointed as an executive director on 6 March 2008.

Matthew Oakeshott

Joint Investment Manager

Matthew Oakeshott, after studying economics at Oxford University and a period as special adviser to Mr Roy Jenkins as Home Secretary, joined S G Warburg & Co in 1976 and became a director of Warburg Investment Management in 1978. He was Investment Manager of Courtaulds Pension Fund from 1981 to 1985. He has been an executive director of OLIM since 1986. He is a Life Peer. He was appointed an executive director in 1986, resigned on 31 March 2006, and was reappointed as an executive director on 1 April 2007.

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

INVESTMENT MANAGERS' REPORT

EQUITY PORTFOLIO

MARKET BACKGROUND

Equity markets worldwide were badly affected by the 'credit crunch' which first became apparent in the late summer but problems in the money, bond and equity markets continued to escalate for the rest of VIT's year. After a steady first half of our year, when the FTSE All Share Index rose by 1%, there was a severe deterioration in the second half and for the year as a whole the Index fell by 10.8% and gave a total return of -7.7%. The economic background overall was helpful with growth in GDP of 2.9% in 2007 and in the twelve months to the end of our year dividends grew overall by 12.6%. These supportive statistics would normally have resulted in steady growth in equity valuations. The problems in the US sub prime mortgage market, however, which should have been confined to US banks, quickly became a global banking crisis as it became apparent that the loans on the original sub prime properties had been sold into the global banking market, and that hedge funds had borrowed huge amounts on the security of these properties.

These problems in America spilled over into our own mortgage bank, Northern Rock, and the queues outside its branches dominated our news screens for many days. Subsequently the wholesale banking market dried up, with our banks unwilling to lend to each other until they knew which ones were holding worthless paper. The gap between bank base rates, which were falling, and 3 month London Interbank Offered Rate (LIBOR), which is the real rate at which banks lend to each other, grew steadily and by the end of March, was nearly 0.75%. This is unprecedented, normally the banks' lending rates broadly follow the base rate set by the Bank of England, which should be in control of the banking system, but now clearly is not.

Despite companies reporting buoyant trading results, and raising their dividends well above the official rate of inflation, the problems in the bank market and the collapse of high

Matthew Oakeshott and Angela Lascelles

profile hedge funds caused sharp falls in UK equities in the last few months of VIT's year.

Gilt yields rose in the first half of our year, but fell in the second half as the panic on other asset classes took hold. At the end of March, the All Stocks Index had a yield of 4.4% compared to 5.0% a year earlier. The spread between gilt and corporate bond yields widened during the year and even the fixed interest markets became paralysed with difficult dealing conditions. In the currency markets, the dollar continued to weaken but the euro moved strongly upwards in the second half of our year and ended at 1.25 to the pound compared with 1.47 at the end of March 2007.

The main equity markets around the world all fell substantially during the year, with Japan -28%, Germany -14% and America -7%, all measured in local currencies. Oil and commodity prices rose strongly during the year and the price of Brent Crude oil rose by nearly half, ending our year at 100\$ per barrel.

SUMMARY OF PORTFOLIO

	31 March 2008		31 March 2007	
	£m	%	£m	%
UK equities	92.0	60	118.7	68
UK property	51.0	34	54.5	31
Cash	8.8	6	1.8	1
	151.8	100.0	175.0	100.0

INVESTMENT MANAGERS' REPORT

PERFORMANCE

VIT's Aims of the Trust are stated as 'investment in higher yielding, less fashionable areas of the quoted equity markets, particularly in medium and smaller sized companies'. After several years of out performance in this part of the market, the last year was relatively poor. Against the market fall overall of 10.9%, small companies fell by 23.9%, mid cap companies by 14.3% and high yield companies fell by 16.2%. The main strength in the market was in mining shares, which are very large and have very low yields and are not suitable for inclusion in our portfolio. VIT's equity performance reflected these trends, with a fall of 16.5% and a total return of 12.7%.

DISTRIBUTION OF SECURITIES

AT 31 MARCH

PORTFOLIO

Transactions for the year totalled £53.3m. The changes to the fund were concentrated into the second half of our year as the economic changes in the UK became apparent. We made minor changes in the first half, with a switch from HBOS into the Royal Bank of Scotland, a partial sale of Legal and General and reinvestment of the proceeds into Aviva. We also sold BAE Systems where the yield was too low following the conversion of the preference shares, and we sold Trinity Mirror whose prospects were declining in the fast changing media world.

We reduced our telecommunications investments after strong out performance. In addition to Aviva and Royal Bank of Scotland, we bought new holdings in LogicaCMG (IT services), BPP (vocational training) and Topps Tiles.

In the second half, as the economic squeeze began to hurt companies with high borrowings, we sold the holdings in Paragon, Johnson Group Services, Kingfisher and Premier Foods. Their dividends were at risk and they were all suffering difficult trading conditions caused by a combination of funding needs and problems in the housing and markets related to consumer spending. Premier Foods was suffering a margin reduction due to the rising price of wheat. Several companies held in the portfolio received takeover bids,

INVESTMENT MANAGERS' REPORT

reflecting the cheap overall valuation of the market. We sold these companies, which were EMAP, Kelda, Inspace, and Scottish and Newcastle. We also sold Arriva and slightly trimmed our largest investment, VT Group. We balanced our sales and purchases in the first half, but we raised £5.1m in the second half, mainly due to takeovers.

The falling market in the second half gave us opportunities to buy several new holdings on an attractive basis. We bought N Brown, the catalogues and internet retailer, Informa, the exhibitions and publishing media company, Renishaw, manufacturer of probes for machine tools, Sthree, the staffing company, and United Utilities, owner of North West Water. We added to several other holdings.

At the end of March 2008 we were holding 34 companies with an average net yield of 4.5%.

OUTLOOK

The Bank of England has reduced base rate three times since the summer, each time by 1/4% to the present level of 5%. As in America, but to a lesser extent, the response to the banking crisis has been to try to reduce interest rates. This has failed in the UK, with LIBOR currently at 6%. The Government's complaints about building societies failing to pass on 'interest rate cuts' shows a sad misunderstanding of the reality of the situation. Banks have suffered huge losses in the debacle of the sub prime and Northern Rock crises, followed by the hedge fund collapses, and they can only lend to consumers at a rate above the level where they can borrow wholesale funds. Until some liquidity is restored to the London banking market, this situation will continue, and there is effectively a severe squeeze on borrowing both by individuals and by companies.

Apart from the banking crisis, much of the business world continues to experience satisfactory trading at the moment, with continuing good figures reported and

substantial dividend increases declared so far this year. We think the Chancellor's forecast of GDP growth in the UK this year is unrealistic but we do not expect a recession. Inflationary pressures are rising substantially with energy prices and food price rises beginning to reawaken memories of South American hyper inflation. But with such a strong financial squeeze caused by the high borrowing rates, we think that inflation will be contained. There are signs all round the world that economic growth is slowing and this should result in easing commodity and oil prices in due course.

In summary, equities yield 3.8% at current levels, and these look very good value against gilts on 4.5%, especially with dividends rising at the current rate. At this level, we strongly believe that the market valuation is discounting the economic slowdown, the problems in the banking market, and the inflationary pressures. After the under performance of the last year, we think that high yielding medium and smaller sized companies are particularly undervalued.

6 June 2008

INVESTMENT MANAGERS' REPORT

List of Equity Holdings as at 31 March 2008

Holding	Description	Market Value (£)
1,400,000	VT Group Mainly a support services company in defence, education and communications, it also has a shipbuilding business due to be merged into a joint venture with BAE Systems	9,198,000
600,000	Rotork The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries	6,474,000
371,576	Royal Dutch Shell It has a 40% holding in one of the largest integrated oil and gas groups in the world	6,301,929
1,084,000	BP The largest UK oil company with oil fields from Alaska to Russia	5,550,080
643,800	National Grid The UK's largest utility with sizable US operations	4,451,877
3,000,000	Legal & General Group A leading UK life assurance company. It has increased its market share in life business steadily and built a dominant position in index fund management	3,792,000
507,000	United Utilities A multi utility business now concentrating on its water activities	3,500,835
325,000	GlaxoSmithKline The UK's largest pharmaceutical company	3,464,500
2,265,000	Vodafone The leading mobile telecommunications company	3,417,885
675,000	Interserve The company designs, constructs and maintains buildings for the public and private sectors	3,258,563
716,000	Lloyds TSB Group The UK banking group	3,229,160
225,500	Scottish & Southern Energy The merged Scottish Hydro Electric (supplying electricity in Northern Scotland) and Southern Electricity (supplying south central England)	3,166,020
350,000	HSBC The banking group	2,905,000
1,132,000	BT Group The fixed line telecommunications company	2,459,270
1,500,000	Restaurant Group The company owns chains of restaurants in airports and leisure parks	2,310,000
104,000	Forth Ports Operates eight ports in Dundee, the Forth Estuary and Tilbury. It also has a property development business in Edinburgh	2,138,240
600,000	Wincanton A leading European supply chain management company	2,073,000
1,000,000	Marstons The regional brewer and pub operator (formerly Wolverhampton & Dudley Breweries)	2,055,000
240,000	Provident Financial The largest provider of home collected credit in the UK	2,031,600
300,000	Aviva The large insurance company with operations in the UK and Europe	1,852,500
1,625,000	Topps Tiles A retailer of ceramic tiles, wood flooring and related products	1,844,375
485,000	Headlam The UK's largest independent wholesale distributor of floor coverings, including carpets and vinyl flooring. The company also has operations in Continental Europe	1,843,000
1,100,000	Yule Catto A speciality chemicals company which manufactures a wide range of chemical intermediates	1,721,500
300,000	BPP A vocational training company	1,590,000
732,500	SThree A staffing company, both permanent and contract	1,428,375
525,000	Marshalls The company is a manufacturer of landscape, driveway and garden products	1,347,938
235,000	HBOS The banking group	1,316,000
375,000	Royal Bank of Scotland The banking group	1,264,688
400,000	Informa A publishing and exhibitions company	1,253,000
180,000	Renishaw The company is a manufacturer of sensors and probes for a wide range of applications	1,226,700
1,050,000	Logica The IT services business with operations in the UK and Europe	1,110,375
480,000	International Personal Finance The fast growing international home collection credit business with operations in Central Europe and Mexico	1,094,400
300,000	N Brown Group An on line and catalogue retailer	730,500
125,000	Wolseley Distributor of building materials in Europe and America	662,500
		92,062,810

INVESTMENT MANAGERS' REPORT

VIT PROPERTY PORTFOLIO

THE MARKET

The United Kingdom commercial property market showed a total return of 3.4% in 2007, as measured by the IPD (Investment Property Databank) Annual Index. Capital values fell on average by 7.7% (retail 10.1%, offices 4.8% and industrial/warehouse property 8.4%). Rental values grew by 4.6% (retail +2.1%, offices +9.5% and industrials +1.6%). The capital declines were due to rising yields, as the tap of easy lending at low interest rates was turned off. Rising valuation yields cut capital values by between 11% and 13% in all sectors but rental increases partly offset those falls. Rental growth in the office sector was concentrated in Central London – elsewhere in the United Kingdom, average rental growth and capital performance were similar in all three sectors.

The rise in valuation yields for well let, secure properties is now showing signs of slowing down but property with short leases and shaky tenants has not yet been “marked to market” and has further to fall. The real test, property by property, in 2008 and 2009 will be whether underlying rent levels are affordable and sustainable. London offices have always been the most volatile area of the UK property market and the property boom which has just ended was no exception. Exceptional levels of mergers and acquisitions, private equity and hedge fund activity have driven Central London office rents to unsustainable levels. A tide of job losses in high rent paying banks and related occupiers is now pressing down on rents while completions of new City office buildings are rising rapidly. Central London office rents will fall for several years.

Retail warehouses are the other area of real pain, as they were in the previous property recession in the early 1990's. Vacancy rates have been rising, and many properties previously let to failed retailers, especially in the furniture and carpet sector, will now have

to be re let at much lower rents as landlords pay full rates on empty properties from April. Falling prices and low turnover in the housing market hit retail warehouses hardest of all.

High street retailing is tough, with intense margin pressure and some high profile casualties, but strong operators are still trading well and taking new units, both at the “value” and more upmarket ends of the trade. Supermarkets are generally increasing profits and gaining market share. Real consumer spending has only fallen once in Britain in the past thirty years.

Rental values in the industrial and warehouse market are starting to come under pressure. Tenant demand is thin, and void rates are rising, partly as a result of high levels of speculative development in some areas. The penal introduction of full rates on empty property from April after a six month void period is forcing landlords to take low offers to get properties income producing. Demand for new space is becoming more concentrated on the best distribution locations near motorway junctions. Banks are now much more reluctant to lend on property with short leases and shaky tenants.

PROPERTY RENTAL VALUES ANNUALISED GROWTH RATES % TO END MARCH 2008

	3 months	1 Year	5 Years	10 Years
Retail	1.3	1.6	3.1	3.2
Office	2.6	6.5	1.9	2.6
Industrial	1.6	1.2	1.0	2.0
All property	1.8	3.1	2.4	2.8

Table 1 Source IPD

PROPERTY CAPITAL VALUES ANNUALISED GROWTH RATES % TO END MARCH 2008

	3 months	1 Year	5 Years	10 Years
Retail	19.2	16.4	5.3	4.1
Office	17.9	13.6	3.6	3.1
Industrial	21.7	15.1	3.4	3.4
All property	18.9	15.1	4.6	3.7

Table 2 Source IPD

INVESTMENT MANAGERS' REPORT

EQUIVALENT YIELDS

Equivalent yields - end December (except March 2008)	2008	2007	2006	2005	2002	1997
Retail	6.0	5.7	5.0	5.4	7.0	7.4
Office	6.6	6.2	5.5	6.2	8.0	8.2
Industrial	7.3	6.9	6.2	6.9	8.6	9.5
All property	6.4	6.1	5.4	5.9	7.5	7.9
UK equities	3.8	3.0	2.9	2.9	2.2	3.2
15 Year gilts	4.5	4.5	4.7	4.1	5.0	6.3
Yield Gap Property Less Gilts	1.9	1.6	0.7	1.8	2.5	1.6
Property Less Equities	2.6	3.1	2.5	3.0	5.3	4.7

Table 3 Source: IPD

VIT'S PROPERTY RECORD

31 March	Rental income £000	Capital value £000	Yield on valuation %	Capital growth %	Total Return VIT %	IPD %
1987	1,155	11,375	10.2	N/A	N/A	N/A
1988	1,329	14,939	8.9	15	24	26
1989	1,915	23,475	8.2	22	30	30
1990	2,050	24,390	8.4	7	15	15
1991	2,331	23,800	9.8	8	2	-8
1992	2,709	25,880	10.5	0	10	3
1993	2,773	26,415	10.5	1	12	2
1994	2,806	29,835	9.4	13	23	20
1995	2,948	31,125	9.5	0	10	12
1996	2,840	29,440	9.6	0	9	4
1997	3,111	32,805	9.5	0	10	10
1998	3,141	34,800	9.0	6	15	17
1999	3,410	41,055	8.3	17	25	12
2000	3,054	39,800	7.7	7	15	15
2001	3,117	39,825	7.8	2	10	10
2002	3,013	38,800	7.8	5	13	7
2003	3,089	40,550	7.6	4	12	10
2004	3,052	40,375	7.5	7	15	11
2005	3,124	45,875	6.8	14	21	18
2006	3,219	52,250	6.2	14	21	19
2007	3,116	54,525	5.7	9	15	18
2008	3,261	51,000	6.0	6	0	3

Average rental values for office and retail warehouse property may fall by around 5% over 2008, with industrials and shopping centres down 2% and high street retail unchanged. Overall that would show a 3% decline in rental values. Although the IPD Index is still showing modest increases, rental values have been generally flat so far in 2008, with the trend turning down. Valuation yields, on the other hand, should stabilise before the year end. Outperformance will come from strong tenants and well located properties proving resilient, and well funded cash purchasers taking advantage of forced sellers to make opportunist acquisitions at attractive yields.

Loose lending to highly geared buyers forced property valuation yields down to 30 year lows by mid 2007. After yield rises of at least 1% property's long term income stream now again offers good value against index linked gilts, and falling interest rates and rising property yields in recent months have given property a comfortable yield advantage over gilts in general. The UK economy is still growing, although the risks are on the downside as house prices fall, and employment levels remain around all time highs. But UK equities still offer better investment value than property, with dividends likely to grow by 5% 7% this year as property rental values turn down. Equity markets remain volatile in the short term and property's high income, protected by upward only rent reviews, is attractive as part of a balanced long term portfolio. Property let on long index linked leases to strong covenants offers especially good value at low risk.

THE PORTFOLIO

VIT's property portfolio produced a total return of 0% over the year to March, compared with the IPD Monthly Index return of 11% over the twelve months. The income yield of 6% on our portfolio offset a capital loss of 6%, due to an unfavourable shift in market valuation yields. Net rental income on

INVESTMENT MANAGERS' REPORT

the portfolio grew by 5% over the year. Over the longer term, VIT's property record against the main benchmark IPD Annual Index, which covers calendar years and returned 3% in 2007, is shown in the table on page 10.

Our portfolio proved relatively resilient in a poor market because it contains mainly well let, smaller properties where investor and tenant demand remains reasonable. We were able to negotiate lease extensions on the caravan park at Dover and the Lloyds TSB branch at Worcester, which helped capital values.

We invest in properties with long, 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 14% a year over the past 5 years and 15% over 10 years and the 21 years since the start. These returns are 2% 3% a year above the IPD averages. Three quarters of the total rent is from quoted companies, mainly national multiple retailers. The weighted average unexpired lease length

is 14 years. All properties are fully let on full repairing and insuring leases, with upward only rent reviews, and 99% of income is reviewed five yearly.

RESULTS OF INDEPENDENT REVALUATION

The VIT property portfolio, including properties held within our subsidiary Audax Properties plc, was subject to an independent professional revaluation by Messrs King Sturge and Co. at 31 March 2008.

The revaluation showed a value of £51,000,000, properties within VIT were valued at £18,100,000 while Audax Properties totalled £32,900,000. Our properties are revalued independently every six months, at 30 September and 31 March. The portfolio showed a capital fall of 5% over the past six months. Twenty five of the properties valued at 31 March 2008 were freehold or the Scottish equivalent and one is held on a long lease with 49 years to run.

6 June 2008

INVESTMENT MANAGERS' REPORT

PROPERTY PORTFOLIO

BY TYPE

TOP TEN TENANTS – % OF TOTAL RENT

BY REGION

INVESTMENT MANAGERS' REPORT

List of Properties as at 31 March 2008

Address	Tenant
Shops	
Ayr – 83 High Street	Card Factory
Dundee – 261 Brook Street, Broughty Ferry	Mackays and Superdrug
Edinburgh – 30 North Bridge	Ladbrokes
Elgin – 163 High Street	Woolworths
Galashiels – 15 37 Channel Street	Woolworths, W H Smith & Co op
Glasgow – 412-418 Dumbarton Road, Partick	Woolworths
Gloucester – 18 20 Northgate Street	Signet
Godalming – 80 82 High Street	W H Smith
Haddington – 54-56 Court Street	Clydesdale Bank and solicitors
Kelso – 8 16 Horsemarket	Mackays and W H Smith
Lymington – 78 80 High Street	Woolworths
Melton Mowbray – 29 29B Market Place	W H Smith
Oban – 42 George Street	Edinburgh Woollen Mill
Selby 36 Gowthorpe	Halifax
Sevenoaks – 87 93 High Street	Abbey National, Oxfam, Specsavers and insurance brokers
St Andrews – 76 South Street	Clydesdale Bank
St Anne's on Sea – The Burlington Centre, St Anne's Road West	Thomas Cook, Julian Graves, New Look, Shoe Zone, Signet and Superdrug
Worcester – 4 The Cross	Lloyds TSB
Other Retail	
Hereford – Harrow Road	Magnet
Horsham – Buck Barn	Somerfield and McDonald's
Oxford – 171/173 Cumnor Hill	Sytners
Leisure	
Derby – 17/18 Cornmarket	Kentucky Fried Chicken
Dover – St Margarets Holiday Park, Reach Road	Park Resorts
Sherborne – The Cross Keys, 88 Cheap Street	Eldridge Pope
Whitstable – Chestfield Barn	Shepherd Neame
Industrial	
Rochford – 8 Purdeys Way	Satair A/S

DIRECTORS' REPORT

BUSINESS REVIEW

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

The Directors have identified principal risks and uncertainties which affect its 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 discount to its underlying net asset value.
- **Regulatory risk** – The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit and Management Engagement Committee monitors compliance with regulations by reviewing internal control reports from the Administrator and the Investment Manager, OLIM Limited ('OLIM').

The Directors have identified the Company's share price total return and net asset value total return, relative to the FTSE All Share Index (total return) and the Company's dividend growth, relative to the Retail Prices

Index, as the three key performance indicators for determining the progress of the Company and the relevant figures may be found on pages 1 and 2.

RESULTS AND DIVIDENDS

The Directors recommend that a final dividend of 3.7 pence per share (2007 – 3.5 pence) is paid on 18 July 2008 to shareholders on the register on 20 June 2008. The ex dividend date is 18 June 2008. An interim dividend of 3.7 pence per share (2007 – 3.2 pence) was paid on 11 January 2008.

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

PRINCIPAL ACTIVITY AND STATUS

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future. The Company is registered as a public limited company 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 Section 842 of the Income

	£000	Group Pence per share	£000	Company Pence per share
Revenue reserve at 31 March 2007	1,256	2.76	382	0.84
Net revenue earned in the year	3,593	7.89	3,326	7.30
Dividends paid and payable	(3,371)	(7.40)	(3,371)	(7.40)
Revenue reserve at 31 March 2008	1,478	3.25	337	0.74

Table 1 Group and Company revenue reserves

DIRECTORS' REPORT

and Corporation Taxes Act 1988 for the year ended 31 March 2007. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 March 2008 so as to be able to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporate 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 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

During the year ended 31 March 2008, 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. There are no restrictions on the transfer of the ordinary shares.

DIRECTORS

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

The Company's Articles of Association require that one third of the Directors retire by rotation each year and seek re election at the 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. Accordingly, Angela Lascelles, who was appointed a Director on 6 March 2008, shall retire and seek election at the forthcoming AGM.

The Directors take the view 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, from 6 March 2008, Angela Lascelles, all Directors who served during the year are considered by the Board to be independent of the Company and OLIM and free of any material relationship with OLIM. Angela Lascelles and Matthew Oakeshott, as directors of OLIM Limited, the Investment Manager, are not considered to be independent under the UKLA Listing Rules and accordingly submit themselves annually for re election. The Board has decided that Directors may serve for more than nine years but that any such Directors should be subject to annual re election.

The Chairman has reviewed the skills, experience and independence of David Back and John Kay and has no hesitation in recommending to shareholders their re election as Directors at the Annual General Meeting. The Chairman has also reviewed the skills and experience of Angela Lascelles and Matthew Oakeshott and has no hesitation in

DIRECTORS' REPORT

recommending to shareholders their election and re election, respectively, as Directors at the Annual General Meeting John Kay has reviewed 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 2008 and 1 April 2007 and their interests in the share capital of the Company, which were unchanged at the date of this Report, are shown in Table 2 on page 18

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

OLIM is employed as investment manager under a contract which may be terminated

by either party on giving one year's notice OLIM receives a quarterly fee of 1/6% of the VIT Group of Companies' total assets less current liabilities An additional fee is payable to Aberdeen Asset Management PLC for secretarial and administrative services OLIM is also entitled to a performance fee if the total positive returns to shareholders from their investment in VIT exceed 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 is to give the investment manager ten per cent of the additional value generated for shareholders by such out performance No performance fee was payable this year (2007 £450,000, charged wholly to capital)

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

CORPORATE GOVERNANCE

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

The Directors have considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by

DIRECTORS' REPORT

reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') published in February, 2006 and revised in May 2007. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, 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 principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), would provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code.

The Combined Code includes provisions relating to

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

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

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

The Board normally meets at least four times each year and more frequently when business needs require. The Board has a Schedule of Matters Reserved to it for decision, including strategy, borrowings and dividend policy. The Board has conducted appraisals of the Chairman, the other Directors and the Board as a whole. Table 3 on page 19 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 which comprises the whole Board (copies of the terms of reference are available from the Company on request or by download from OLIM's website) and is chaired by James Ferguson. The Nomination Committee is responsible for considering appointments to the Board, possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary.

	31 March 2008	1 April 2007
James Ferguson	657,500	517,500
James Ferguson Family	62,500	202,500
David Back	30,000	30,000
John Kay	114,110	104,110
John Kay as Trustee	67,830	64,830
Angela Lascelles	500,000	454,999
Angela Lascelles Family	250,000	250,000
Angela Lascelles as Trustee	12,000	12,000
Matthew Oakeshott	2,407,299	2,307,299
Matthew Oakeshott Family	1,982,298	1,907,298

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

DIRECTORS' REPORT

PROXY VOTING AS AN INSTITUTIONAL SHAREHOLDER

Responsibility for monitoring the activities of investee companies has been delegated by the Directors to OLIM, which is responsible for reviewing the annual reports, circulars and other publications produced by them. The Directors have given OLIM discretion to exercise the Company's voting rights.

SOCIALLY RESPONSIBLE INVESTMENT

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

INTERNAL CONTROLS

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

The Directors have reviewed the effectiveness of the system of internal controls. In particular, the Directors have reviewed and updated the process for identifying and

	Board Meeting	Audit and Management Engagement Committee	Nomination Committee
James Ferguson (Chairman)	4 (4)	2 (2)	1 (1)
David Back	4 (4)	2 (2)	1 (1)
John Kay	4 (4)	2 (2)	1 (1)
Angela Lascelles*		N/A	N/A
Matthew Oakeshott	4 (4)	N/A	N/A

Table 3 Board and Committee meetings Director eligibility and attendance
* Appointed a Director on 6 March 2008

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

- Financial,
- Operational, and
- Compliance

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

- forecasts and management accounts are prepared which allow the Directors to assess the Company's activities and review its performance, the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception,
- OLIM regularly reports to the Directors including performance statistics and investment valuations,
- OLIM's compliance department keeps OLIM's operations under review,
- written agreements are in place which specifically define the roles and responsibilities of OLIM and Aberdeen Asset Management PLC, and

DIRECTORS' REPORT

- at its meeting in May 2008, the Audit and Management Engagement Committee carried out an annual assessment of internal controls for the year ended 31 March 2008 by considering documentation from OLIM and Aberdeen Asset Management PLC, including their respective internal audit and compliance functions and taking account of events since 31 March 2008

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 48 and the responsibilities of the Independent Auditors for the Financial Statements appear on pages 49 and 50. The Directors have appointed an Audit and Management Engagement Committee which comprises the non executive Directors and is chaired by James Ferguson.

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 or by download from OLIM's website). In summary, the main audit review functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant,
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of OLIM and the third party administrators,
- to meet, if required, with the Independent Auditors 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 Auditors to supply non audit services if applicable. The Directors review the level of non audit fees in the light of the Auditors' requirement to maintain their independence, and for the year ended 31 March 2008 these amounted to £3,400 (2007: £3,300), (excluding VAT), for the Group,
- to review an annual statement from each of OLIM and Aberdeen Asset Management PLC detailing the arrangements in place within either OLIM or Aberdeen Asset Management PLC whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing'),
- to make recommendations in relation to the appointment of the Independent Auditors and to approve their remuneration and terms of engagement, and
- to monitor and review annually the Auditors' independence, objectivity, effectiveness, resources and qualification

DIRECTORS' REPORT

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

GOING CONCERN

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as they consider that the Company has adequate financial resources to continue in operational existence for the foreseeable future

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 31 May 2008, being the latest practicable date prior to the signing 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 pages 51 and 52

Shareholder	Number of shares	% held
Smith & Williamson Holdings Limited	2,268,769	5.0
Legal & General Group PLC	1,475,777	3.2

Table 4 Substantial interests in the Company

INDEPENDENT AUDITORS

A resolution to re appoint Chiene + Tait, Chartered Accountants, as Independent Auditors 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 Auditors are 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 Auditors are aware of that information

RELATIONS WITH SHAREHOLDERS

The Directors and OLIM consider it important to maintain good relations with shareholders and welcome their views. 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

Shareholders may contact the Board by writing to the Chairman at the registered office and the address may be found on page 4

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

Resolutions relating to the following three items of Special Business will be proposed at the forthcoming Annual General Meeting (see pages 53 to 56)

By order of the Board 

Aberdeen Asset Management PLC

Secretary

Edinburgh, 6 June 2008

(a) Authority to allot Ordinary Shares

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

(b) Limited Disapplication of the pre-emption provisions

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

(c) Repurchase of the Company's own Shares

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

The Directors recommend that shareholders vote in favour of each of the above resolutions and the other resolutions contained in the Notice of Annual General Meeting

The Annual General Meeting will be held in the offices of the Secretaries, Aberdeen Asset Management PLC, One Bow Churchyard, Cheapside, London, EC4M 9HH and a set of directions, together with a map of the area, may be found on page 57

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's Independent Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Independent Auditors' opinion is included in their report on pages 49 and 50.

REMUNERATION COMMITTEE

The Company has three non executive directors and one executive director. The Board as a whole fulfils the function of a Remuneration Committee as the board considers that a separate Committee is inappropriate.

YOUR COMPANY'S PERFORMANCE

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

POLICY ON DIRECTORS' FEES

The Board's policy is that the remuneration of non executive directors should reflect the experience of the Board as a whole, be fair and comparable with that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. It is intended that this policy will continue for the year to 31 March 2009 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 was last set in May 2007 and the most triennial review will be carried out by the Board in May 2010.

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 election at the first Annual General Meeting after their appointment, and at least every three years after that. The Board has decided that every director shall stand for annual re election. A director may be removed without notice and compensation will not be due on leaving office.

DIRECTORS' REMUNERATION REPORT

	2008 £	2007 £
James Ferguson (Chairman)	17,000	15,000
David Back	12,000	10,000
John Kay	12,000	10,000
Angela Lascelles*	—	—
Matthew Oakeshott*	—	—
	41,000	35,000

Table 5 Directors' Fees

* Angela Lascelles and Matthew Oakeshott are Directors and shareholders in OLIM, which received fees (excluding VAT) of £1,127,000 (2007-£1,539,000) in respect of investment management services for the year

DIRECTORS' REMUNERATION FOR THE YEAR (AUDITED)

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

APPROVAL

The Directors' Remuneration Report on pages 23 and 24 was approved by the Board of directors on 6 June 2008 and signed on its behalf



By order of the Board,

Aberdeen Asset Management PLC

Secretary

Edinburgh, 6 June 2008

GROUP INCOME STATEMENT

For the year ended 31 March

	Notes	Revenue £000	2008 Capital £000	Total £000	Revenue £000	2007 Capital £000	Total £000
INVESTMENT INCOME							
Dividend income	2	4,368		4,368	4,010	–	4,010
Rental income		3,284		3,284	3,196	–	3,196
Interest income on short term deposits		205		205	174	–	174
OTHER OPERATING INCOME		3,489		3,489	3,370	–	3,370
TOTAL REVENUE	2	7,857		7,857	7,380	–	7,380
GAINS AND LOSSES ON INVESTMENTS							
Realised gains on held at fair value investments	9		5,451	5,451	–	9,073	9,073
Unrealised (losses)/gains on investments	9		(28,069)	(28,069)	–	10,363	10,363
TOTAL INCOME		7,857	(22,618)	(14,761)	7,380	19,436	26,816
EXPENSES							
Investment management fees	3	(367)	(855)	(1,222)	(366)	(1,361)	(1,727)
Other operating expenses	4	(396)		(396)	(409)	–	(409)
FINANCE COSTS	5	(3,501)		(3,501)	(3,502)	–	(3,502)
TOTAL EXPENSES		(4,264)	(855)	(5,119)	(4,277)	(1,361)	(5,638)
(LOSS)/PROFIT BEFORE TAX		3,593	(23,473)	(19,880)	3,103	18,075	21,178
TAXATION	6		1,310	1,310	–	(713)	(713)
(LOSS)/PROFIT FOR THE PERIOD		3,593	(22,163)	(18,570)	3,103	17,362	20,465
EARNINGS PER ORDINARY SHARE	7	7.89	(48.66)	(40.77)	6.81p	38.12p	44.93p

The Board is proposing a final dividend of 3.7p per share, making a total dividend of 7.4p per share for the year ended 31 March 2008 (2007 6.7p per share) which, if approved, will be payable on 18 July 2008 (see Note 8)

The total column of this statement represents the Income Statement 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 32 to 47 form part of these financial statements.

COMPANY INCOME STATEMENT

For the year ended 31 March

	Notes	Revenue £000	2008 Capital £000	Total £000	Revenue £000	2007 Capital £000	Total £000
INVESTMENT INCOME							
Dividend income	2	4,368		4,368	4,010	–	4,010
Rental income		1,191		1,191	1,138	–	1,138
Interest income on short term deposits		162		162	135	–	135
OTHER OPERATING INCOME		1,353		1,353	1,273	–	1,273
TOTAL REVENUE	2	5,721		5,721	5,283	–	5,283
GAINS AND LOSSES ON INVESTMENTS							
Realised gains on held at fair value investments	9		5,451	5,451	–	8,183	8,183
Unrealised (losses)/gains on investments	9		(26,754)	(26,754)	–	10,477	10,477
TOTAL INCOME		5,721	(21,303)	(15,582)	5,283	18,660	23,943
EXPENSES							
Investment management fees	3	(254)	(593)	(847)	(257)	(1,107)	(1,364)
Other operating expenses	4	(291)		(291)	(262)	–	(262)
FINANCE COSTS	5	(1,851)		(1,851)	(1,852)	–	(1,852)
TOTAL EXPENSES		(2,396)	(593)	(2,989)	(2,371)	(1,107)	(3,478)
(LOSS)/PROFIT BEFORE TAX		3,325	(21,896)	(18,571)	2,912	17,553	20,465
TAXATION	6	1		1	–	–	–
(LOSS)/PROFIT FOR THE PERIOD		3,326	(21,896)	(18,570)	2,912	17,553	20,465
EARNINGS PER ORDINARY SHARE	7	7.30	(48.07)	(40.77)	6.39p	38.54p	44.93p

The total column of this statement represents the Income Statement 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 32 to 47 form part of these financial statements.

GROUP BALANCE SHEET

At 31 March

	Notes	2008 £000	2007 £000
ASSETS			
NON CURRENT ASSETS			
Investments held at fair value through profit or loss	9	92,063	118,716
Investment properties held at fair value through profit or loss	9	51,000	54,525
		<u>143,063</u>	<u>173,241</u>
CURRENT ASSETS			
Cash and cash equivalents		9,609	2,266
Other receivables	10	<u>562</u>	<u>1,556</u>
		10,171	3,822
TOTAL ASSETS		<u>153,234</u>	<u>177,063</u>
CURRENT LIABILITIES			
Other payables	11	(1,406)	(2,051)
		<u>151,828</u>	<u>175,012</u>
NON CURRENT LIABILITIES			
Debenture stock	12	(35,444)	(35,468)
Deferred tax	13	<u>(2,044)</u>	<u>(3,354)</u>
		(37,488)	(38,822)
		<u>114,340</u>	<u>136,190</u>
EQUITY			
Called up share capital	14	4,555	4,555
Share premium	15	18,446	18,446
Retained earnings	16	91,339	113,189
		<u>114,340</u>	<u>136,190</u>
NET ASSET VALUE PER ORDINARY SHARE	17	251 02p	298 99p

These financial statements were approved by the Board on 6 June 2008 and were signed on its behalf by

JAMES FERGUSON, DIRECTOR
MATTHEW OAKESHOTT, DIRECTOR

JH Ferguson
Matthew Oakeshott

The notes on pages 32 to 47 form part of these financial statements

COMPANY BALANCE SHEET

At 31 March

	Notes	2008 £000	2007 £000
ASSETS			
NON CURRENT ASSETS			
Investments held at fair value through profit or loss	9	110,944	139,206
Investment properties held at fair value through profit or loss	9	18,100	18,800
		<u>129,044</u>	<u>158,006</u>
CURRENT ASSETS			
Cash and cash equivalents		9,102	1,780
Other receivables	10	<u>560</u>	<u>1,543</u>
		9,662	3,323
TOTAL ASSETS		<u>138,706</u>	<u>161,329</u>
CURRENT LIABILITIES			
Other payables	11	(3,922)	(4,671)
		<u>134,784</u>	<u>156,658</u>
NON CURRENT LIABILITIES			
Debenture stock	12	(20,444)	(20,468)
Deferred tax	13	<u></u>	<u></u>
		(20,444)	(20,468)
		<u>114,340</u>	<u>136,190</u>
EQUITY			
Called up share capital	14	4,555	4,555
Share premium	15	18,446	18,446
Retained earnings	16	91,339	113,189
		<u>114,340</u>	<u>136,190</u>
NET ASSET VALUE PER ORDINARY SHARE	17	251 02p	298 99p

These financial statements were approved by the Board on 6 June 2008 and were signed on its behalf by

JAMES FERGUSON, DIRECTOR

MATTHEW OAKESHOTT, DIRECTOR

JH Ferguson *Matthew Oakeshott*

The notes on pages 32 to 47 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

			2008		
	Notes	Share capital £000	Share Premium £000	Retained earnings £000	Total £000
GROUP					
Net assets at 31 March 2007		4,555	18,446	113,189	136,190
Net loss for the year				(18,570)	(18,570)
Dividends paid	8			(3,280)	(3,280)
Net assets at 31 March 2008		<u>4,555</u>	<u>18,446</u>	<u>91,339</u>	<u>114,340</u>
COMPANY					
Net assets at 31 March 2007		4,555	18,446	113,189	136,190
Net loss for the year				(18,570)	(18,570)
Dividends paid	8			(3,280)	(3,280)
Net assets at 31 March 2008		<u>4,555</u>	<u>18,446</u>	<u>91,339</u>	<u>114,340</u>
GROUP					
Net assets at 31 March 2006		4,555	18,446	95,685	118,686
Net profit for the year				20,465	20,465
Dividends paid	8			(2,961)	(2,961)
Net assets at 31 March 2007		<u>4,555</u>	<u>18,446</u>	<u>113,189</u>	<u>136,190</u>
COMPANY					
Net assets at 31 March 2006		4,555	18,446	95,685	118,686
Net profit for the year				20,465	20,465
Dividends paid	8			(2,961)	(2,961)
Net assets at 31 March 2007		<u>4,555</u>	<u>18,446</u>	<u>113,189</u>	<u>136,190</u>

The notes on pages 32 to 47 form part of these financial statements

GROUP CASHFLOW STATEMENT

For the year ended 31 March

	Notes	2008 £000	2007 £000
Cash flows from operating activities			
Dividend income received		4,430	3,903
Rental received		3,411	3,117
Interest received		206	174
Operating expenses paid		(2,213)	(2,020)
NET CASH FROM OPERATING ACTIVITIES	18	5,834	5,174
Cash flows from investing activities			
Purchase of investments		(25,800)	(28,207)
Sale of investments		34,114	29,680
NET CASH INFLOW FROM INVESTING ACTIVITIES		8,314	1,473
Cash flow from financing activities			
Interest paid		(3,525)	(3,525)
Dividends paid		(3,280)	(2,961)
NET CASH FROM FINANCING ACTIVITIES		(6,805)	(6,486)
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,343	161
Cash and cash equivalents at 1 April 2007		2,266	2,105
Cash and cash equivalents at 31 March 2008		9,609	2,266

The notes on pages 32 to 47 form part of these financial statements

COMPANY CASHFLOW STATEMENT

For the year ended 31 March

	Notes	2008 £000	2007 £000
Cash flows from operating activities			
Dividend income received		4,430	3,903
Rental received		1,168	1,176
Interest received		162	136
Operating expenses paid		(1,696)	(1,496)
NET CASH FROM OPERATING ACTIVITIES	18	4,064	3,719
Cash flows from investing activities			
Purchase of investments		(25,701)	(28,207)
Sale of investments		34,114	27,439
Increase of loan to subsidiary			2,159
NET CASH INFLOW FROM INVESTING ACTIVITIES		8,413	1,391
Cash flow from financing activities			
Interest paid		(1,875)	(1,875)
Dividends paid		(3,280)	(2,961)
NET CASH FROM FINANCING ACTIVITIES		(5,155)	(4,836)
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,322	274
Cash and cash equivalents at 1 April 2007		1,780	1,506
Cash and cash equivalents at 31 March 2008		9,102	1,780

The notes on pages 32 to 47 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

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

The functional and reporting currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates, rounded to the nearest £'000

(a) Basis of preparation

The financial statements have been prepared 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 (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2003 (and revised in December 2005) 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. The Group invests in companies listed in the UK only.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary), drawn up to 31 March 2008. 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.

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.

(c) Presentation of income statement

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 income statement between items of a revenue and capital nature has been presented alongside the income statement. 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 section 842 of the Income and Corporation Taxes Act 1988.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

(d) Income

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

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

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

Rental and other income are recognised as earned.

(e) 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.

(f) Taxation

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, 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 balance sheet date. 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 the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

(g) 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.

(h) 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 income statement and are ultimately recognised in the retained earnings.

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

(i) Cash and cash equivalents

Cash and cash equivalents comprises deposits held with banks.

(j) 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.

	Group £000	2008 Company £000	Group £000	2007 Company £000
2 Income				
Investment Income				
Dividends from listed investments in UK	4,368	4,368	4,010	4,010
Other operating income				
Rental income	3,284	1,191	3,196	1,138
Interest receivable on short term deposits	205	162	174	135
Total income	7,857	5,721	7,380	5,283

NOTES TO THE FINANCIAL STATEMENTS

	Revenue £000	2008 Capital £000	Total £000	Revenue £000	2007 Capital £000	Total £000
3 Investment management fee						
Group						
Investment management fee (including irrecoverable VAT)	367	855	1,222	366	854	1,220
Performance fee (including irrecoverable VAT)	–	–	–	–	507	507
	<u>367</u>	<u>855</u>	<u>1,222</u>	<u>366</u>	<u>1,361</u>	<u>1,727</u>
Company						
Investment management fee (including irrecoverable VAT)	254	593	847	257	600	857
Performance fee (including irrecoverable VAT)	–	–	–	–	507	507
	<u>254</u>	<u>593</u>	<u>847</u>	<u>257</u>	<u>1,107</u>	<u>1,364</u>

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

4 Other operating expenses

Auditors' remuneration				
audit	11	8	15	12
other non audit services	1	1	1	1
taxation services	1	1	1	1
out of pocket expenses	1	1	1	1
Directors' fees	41	41	35	35
Fees for secretarial services	125	83	122	81
Other expenses	216	156	234	131
	<u>396</u>	<u>291</u>	<u>409</u>	<u>262</u>

Non executive directors' fees comprise the chairman's fees of £17,000 (2007 £15,000) and fees of £12,000 (2007 £10,000) per annum paid to each other non executive director

The Executive directors who served during the year received no emoluments directly from the company (2007 nil)

The executive directors are shareholders and directors of OLIM Limited which received an investment management fee of £1,127,000 (2007 £1,089,000) and a performance fee of £nil (2007 £450,000), 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 23 to 24

NOTES TO THE FINANCIAL STATEMENTS

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
5 Finance costs				
11% First Mortgage Debenture Stock 2021	1,650	–	1,650	–
9 375% Debenture Stock 2026	1,875	1,875	1,875	1,875
Less amortisation of issue premium	(24)	(24)	(23)	(23)
	<u>3,501</u>	<u>1,851</u>	<u>3,502</u>	<u>1,852</u>
	Revenue £000	2008 Capital £000	Revenue £000	2007 Capital £000
6 Taxation				
a) Analysis of the tax (credit)/charge for the year				
Group				
Corporation tax payable	–	–	–	–
(Decrease)/increase in deferred tax provision	–	(1,310)	–	713
	<u>–</u>	<u>(1,310)</u>	<u>–</u>	<u>713</u>
Factors affecting the tax (credit)/charge for year				
Revenue/capital return on ordinary activities before tax		(19,880)		21,178
Tax thereon at 30%		(5,964)		6,353
Effects of				
Non taxable UK dividends		(1,310)		(1,203)
Losses/(gains) on investments not taxable		5,621		(5,118)
Excess expenses not utilised		489		681
Reduction in tax rates deferred tax		(146)		–
		<u>(1,310)</u>		<u>713</u>
Company				
Corporation tax credit	(1)	–	–	–
	<u>(1)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Factors affecting the tax (credit)/charge for year:				
Revenue / capital return on ordinary activities before tax		(18,571)		20,465
Tax thereon at 30%		(5,571)		6,139
Effects of				
Non taxable UK dividends		(1,310)		(1,203)
Losses/(gains) on investments not taxable		6,391		(5,598)
Excess expenses not utilised		490		662
Group relief		(1)		–
		<u>(1)</u>		<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation – continued

b) Factors affecting the tax charge for the year

The Group has losses for tax purposes arising in the year of £1,631,000 (2007 £2,268,000). 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 Income Statement.

c) Factors affecting future tax charges

Both the Company and Audax Properties plc have deferred tax assets of £3,932,000 (2007 £3,724,000) and £61,000 (2007 £66,000) respectively at 31 March 2008 relating to total accumulated unrelieved tax losses carried forward. These have not been recognised in the accounts as it is unlikely that they will be capable of offset against the Group's future taxable profits.

7 Return per ordinary share

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

	Group £000	2008 Company £000	Group £000	2007 Company £000
Revenue return	3,593	3,326	3,103	2,912
Capital return	(22,163)	(21,896)	17,362	17,553
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Return per share – revenue	7.89p	7.30p	6.81p	6.39p
Return per share – capital	(48.66p)	(48.07p)	38.12p	38.54p
Total return per share	(40.77p)	(40.77p)	44.93p	44.93p
		2008 £000		2007 £000

8 Dividends

Dividends on ordinary shares			
Final dividend of 3.5p per share (2007 3.3p) paid 12 July 2007		1,594	1,503
Interim dividend of 3.7p per share (2007 3.2p) paid 11 January 2008		1,686	1,458
Dividends paid in the period		3,280	2,961

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

NOTES TO THE FINANCIAL STATEMENTS

8 Dividends – continued

We note below the total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Section 842 ('s842') of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £3,326,000 (2007 £2,912,000)

	2008 £000	2007 £000
Interim dividend for the year ended 31 March 2008 3 7p (2007 3 2p) paid 11 January 2008	1,686	1,458
Proposed final dividend for the year ended 31 March 2008 3 7p (2007 3 5p) payable 18 July 2008	1,685	1,594
	<u>3,371</u>	<u>3,052</u>

9 Investments

	Equities £000	Other securities with equity element £000	Investment properties £000	Total £000
Group				
Cost at 31 March 2007	78,917	921	28,184	108,022
Unrealised appreciation	<u>37,644</u>	<u>1,234</u>	<u>26,341</u>	<u>65,219</u>
Valuation at 31 March 2007	116,561	2,155	54,525	173,241
Purchases	25,526	–	99	25,625
Conversion to equity	2,155	(2,155)	–	–
Sales proceeds	(33,185)	–	–	(33,185)
Realised gains on sales	5,451	–	–	5,451
Movement in unrealised appreciation in year	<u>(24,445)</u>	<u>–</u>	<u>(3,624)</u>	<u>(28,069)</u>
Valuation at 31 March 2008	<u>92,063</u>	<u>–</u>	<u>51,000</u>	<u>143,063</u>
Company				
Cost at 31 March 2007	78,942	921	11,300	91,163
Unrealised appreciation	<u>58,109</u>	<u>1,234</u>	<u>7,500</u>	<u>66,843</u>
Valuation at 31 March 2007	137,051	2,155	18,800	158,006
Purchases	25,526	–	–	25,526
Conversion to equity	2,155	(2,155)	–	–
Sales proceeds	(33,185)	–	–	(33,185)
Realised gains on sales	5,451	–	–	5,451
Movement in unrealised appreciation in year	<u>(26,054)</u>	<u>–</u>	<u>(700)</u>	<u>(26,754)</u>
Valuation at 31 March 2008	<u>110,944</u>	<u>–</u>	<u>18,100</u>	<u>129,044</u>

NOTES TO THE FINANCIAL STATEMENTS

9 Investments – continued

Transaction costs

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

	2008 £000	2007 £000
Purchases	167	181
Sales	57	50
	<u>224</u>	<u>231</u>

10 Other receivables

Amounts falling due within one year

	Group £000	2008 Company £000	Group £000	2007 Company £000
Dividends receivable	533	533	595	595
Amounts due from brokers	–	–	929	929
Prepayments and accrued income	29	27	32	19
	<u>562</u>	<u>560</u>	<u>1,556</u>	<u>1,543</u>

11 Other payables

Amounts due to brokers	–	–	175	175
Value Added Tax payable	102	50	101	32
Amounts due to subsidiary	–	2,999	–	3,000
Amounts due to OLIM Limited	–	–	543	512
Accruals and other creditors	1,304	873	1,232	952
	<u>1,406</u>	<u>3,922</u>	<u>2,051</u>	<u>4,671</u>

The amounts due to OLIM Limited comprise management fees for the month of March 2007 and performance fees for the year to March 2007, subsequently paid in April 2007.

The amounts due to subsidiary relate to an interest free unsecured loan from Audax Properties PLC to the Company. The loan has been made with a view to maximising the total return of the Group and has no maturity date.

There has been no change to the loan principal during the year other than an adjustment of £1,000 (2007: nil) for group relief.

NOTES TO THE FINANCIAL STATEMENTS

	Group £000	2008 Company £000	Group £000	2007 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	468	468	491	491
Less Credit to income for the year	(24)	(24)	(23)	(23)
	<u>20,444</u>	<u>20,444</u>	<u>20,468</u>	<u>20,468</u>
11% First Mortgage Debenture Stock 2021	15,000	–	15,000	–
	<u>35,444</u>	<u>20,444</u>	<u>35,468</u>	<u>20,468</u>

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

The 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

	Group £000	2008 Company £000	Group £000	2007 Company £000
13 Deferred tax				
Opening balance at 31 March 2007	3,354	–	2,641	–
(Decrease)/increase in deferred tax provision (see note 6)	(1,310)	–	713	–
Closing balance at 31 March 2008	<u>2,044</u>	<u>–</u>	<u>3,354</u>	<u>–</u>
Calculated as follows				
Unrealised gains subject to tax on realisation	7,696	–	11,574	–
Less capital losses previously realised	(395)	–	(395)	–
	<u>7,301</u>	<u>–</u>	<u>11,179</u>	<u>–</u>
Whereof 28% (2007 30%)	<u>2,044</u>	<u>–</u>	<u>3,354</u>	<u>–</u>

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 or non trade losses.

NOTES TO THE FINANCIAL STATEMENTS

	2008 £000	2007 £000
14 Ordinary share capital		
Authorised		
56,000,000 ordinary shares of 10p each (2007 56,000,000)	5,600	5,600
13,000,000 6.25% convertible redeemable preference shares of £1	13,000	13,000
	<u>18,600</u>	<u>18,600</u>
Allotted, called up and fully paid		
45,549,975 ordinary shares of 10p each (2007 45,549,975)	<u>4,555</u>	<u>4,555</u>

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
15 Share premium				
Opening balance	<u>18,446</u>	<u>18,446</u>	<u>18,446</u>	<u>18,446</u>

	2008 Group £000	2008 Company £000	2007 Group £000	2007 Company £000
16 Retained Earnings				
Opening balance at 31 March 2007	113,189	113,189	95,685	95,685
(Loss)/profit for the year	(18,570)	(18,570)	20,465	20,465
Dividends paid (see note 8)	(3,280)	(3,280)	(2,961)	(2,961)
Closing balance at 31 March 2008	<u>91,339</u>	<u>91,339</u>	<u>113,189</u>	<u>113,189</u>

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

	Revenue £000	2008 Capital £000	Total £000	Revenue £000	2007 Capital £000	Total £000
Group						
Opening balance at 31 March 2007	2,850	110,339	113,189	2,708	92,977	95,685
(Loss)/profit for the year	3,593	(22,163)	(18,570)	3,103	17,362	20,465
Dividends paid (see note 8)	(3,280)	–	(3,280)	(2,961)	–	(2,961)
Closing balance at 31 March 2008	<u>3,163</u>	<u>88,176</u>	<u>91,339</u>	<u>2,850</u>	<u>110,339</u>	<u>113,189</u>

NOTES TO THE FINANCIAL STATEMENTS

	Revenue £000	2008 Capital £000	Total £000	Revenue £000	2007 Capital £000	Total £000
16 Retained Earnings – continued						
Company						
Opening balance at 31 March 2007	1,976	111,213	113,189	2,025	93,660	95,685
Profit for the year	3,326	(21,896)	(18,570)	2,912	17,553	20,465
Dividends paid (see note 8)	(3,280)	–	(3,280)	(2,961)	–	(2,961)
Closing balance at 31 March 2008	2,022	89,317	91,339	1,976	111,213	113,189

17 Net asset value per equity share

The net asset value per ordinary share is based on net assets attributable of £114,340,000 (2007 £136,190,000) and on 45,549,975 (2007 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 222 72p (2007 271 11p)

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
18 Reconciliation of income from operations before tax to net cash inflow from operating activities				
Income from operations before tax	(14,761)	(15,582)	26,816	23,943
Gains and losses on investments	22,618	21,303	(19,436)	(18,660)
Investment management fee	(1,222)	(847)	(1,727)	(1,364)
Administration expenses	(396)	(291)	(409)	(262)
Decrease/(increase) in receivables	65	54	(118)	(110)
(Decrease)/increase in other payables	(470)	(573)	48	172
Net cash from operating activities	5,834	4,064	5,174	3,719

19 Related Party Transactions

Angela Lascelles and Matthew Oakeshott are directors of OLIM Limited which has an agreement with the Company to provide investment management services, the terms of which are outlined on page 17 and in Note 3 on page 35

Andax 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 Andax Properties plc and Value and Income Trust PLC may be found in Note 11

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments

Risk management

The Group's financial instruments comprise securities, property and other investments, cash balances, loans and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement or debtors for accrued income. The Group also has the ability to enter into derivative transactions in the form of futures and options for the purpose of managing market risks arising from the Group's activities.

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

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

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

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

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year.

The numerical disclosures exclude short term debtors and creditors.

(i) Market price 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: interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect

- the fair value of the investments in property
- 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 2008 are shown in note 12 on page 40.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

Interest risk profile

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

	Weighted average period for rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 March 2008				
Assets				
Sterling	–	4.27	–	9,609
Total assets			–	9,609
At 31 March 2008				
Liabilities				
Sterling	16	10.07	35,000	–
Total liabilities			35,000	–
At 31 March 2007				
Assets				
Sterling	–	4.33	–	2,266
Total assets			–	2,266
At 31 March 2008				
Liabilities				
Sterling	17	10.07	35,000	–
Total liabilities			35,000	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on debentures is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Group's loans are shown in note 12 on page 40.

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.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

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 2008 would increase/decrease by £23,000 (2007 increase/decrease by £21,000). This is mainly attributable to the Group's exposure to interest rates on its floating rate cash balances.

The Group holds no financial instruments that will have an equity reserve impact.

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

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.

Other price risk

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

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. Asset allocation and stock selection, as set out in the Investment Policy on page 1, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Group are listed on the UK Stock Exchange and all investment properties are commercial property located in UK with long strong income streams. The weighted average unexpired lease length is 13 years and all properties are fully let on full repairing and insuring leases with upward only rent reviews.

Other price risk sensitivity

If market prices at the balance sheet date had been 10% higher or lower, while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 March 2008 would have increased/decreased by £13,385,000 (2007 increase/decrease of £16,324,000) and equity reserves would have increased/decreased by the same amount.

(ii) Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with 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 rather less readily realisable. The maturity of the Group's existing borrowings is set out in the interest risk profile section of this note.

(iii) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

The risk is not significant and is managed as follows

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

the risk of counterparty exposure due to failed trades causing a loss to the Group is mitigated by the review of failed trade reports on a monthly basis. In addition, the Custodian carries out a stock reconciliation to third party administrators' records on a monthly basis to ensure that discrepancies are picked up on a timely basis. The Manager's Compliance department 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

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 balance sheet, the maximum exposure to credit risk at 31 March was as follows

	Balance Sheet £ 000	2008 Maximum exposure £ 000	Balance Sheet £ 000	2007 Maximum exposure £ 000
Non current assets				
Investments held at fair value through profit or loss	143,063	177,764	173,241	173,241
Current assets				
Other receivables	562	2,544	1,556	2,250
Cash and cash equivalents	9,609	9,609	2,266	8,323
	<u>153,234</u>	<u>189,917</u>	<u>177,063</u>	<u>183,814</u>

(iv) Property Risk

VIT'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 rent 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. Details of the tenant and geographical spread of the portfolio are set out on pages 9 to 14. The long term record of performance through the varying property cycles since 1987 is set out on page 10. OLIM is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM's supervision.

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

NOTES TO THE FINANCIAL STATEMENTS

20 Financial instruments – continued

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £48,333,000 as at 31 March 2008

(2007 £48,166,000) compared to a balance sheet value in the financial statements of £35,444,000

(2007 £35,468,000) per note 12

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

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

	Fair value		Carrying value	
	2008	2007	2008	2007
	£000	£000	£000	£000
11% First Mortgage Debenture Stock 2021	21,090	20,983	15,000	15,000
9 3/4% Debenture Stock 2026	27,243	27,183	20,444	20,468
	<u>48,333</u>	<u>48,166</u>	<u>35,444</u>	<u>35,468</u>

21 Contingent asset

On 28 June 2007, the European Court of Justice ruled that management fees payable by investment trust companies should be exempt from VAT. HMRC announced on 5 November 2007 its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company are being processed by HMRC with our Manager, OLIM Limited. These claims have not yet been finalised and the Company has made no provision in these financial statements for any such repayment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Company and the Group and the financial performance and cash flows of the Group for that period, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of their Act to financial statements giving a true and fair view are references to their achieving a fair presentation. In preparing those Group financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Group financial statements comply with the Companies

Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

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

The Directors confirm to the best of their knowledge, that

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

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

James Ferguson

Chairman

6 June 2008

INDEPENDENT AUDITORS' REPORT

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

We have audited the Group and parent Company financial statements (the "financial statements") of Value and Income Trust plc for the year ended 31 March 2008 which comprise the Group and parent company income statements, the Group and parent company balance sheets, the Group and parent company cash flow statements, the Group and parent company statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities on page 48.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and as regards the Group financial statements Article 4 of the IAS Regulations. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements.

INDEPENDENT AUDITORS' REPORT

This other information comprises only the Corporate Summary, the Chairman's Review, the Directors and Advisers, the Investment Managers' Report, the Directors' Report (including Corporate Governance) and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

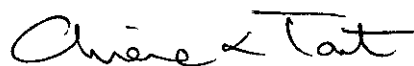
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

In forming our opinion on the financial statements, which is not qualified, we note the treatment of finance costs as detailed in note 1(e), as this does not comply with the 2003 (and revised in December 2005) Statement of Recommended Practice for Investment Trust Companies.

OPINION

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 31 March 2008 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2008,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS regulation, and
- the information given in the Directors' Report is consistent with the financial statements.



CHIENE + TAIT

Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL
6 June 2008

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 directly 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

An investment of up to £7,200 in Value and Income Trust PLC may be made in the tax year 2008/2009.

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

ISA TRANSFER

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

KEEPING YOU INFORMED

For internet users, the net asset value per ordinary share of the Company is calculated and published each business day on the London Stock Exchange where the latest live ordinary share price is 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.

HOW TO INVEST IN VALUE AND INCOME TRUST PLC

LITERATURE REQUEST SERVICE

For literature and application forms for the Value and Income Trust Share Plan or Value and Income Trust ISA, please call 0800 027 9558. Alternatively, please email your request to aam@litrequest.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

CUSTOMER SERVICES

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

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

Telephone 0500 00 40 00
Email aam@litrequest.com

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

Computershare Investor Services PLC
PO Box 82, The Pavilions
Bridgwater Road
Bristol, BS99 7NH

Telephone 0870 703 0168
Fax 0870 703 6101

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 MEETING

Notice is hereby given that the thirty sixth Annual General Meeting of Value and Income Trust PLC will be held at One Bow Churchyard, Cheapside, London EC4M 9HH on Friday 11 July 2008 at 12 30pm The following resolutions will be proposed

ORDINARY BUSINESS

- 1 To receive the Report of the Directors and Auditors to adopt the Accounts for the year ended 31 March 2008,
- 2 To approve the Directors' Remuneration Report for the year ended 31 March 2008,
3. To declare a final dividend of 3 7 pence per Ordinary share for the year ended 31 March 2008,
- 4 To elect Angela Lascelles as a Director of the Company,
- 5 To re elect Matthew Oakeshott as a Director of the Company,
- 6 To re elect James Ferguson as a Director of the Company,
- 7 To re elect David Back as a Director of the Company,
- 8 To re elect John Kay as a Director of the Company,
- 9 To re appoint Chiene + Tait, Chartered Accountants, as Independent Auditors of the Company and to authorise the directors to fix the remuneration of the auditors for the year to 31 March 2009

SPECIAL BUSINESS

To consider and, if thought fit, to pass Resolution 10 as an Ordinary Resolution and Resolutions 11 and 12 as Special Resolutions

ORDINARY RESOLUTION

- 10 That, in substitution for any existing power under section 80 of the Companies Act 1985 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £455,499, such authority to expire on 10 October 2009 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2009, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired

NOTICE OF MEETING

SPECIAL RESOLUTIONS

- 11 That, subject to the passing of resolution numbered 10 in the Notice of Meeting and in substitution for any existing power under section 95 of the Companies Act 1985 (the "Act"), the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of sections 94(2) to 94 (3A) of the Act) for cash at a price not below the net asset value per share, pursuant to the authority under section 80 of the Act conferred by the resolution numbered 10 in the notice of meeting as if section 89(1) of the Act did not apply to any such allotment, up to an aggregate nominal amount of £455,499, provided that this power shall be limited
- (i) to the allotment of equity securities in connection with any issue in favour of the holders of ordinary shares on the register on a date fixed by the directors where the equity securities respectively attributable to the interests of all the holders of ordinary shares are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held by them on that date, provided that the directors may make such exclusions or other arrangements as they may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange, and
- (ii) to the allotment (otherwise than pursuant to paragraph (i) of this Resolution) of equity securities up to an aggregate nominal amount of £455,499 being 10% of the nominal value of the existing issued share capital of the Company, and such power shall expire on 10 October 2009 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held in 2009, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired
- 12 That, in substitution for any existing authority under section 166 of the Companies Act 1985 (the "Act"), the Company be generally and unconditionally authorised, in accordance with section 166 of the Act, to make market purchases (within the meaning of section 163(3) of the Act) of fully paid Ordinary shares of 10p each in the capital of the Company ("Ordinary shares"), provided that –
- (a) 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,
- (b) the minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses),

NOTICE OF MEETING

- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be an amount equal to 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase, and

By order of the Board


Aberdeen Asset Management PLC

Secretary

Edinburgh, 13 June 2008

Registered office

7th Floor

40 Princes Street

Edinburgh EH2 2BY

- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 10 October 2009 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2009, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts

NOTES

- 1 As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A personalised form of proxy is enclosed, together with a prepaid reply envelope. For holders of shares in the Company via The VIT Share Plan or The VIT ISA, a personalised Form of Direction is enclosed together with a reply paid envelope.
- 2 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 Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS99 6ZY by 9 July 2008 at 12 30pm.
- 3 The return of a completed proxy form, other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.

NOTICE OF MEETING

- 4 In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the Meeting (or, in the event that the Meeting is adjourned, forty eight hours before the time of 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 referred to above
 - 5 Any 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 them and the member by whom they were 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, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights
 - 6 The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above do not apply to Nominated Persons The rights described in these paragraphs can only be exercised by members of the Company
 - 7 As at the date of this Notice, the Company's issued share capital comprised 45,549,975 ordinary shares of 10 pence each Each ordinary share carries the right to one vote at a general meeting of the Company
 - 8 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate member has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that member at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions, and (ii) if more than one corporate representative for the same corporate member attends the meeting but the corporate member has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above
- Members who have general queries about the Meeting should call the registrars, Computershare Investor Services PLC, on 0870 703 0168
- 9 No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting

NOTICE OF MEETING

The nearest tube stations (Bank, St Paul's, Mansion House and Cannon Street) are only a few minutes walk from One Bow Churchyard. Further travel information may be found at www.tfl.gov.uk/journeyplanner